FIDELITY BANK PLC

CONDENSED UNAUDITED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2024

Statement Of Directors' Responsibilities In Relation To The Preparation Of The Financial Statements
For the period ended 31 March 2024

In accordance with the provisions of Sections 377 and 378 of the Companies and Allied Matters Act (CAMA) 2020, Banks and Other Financial Institutions Act (BOFIA) 2020, and the Financial Reporting Council Act No. 6, 2011, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Bank, and of the financial performance for the year . The responsibilities include ensuring that:

(a) Appropriate internal controls are established both to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

(b) The Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which ensure that the financial statements comply with requirements of International Financial Reporting Standards and the Companies and Allied Matters Act (CAMA) 2020, Banks and Other Financial Institutions Act (BOFIA) 2020, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines and relevant circulars issued by the Central Bank of Nigeria.

(c) The Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and

(d) It is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Bank will not continue in business.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAP C20 (CAMA) 2020 , Banks and Other Financial Institutions Act (BOFIA) 2020 , the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines, and relevant circulars issued by the Central Bank of Nigeria.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and its financial performance for the year under review

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control.

Nothing has come to the attention of the Directors to indicate that the Bank and its subsidiary will not remain a going concern from the date of this statement.

Signed on behalf of the Directors by:
Date: April 23 2024

Kevin Ugwuoke
Executive Director
FRC/2020/003/00000022290

Nneka Onyeali-Ikpe
Managing Director/ Chief Executive Officer
FRC/2013/NBA/00000016998

Statement Of Corporate Responsibility For The Preparation Of The Financial Statements
For the period ended 31 March 2024

In line with the provision of Section 405 of CAMA 2020, the Chief Executive Officer and Chief Financial officer of Fidelity Bank Plc have reviewed the Financial Statements of the bank for the period ended March **31 2024** and accept responsibility for the financial and other information within the report based on the following:

i The financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statement misleading.

ii The financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and result of operation of the bank as of and for the period ended March 31, 2024.

iii The bank's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 March 2024

iv The bank's internal Controls has been designed to ensure that all material information relating to the bank has been provided.

v That we have disclosed to the bank's Auditor and the Audit Committee that there are no significant deficiencies in the design or operation of the bank's internal controls which could adversely affect the bank's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the course of the Audit; And that there is no fraud involving management or other employees which could have any significant role in the bank's internal control.

vi There is no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

Signed on behalf of the Directors by:
Date: 23 April 2024

Victor Abejegah
Chief Financial Officer
FRC/2013/ICAN/00000001733

Nneka Onyeali-Ikpe
Managing Director/Chief Executive Officer
FRC/2013/NBA/00000016998

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income
for the period 31 March 2024

		Group		Bank	
	Notes	**31 March 2024 N'million**	**31 March 2023 N'million**	**31 March 2024 N'million**	**31 March 2023 N'million**
Gross Earnings		**192,086**	**101,141**	**187,610**	**101,141**
Interest and similar income calculated using effective interest rate method	6	161,947	86,003	158,112	86,003
Other interest and similar income	12.1	8,191	3,211	8,191	3,211
Interest and similar expense calculated using effective interest rate method	7	(70,503)	(36,643)	(69,868)	(36,643)
Net interest income		**99,634**	**52,571**	**96,435**	**52,571**
Credit loss expense	8	(12,365)	(3,521)	(12,174)	(3,521)
Net interest income after credit loss expense		**87,269**	**49,050**	**84,261**	**49,050**
Fee and commission income	9	18,311	11,901	17,687	11,901
Fee and commission expense	9	(1,938)	(3,776)	(1,938)	(3,776)
Other operating income	11	3,638	26	3,621	26
Net Gains/(Losses) from financial assets at fair value through profit or loss	12	446	(338)	409	(338)
Personnel expenses	13	(13,999)	(7,885)	(11,196)	(7,885)
Depreciation and amortisation	14	(2,245)	(1,579)	(2,044)	(1,579)
Other operating expenses	15	(51,985)	(29,457)	(50,368)	(29,457)
Profit before income tax		**39,497**	**17,942**	**40,433**	**17,942**
Income tax expense	16	(8,057)	(2,332)	(8,057)	(2,332)
Profit for the year		**31,440**	**15,609**	**32,376**	**15,609**
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss					
Fair value gains on equity instruments at fair value through other comprehensive income	24.3i	0	0	0	0
Total items that will not be reclassified subsequently to profit or loss		**0**	**0**	**0**	**0**
Items that will be reclassified subsequently to profit or loss					
-Exchange differences on translation of foreign operations		21,072	-	-	-
- Net change in fair value during the year of FVOCI debt financial Instrument		- (12,743)	(2,533)	- (12,743)	(2,533)
- Changes in allowance for expected credit losses of FVOCI debt financial Instrument		(516)	16	(516)	16
- Reclassification adjustments to profit or loss of FVOCI debt financial Instrument	17	(3,404)	773	(3,404)	773
Total items that will be reclassified subsequently to profit or loss		**4,409**	**(1,743)**	**(16,663)**	**(1,743)**
Other comprehensive (loss)/income for the year, net of tax		**4,409**	**(1,743)**	**(16,663)**	**(1,743)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**35,849**	**13,866**	**15,713**	**13,866**
Earnings per share					
Basic and diluted (in kobo)	18	**98**	**53.89**	**101**	**54**

The accompanying notes to the financial statements are an integral part of these consolidated financial statements.

Consolidated and Separate Statement of Financial Position
as at 31 March 2024

		Group		Bank	
		31 March 2024 N'million	**31 December 2023 N'million**	**31 March 2024 N'million**	**31 December 2023 N'million**
ASSETS	**Note**				
Cash and Cash equivalents	19	480,397	364,177	472,874	376,595
Restricted balances with central bank	20	1,169,457	1,174,398	1,169,457	1,174,398
Loans and advances to customers	22	3,748,218	3,092,419	3,552,434	2,962,397
Derivative financial assets	23	10,723	10,723	10,723	10,723
Investment securities:					
Financial assets at fair value through profit or loss	24.1	7,255	7,684	7,255	7,684
Debt instruments at fair value through other comprehensive income	24.2	99,045	227,750	32,006	187,751
Equity instruments at fair value through other comprehensive income	24.3i	41,550	41,550	41,550	41,550
Investment in Subsidiary	24.3ii	-	-	68,591	63,403
Debt instrument at amortised cost	24.4	992,344	818,803	992,344	818,803
Deferred tax Assets	28.1	22,554	22,554	22,554	22,554
Other assets	29	378,049	403,763	375,879	402,186
Property, plant and equipment	25	52,764	47,382	52,689	47,329
Right of Use Assets	26	3,623	3,270	1,572	1,677
Goodwill	21	14,650	14,650	-	-
Intangible assets	27	5,862	5,564	5,289	5,123
TOTAL ASSETS		**7,026,492**	**6,234,688**	**6,805,216**	**6,122,174**
LIABILITIES					
Deposits from customers	30	4,706,183	4,014,811	4,508,559	3,926,842
Derivative financial liabilities	23	-	-	-	-
Current income tax payable	16	34,892	26,835	34,892	26,835
Deferred tax liabilities	28.2	22,905	22,905	22,905	22,905
Other liabilities	31	1,050,163	1,152,369	1,046,571	1,133,795
Provision	32	3,928	3,434	3,928	3,434
Debts issued and other borrowed funds	33	741,314	577,028	741,314	577,028
TOTAL LIABILITIES		**6,559,386**	**5,797,381**	**6,358,169**	**5,690,839**
EQUITY					
Share capital	34	16,000	16,000	16,000	16,000
Share premium	35	113,705	113,705	113,705	113,705
Retained earnings	35	96,960	65,508	97,950	65,573
Other equity reserves:					
Statutory reserve	35	66,270	66,270	66,282	66,282
Small scale investment reserve (SSI)	35	764	764	764	764
Non-distributable regulatory reserve (NDR)	35	100,279	100,279	100,279	100,279
Translation reserve	35	21,072	6,050	-	-
Fair value reserve	35	37,635	54,310	37,647	54,310
AGSMEIS reserve	35	14,422	14,422	14,422	14,422
Total equity		**467,106**	**437,307**	**447,048**	**431,335**
TOTAL LIABILITIES AND EQUITY		**7,026,492**	**6,234,688**	**6,805,217**	**6,122,174**

The accompanying notes to the financial statements are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 23 April 2024 and signed on its behalf by:

Mustafa Chike-Obi
Chairman
FRC/2013/IODN/00000004048

Nneka Onyeali-Ikpe
Managing Director/ Chief Executive Officer
FRC/2013/NBA/00000016998

Victor Abejegah
Chief Financial Officer
FRC/2013/ICAN/00000001733

Consolidated and Separate Statement of Changes in Equity
for the period ended 31 March 2024

Group	Share capital	Share premium	Retained earnings	Statutory reserve	Small scale investment reserve	Non-distributable regulatory reserve	Translation reserve	Fair value reserve	AGSMEIS reserve	Total equity
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Balance at 1 January 2024	**16,000**	**113,705**	**65,508**	**66,270**	**764**	**100,279**	**-**	**54,310**	**14,422**	**437,307**
Profit for the period	-	-	31,440	-	-	-	-	-	-	31,440
Other comprehensive income										
- Net change in fair value during the year of FVOCI debt financial Instrument	-	-	`	-	-	-	-	(12,743)	- -	**12,743**
Fair value gains on equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
- Changes in allowance for expected credit losses of FVOCI debt financial Instrument	-	-	-	-	-	-	-	(516)	-	(516)
-Exchange differences on translation of foreign operations	-	-	-	-	-	-	21,072	-	-	21,072
- Reclassification adjustments to profit or loss of FVOCI debt financial Instrument	-	-	-	-	-	-	-	(3,404)	-	(3,404)
Total comprehensive income for the year	**-**	**-**	**31,440**	**-**	**-**	**-**	**21,072**	**(16,663)**	**-**	**35,849**
Proceed from Issue of Shares	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-		-
Transfers between reserves (Note 35) & (Note 43)	-	-	-	-		-	-	-	-	-
At 31 March 2024	**16,000**	**113,705**	**96,948**	**66,270**	**764**	**100,279**	**21,072**	**37,647**	**14,422**	**467,106**

	Share capital	Share premium	Retained earnings	Statutory reserve	Small scale investment reserve	Non-distributable regulatory reserve	Translation reserve	Fair value reserve	AGSMEIS reserve	Total equity
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Balance at 1 January 2023	**14,481**	**101,272**	**44,883**	**51,352**	**764**	**62,144**	**-**	**30,019**	**9,445**	**314,360**
Profit for the year	-	-	99,454	-	-	-	-	-	-	**99,454**
Other comprehensive income										
- Net change in fair value during the year of FVOCI debt financial Instrument	-	-	`	-	-	-	-	9,035	-	**9,035**
Fair value gains on equity instruments at fair value through other comprehensive	-	-	-	-	-	-	-	-	-	-
income	-	-	-	-	-	-	-	13,981	-	**13,981**
	-	-	-	-	-	-	-	428	-	**428**
- Changes in allowance for expected credit losses of FVOCI debt financial Instrument	-	-	-	-	-	-	-	-	-	-
-Exchange differences on translation of foreign operations	-	-	-	-	-	-	6,050	-	-	**6,050**
- Reclassification adjustments to profit or loss of FVOCI debt financial Instrument	-	-	-	-	-	-	-	847	-	**847**
Total comprehensive income for the year	**-**	**-**	**99,454**	**-**	**-**	**-**	**6,050**	**24,291**	**-**	**129,795**
Proceed from Issue of Shares	**1,519**	**12,433**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,952**
Dividends paid	-	-	(20,800)	-	-	-	-	-		(20,800)
Transfers between reserves (Note 35) & (Note 43)	-	-	(58,029)	14,918		38,134	-	-	4,977	-
At 31 December 2023	**16,000**	**113,705**	**65,508**	**66,270**	**764**	**100,279**	**6,050**	**54,310**	**14,422**	**437,307**

The accompanying notes to the financial statements are an integral part of these financial statements.

Consolidated and Separate Statement of Changes in Equity
for the period ended 31 March 2024

Bank	Share capital	Share premium	Retained earnings	Statutory reserve	Small scale investment reserve	Non-distributable regulatory reserve	Fair value reserve	AGSMEIS reserve	Total equity
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Balance at 1 January 2024	**16,000**	**113,705**	**65,573**	**66,282**	**764**	**100,279**	**54,310**	**14,422**	**431,335**
Profit for the period	-	-	32,376	-	-	-	-	-	32,376
Other comprehensive income									
- Net change in fair value during the year of FVOCI debt financial Instrument	-	-	`	-	-	-	(12,743)	**-**	**- 12,743**
Fair value gains on equity instruments at fair value through other comprehensive income	-	-	**-**	**-**	**-**	**-**	-	-	-
- Changes in allowance for expected credit losses of FVOCI debt financial Instrument	-	-	-	-	-	-	(516)	-	(516)
- Reclassification adjustments to profit or loss of FVOCI debt financial Instrument	**-**	**-**	**-**	**-**	**-**	**-**	**(3,404)**	-	(3,404)
Total comprehensive income for the year	**-**	**-**	**32,376**	**-**	**-**	**-**	**(16,663)**	**-**	**15,713**
Proceed from Issue of Shares	**-**	**-**							-
Dividends paid	-	-	-	-	-	-	-		-
Transfers between reserves (Note 35) & (Note 43)	-	-	-	-		-		-	-
At 31 March 2024	**16,000**	**113,705**	**97,950**	**66,282**	**764**	**100,279**	**37,647**	**14,422**	**447,048**

	Share capital	Share premium	Retained earnings	Statutory reserve	Small scale investment reserve	Non-distributable regulatory reserve	Fair value reserve	AGSMEIS reserve	Total equity
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Balance at 1 January 2023	**14,481**	**101,272**	**44,883**	**51,352**	**764**	**62,144**	**30,019**	**9,445**	**314,360**
Profit for the year	-	-	15,609	-	-	-	-	-	15,609
Other comprehensive income						-	-	-	-
Net change in fair value of debt instruments at FVOCI	-	-	`	-	-	-	(2,533)	-	(2,533)
Net change in fair value of equity instruments at FVOCI	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-
Changes in allowance for expected credit losses	-	-	-	-	-	-	16	-	16
Reclassification adjustment for realised net gains	**-**	**-**	**-**	**-**	**-**	**-**	773	-	773
Total comprehensive income for the year	**-**	**-**	**15,609**	**-**	**-**	**-**	**(1,744)**	**-**	**13,865**
Dividends paid	-	-	-	-	-	-	-		-
Transfers between reserves (Note 35) & (Note 43)	-	-	-	-		-	-	-	-
At 31 March 2023	**14,481**	**101,272**	**60,492**	**51,352**	**764**	**62,144**	**28,275**	**9,445**	**328,225**

The accompanying notes to the financial statements are an integral part of these financial statements.

Consolidated and Separate Statement of Cash Flows
for the period ended 31 March 2024

		Group		Bank	
	Note	31 March 2024 N'million	31 December 2023 N'million	31 March 2024 N'million	31 December 2023 N'million
Operating Activities					
Cash flows from operations	**36**	-162,118	382,187	-178,866	404,213
Interest received	**36b**	89,897	330,193	86,063	327,158
Interest paid	**36c**	-143,602	(182,311)	(142,967)	(182,341)
Income tax paid	**16c**	-	(6,277)	-	(6,277)
Net cash flows from operating activities		**(215,822)**	**523,792**	**(235,770)**	**542,753**
Investing activities					
Purchase of property, plant and equipment	**25**	(8,041)	(9,537)	(8,041)	(9,488)
Proceeds from sale of property plant and equipment	**25**	330	87	353	85
Purchase of intangible assets	**27**	(633)	(2,851)	(633)	(2,745)
Purchase of debt Instruments at FVOCI	**36.d**	-4,860	(173,688)	(4,860)	(221,229)
Purchase of debt Instruments at amortised cost	**36.e**	-224,619	(647,686)	(224,619)	(647,686)
Redemption of financial assets at amortised cost	**36.e**	503,695	260,952	503,695	260,952
Redemption of debt financial assets at FVOCI	**36.d**	88,930	16,824	88,930	16,824
Purchase of equity instruments at FVOCI	**36f**	-	-	-	-
Acquisition of a subsidairy	**36g**	-	(40,845)	-	-
Dividend received	**11**	34	2,018	34	2,018
Net cash flows used in investing activities		**354,835**	**-594,725**	**354,858**	**-601,268**
Financing activities					
Dividends paid	**SCE**	-	(20,800)	-	(20,800)
Unclaimed dividend Receipt / (Payment)	**36h**	-	1,960	-	1,960
Lease Payment on Right of Use (ROU) Assets	**26**	-71	(532)	(71)	(532)
Proceeds of debts issued and other borrowed funds	**33**	69,977	129,906	69,977	129,906
Payment of interest portion of debts issued and other borrowed funds	**33**	-5,127	(4,804)	(5,127)	(4,804)
Repayment of principal portion of debts issued and other borrowed funds	**33**	-90,841	(15,051)	(90,841)	-15,051
Net cash flows used in financing activities		**(26,063)**	**90,679**	**(26,063)**	**90,679**
Net increase in cash and cash equivalents		**112,950**	**19,745**	**93,026**	**32,163**
Net foreign exchange difference on cash and cash equivalents	**11**	3,270	44,087	3,253	44,087
Cash and cash equivalents as at 1 January	**19**	**364,177**	**300,345**	**376,595**	**300,345**
Cash and cash equivalents as at	**19**	**480,397**	**364,177**	**472,874**	**376,595**

The accompanying notes to the financial statements are an integral part of these financial statements.

Notes To The Financial Statements:

1. Corporate Information

These financial statements are for Fidelity Bank Plc (the "Bank"), a company incorporated in Nigeria on 19 November 1987.The registered office address of the Bank is at Fidelity Place, 1 Fidelity Bank Close Off Kofo Abayomi Street, Victoria-Island, Lagos, Nigeria.

The Bank completed its acquisition of its subsidiary, Fidelity Bank UK Limited (former Union Bank UK Plc) on 26 July 2023. The financial result of the subsidiary has been consolidated into these financial statements.

The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Fidelity Bank Group provides a full range of financial services including investment, commercial and retail banking.

2. Summary of accounting policies

2.1 Introduction to summary of accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

2.1.1 Basis of Preparation

The Group's financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and in the manner required by the Companies and Allied Matters Act of Nigeria , the Financial Reporting Council Act of Nigeria , Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria Circulars, Additional information required by national regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, statement of cashflows, significant accounting policies and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial assets and financial liabilities measured at fair value.

The financial statements are presented in Naira, which is the Group's presentation currency. The figures shown in the financial statements are stated in Naira millions.

2.1.2 Changes in accounting policies and disclosures

New standards, amendments and interpretations adopted.

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

The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

Notes To The Financial Statements:

2.1.1 Basis of Preparation- continued

b IAS 1 and IFRS Practice Statement 2 (Amendments):

Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after 1 January 2024). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'Four-Step Materiality Process'.

The Group is currently assessing the impact of this amendment but considering the fact that the significant accounting policies disclosed in Summary of significant accounting policies" in the Annual Financial Report as at and for the period ended 31 March 2024 include all material accounting policies, The Group assess and applly this amendment (where applicable) and expect to disclose fewer accounting policies in the future.

c IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

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

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

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

d IAS 8 (Amendment): Definition of Accounting Estimates

IAS 8 (Amendment): Definition of Accounting Estimates (effective for annual reporting periods beginning on or after 1 January 2024). The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition,

Accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. There was no impact on the Financial Statements from the adoption of this amendment.

e IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

f AS 12 Income Taxes - Deferred Tax

IAS 12 clarifies that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement, the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes To The Financial Statements:

2.1.1 Basis of Preparation- continued

g IFRS 16 - Leases : Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

h IFRS 17 Insurance Contracts

IFRS 17 (Amendment): Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for the users of financial statements. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period)
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the year under review.
- Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

Notes To The Financial Statements:

2.1.2 Basis of consolidation

i Business Combination

The accounting policies set out below have been consistently applied to all periods presented in these consolidated and separate financial statements. Business combinations are accounted for using the acquisition method as at the acquisition date, that is, when control is transferred to the Group. Consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred.

The Consideration transferred does not include amounts related to the settlement of any relationships or transaction. Such amounts are generally recognized in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Other contingent consideration is measured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are recognized in profit or loss.

ii Non-controlling interest

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The Bank acquired 100% 0f its United Kingdom Subsidiary.

iii Subsidiaries

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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 income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences; and until the date when control ceases

iv Fund management

The entities within the group manage and administer assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity.

Notes To The Financial Statements:

2.1.2 Basis of consolidation- continued

v Loss of control

The Group assesses whether there is loss of control in a variety of ways which includes:
- sale of all or part of its ownership interest in its subsidiary.
- expiry of a contractual agreement that gave control of the subsidiary to the Group;
- issue of shares to third parties by the subsidiary, thereby reducing the Group's ownership interest in the subsidiary so that it no longer has control of the subsidiary.
- distribution of its ownership interest in the subsidiary by the Group;
- when the subsidiary becomes subject to the control of a government, court, administrator or regulator.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and the other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The amount recognised in profit or loss on the loss of control of a subsidiary is measured as the difference between:

(i) The sum of: - the fair value of the consideration received, if any;
- the recognized amount of the distribution of shares, if applicable;
- the fair value of any retained non-controlling investment (NCI); and
- the carrying amount of the NCI in the former subsidiary, including the accumulated balance of each class of other comprehensive income (OCI) attributable to the NCI .
(ii)The carrying amount of the former subsidiary's net assets, together with any profit or loss reclassifications.

From the Group's perspective, any loss of control of a subsidiary results in derecognition of the individual assets and liabilities of the subsidiary. On disposal, components of OCI related to the subsidiary's assets and liabilities are accounted for on the same basis as would be required if the individual assets and liabilities had been disposed of directly. As a result, amounts from the exercise are reclassified to profit or loss: (- exchange differences that were recognised in OCI; - changes in the fair value of financial assets at Fair value through other comprehensive income previously recognised in OCI; and - the effective portion of gains and losses on hedging instruments in a cash flow hedge previously recognised in OCI).

vi Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of Group entities at the spot exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated using the functional currency at the spot exchange rate at that date. The foreign currrency gain or loss on monetary items is the difference between the amortized cost in the functional currrency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation of monetary items are generally recognised in profit or loss. However, foreign currency differences arising from the translation of FVTOCI financial assets and monetary assets are recognised in Other Comprehensive Income (OCI).

vii Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into naira at spot exchange rates at the reporting date. The income and expenses and other comprehensive income of foreign operations are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at spot exchange rates on the dates of the transactions.

Foreign exchange differences on translation of foreign operations are recognized in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation differences is allocated to non-controlling interests.

When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income and presented in the translation reserve in equity.

Notes To The Financial Statements:

2.1.2 Basis of consolidation- continued

viii Determination of Goodwill

Fidelity Bank Plc completed the acquisition of the United Kingdom component on the 26th of July 2023 from the Union bank plc (A Nigerian Parent) at a value of $50,000,000.00 with a charge of gap between the Completion net assets value and the Planned net asset value on the Purchase considration which has now been completed in the sum of $1,800,000.00 based on the Sales Purchase Agreement between the Seller and Fidelity Bank Plc, Nigeria. The purchase price paid has not been allocated to all the acquired assets and liabilities, therefore the amount below are provisional. IFRS 3 allows for a period of 12 months within which the purchase price is allocated to determine the various intangibles acquired that were not previously recognized by the seller. The Bank acquired 100% of its United Kingdom Subsidiary. Prior to the acquisition , the United Kingdom component did not have any legal suit that required settlement . Calculation of Goodwill is presented below :-

	USD'000	USD'000	Exchange rate	NGN'000
Purchase consideration:				
Cash	50,000			
Deferred consideration	-			
Contingent consideration	-			
Other consideration adjustments	-1,800			
		48,200		
Net asset acquired				
Assets at June 30, 2023				
Intangible assets	514			
Tangible assets	37			
Right of use of asset	1,863			
Cash in bank	5,286			
Deposits placed with bank	73,321			
Securities	32,032			
Loans & overdrafts (gross)	35,507			
ECL	-374			
Other assets	1,395			
Liabilities at June 30, 2023				
Current deposits	-38,837			
Call deposits	-63,603			
Fixed deposits	-11,206			
Other liabilities	-3,127			
Total comprehensive income to July 26, 2023				
		-32,808		
Goodwill at acquisition - July 26, 2023		15,392	778.84	**11,987,905**
Exchange difference (Translation reserve in OCI)				2,662,046
Goodwill at year end - December 31, 2023		15,392	951.79	**14,649,952**

Notes To The Financial Statements:

2.2 Income Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in arriving at profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

i Current Income Tax

The current income tax charge is calculated on the basis of the applicable tax laws enacted or substantively enacted at the reporting date in the respective jurisdiction.

ii Deferred Income Tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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 income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

Deferred income 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 income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxables entities where there is an intention to settle the balance on a net basis.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and reviewed at each reporting date , reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Group has applied caution by not recognising additional deferred tax assets which is not considered capable of recovery.

• IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

IAS 12 (Amendments): Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after 1 January 2024). These amendments clarify and narrow the scope of the exemption provided by the IAS 12 “Income Taxes” standard allowing institutions to not recognise any deferred tax during the initial recognition of an asset and a liability. All leases and decommissioning obligations are excluded from the exemption scope for which companies recognise both an asset and a liability and will now have to recognise deferred taxes. From the date of first application of IFRS 16 “Leases”, the Bank have considered the right of use assets and the lease-related liabilities as a single transaction. Consequently, on the initial recognition date, the amount of deferred tax asset offsets the amount of deferred tax liability. The net temporary differences resulting from later variations in the right of use assets and lease liabilities subsequently result in a deferred tax asset as of 1 January 2023 which is subject to the recoverability criteria of IAS 12 “Income Taxes”.
There was no impact on the Financial Statements from the adoption of these amendments.

2.3 Accounting judgements, estimates and assumptions

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosures, as well as the disclosure of contingent liability about these assumptions and estimates that could result in outcome that requires a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Management discusses with the Audit Committee the development, selection and disclosure of the Group’s critical accounting policies and estimates, and the application of these policies and estimates.

Estimates and Assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Notes To The Financial Statements:

2.3 Accounting judgements, estimates and assumptions- continued

Going Concern

Business continues to function well and largely uninterrupted. The Group continues to provide access to vital materials for modern life which it has proven to be doing responsibly and efficiently in challenging circumstances.

Uncertainties remain with doubts about the status of Covid -19 , Russian- Ukrain War. However, the financial situation of the group remains healthy and it does not believe that the impact of the Covid-19 pandemic or Russian-Ukrain War will have any material adverse effect on our financial condition or liquidity. Therefore, based on the Group's liquidility and expected yearly cash outflow, the Group expects that it will be able to meet its financial obligations and therefore continues to adopt a going concern assumption as the basis for preparing its financial statements.

Allowances for credit losses

Measurement of the expected credit loss allowance

The measurement of the Expected Credit Loss (ECL) allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3, which also sets out key sensitivities of the ECL to changes in these elements.

A number of Significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

· Determining criteria for significant increase in credit risk;
· Choosing appropriate models and assumptions for the measurement of ECL;
· Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated
· Establishing groups of similar financial assets for the purposes of measuring ECL.

The uncertainties caused by Covid-19, and the volatility in macro economic variables required the Group to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 December 2022. No futher update was done in the current year .

Determination of Collateral Value

Management monitors market value of collateral on a regular basis. Management uses its experienced judgement on independent opinion to adjust the fair value to reflect the current circumstances. The amount and collateral required depend on the assessment of credit risk of the counterpart.

In determining the collateral value, the Bank has considered potential impacts of the continued economic volatility as a result of Covid-19 variations and the impact of Russian/Ukrain war.

The Directors believe that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes.

Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement ot financial position cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 3.5 for further disclosures.

The Group has considered potential impacts of the current economic volatility in determination of the reported fair value of the financial instruments and these are considered to represent management's best assessment based on observable information. Markets , however , remain volatile and the recorded amounts remain sensitive to market fluctuations.

Notes To The Financial Statements:

2.3.1 Standards Issued, Amendments But Not Yet Effective

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

•IAS 1 (Amendments): Classification of liabilities as current or non-current

The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The amendments also clarify that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are expected to be effective for annual periods beginning on or after 1 January 2024 with early adoption permitted.

•IAS 7 and IFRS 7 (Amendments) - Disclosures: Supplier Finance Arrangements

Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024). The amendments require companies to disclose information about their Supplier Finance Arrangements such as terms and conditions, carrying amount of financial liabilities that are part of such arrangements, ranges of payment due dates and liquidity risk information. The Group is examining the impact from the above amendments.

2.3.2 IBOR Transition

Interbank Offered Rates (IBORs) are average rates at which certain banks (Contributor Panel bank) could borrow in the interbank market. The rate range in tenors from overnight to 12 months and includes a spread reflecting the credit risk involved in lending money to banks. These rates have been a major benchmark for financial transactions since the 1980s. As at 2018, USD LIBOR and EURIBOR (types of IBOR) together represent 80% of IBOR referenced transactions (Bloomberg, 2018) worth approximately $400 trillion (The World Bank, 2021). Examples of such transactions using LIBOR as reference rates are Loans, Deposits, Bonds, Adjustable-rate Mortgages, Over-the-counter Derivatives, Securitised products, Credit Cards, and more.

There are three major administrators of these interest reference rates- Euro Interbank Offered Rate (EURIBOR), London Interbank Offered Rate (LIBOR), and Tokyo Interbank Offered Rate (TIBOR). IBORs are published in different currencies/pairs namely, GBP LIBOR, USD LIBOR, EURIBOR/EURO LIBOR, CHF LIBOR, JPY LIBOR, JPY TIBOR, EUROYENTIBOR, and for overnight (O/N), 1week, 1month, 2months, 3months, 6months, and 12months tenors. Globally, Transactions referencing IBOR was transitioned to alternative reference rates (ARR), likewise, new contracts and the alternative reference rates per currency are as follows:

IBORs	GPB LIBOR	USD LIBOR	EURIBOR, Euro LIBOR	CHF LIBOR
ARRs	Reformed Sterling Overnight Index Average (SONIA)	Secured Overnight Financing Rate (SOFR)	Euro Short-term Rate (ESTER)	Swiss Average Rate Overnight (SARON)

Key Timelines

In March 2021, the ICE Benchmark Administration (IBA), the administrator of LIBOR, announced the following cessation dates for USD, GBP, JPY, CHF, and EUR LIBOR.

- All tenors across CHF, and EUR LIBOR, as well as 1week and 2 months USD LIBOR ceased from December 31, 2021.
- Overnight, 1 week, 2 months, 12 months GBP, and JPY LIBOR have ceased to be published from December 31, 2021.
- Overnight, 1M, 3M, 6M & 12M tenors for USD LIBOR ceased June 30, 2023. (The Intercontinental Exchange, 2021)

The effect:

All new contracts entered either utilize a reference rate other than IBOR or have robust fallback language that includes a clearly defined ARR (Alternative Reference Rates) after IBOR's discontinuation at the end of June 2023 (for USD LIBOR Tenors other than I week and 2 months).

For existing contracts that are indexed to an IBOR and mature after the expected cessation of the IBOR rate, the fidelity team has established policies and transitioned the affected contracts .

Notes To The Financial Statements:

2.3.1 Standards Issued, Amendments But Not Yet Effective- continued

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform.

Practical Expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to a RFR takes place on an economically equivalent basis with no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss.

The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Permitted changes include redefining the hedged risk to reference an RFR and redefining the description of the hedging instruments and/or the hedged items to reflect the RFR. Entities are allowed until the end of the reporting period, during which a modification required by IBOR reform is made, to complete the changes.

Any gain or loss that could arise on transition is dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness. Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR. The cash flow hedge reserve is released to profit or loss in the same period or periods in which the hedged cash flows based on the RFR affect profit or loss.

Relief from discontinuing hedging relationships continued

For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero. This relief applies when the exception to the retrospective assessment ends.

The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued. As items within the hedged group transition at different times from IBORs to RFRs, they will be transferred to sub-groups of instruments that reference RFRs as the hedged risk.

As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform. The phase two reliefs cease to apply once all changes have been made to financial instruments and hedging relationships, as required by IBOR reform.

Separately Identifiable Risk Components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. The relief allows entities upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 18 months..

Additional Disclosures :- Fidelity IBOR transition.

IFRS 7 lingering impact of the Disclosures include the following:

• How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform.

• Disaggregated by each significant IBOR benchmark, quantitative information about financial instruments that have yet to transition to RFRs.

• If IBOR reform has given rise to changes in the entity's risk management strategy,

Fidelity Bank worked with leading experts to assess the impact of IBOR transition on products and financial instruments based on exposure, maturity profile, and product features, as well as the impact on legal contracts to determine the potential need for base rate and fallback language amendment, re-pricing, re-papering, and client outreach.

2.3.1 Standards Issued, Amendments But Not Yet Effective- continued

Additional Disclosures :- Fidelity IBOR transition- continued

Fidelity Bank also worked with various stakeholders and improving processes, policies, and systems that may be affected by the transition. This is done to ensure that the transition's impact is fully addressed. The group also developed a robust communication plan to engage with customers and ensure they understand this transition and its significance to them. Client relationship managers are also prepared to further support customers on inquiries regarding the LIBOR transition.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments will currently have no impact on the financial statements of the Group.

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

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is in itself an equity instrument , would the terms of a liability not impact its classification

Right to Defer Settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management Expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Amendments to IFRS 3 - Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments did not have any impact on the financial statements of the Group in the period ,

Notes To The Financial Statements:

2.3.1 Standards Issued, Amendments But Not Yet Effective- continued

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceed of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments did not have any impact on the financial statements of the Group in the period.

Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments have no impact on the financial statements of the Group, and it became effective in the reporting period beginning on 1 January 2022.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

• The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

• An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

• An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

These amendments currently have no impact on the financial statements of the Group.

IFRS 16 Leases Illustrative Example accompanying - Lease incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

• IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its financial statements.

2.3.3 Foreign currency translation and transaction

(a) Functional and presentation currency

Items included in the financial statements of the Groupare measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The financial statements are presented in Naira, which is the Group's presentation currency.

2.3.3 Foreign currency translation and transaction- continued

(a) Functional and presentation currency- continued

(b) Transactions and balances

Foreign currency transactions (i.e. transactions denominated, or that require settlement, in a currency other than the functional currency) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

2.3.3 Foreign currency translation and transaction-continued

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as fair value through other comprehensive income (FVOCI), a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as FVOCI financial assets, are included in other comprehensive income.

2.4 Financial assets and liabilities (Policy applicable for financial instruments)

2.4.1 Initial recognition

The Group initially recognises loans and advances, deposits and debt securities issued on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, (for an item not at fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in Net gains/(losses) from financial instruments. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Amortised cost and gross carrying amount

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

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

2.4 Financial assets and liabilities (Policy applicable for financial instruments)- continued

2.4.1 Initial recognition- continued

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 Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Bank 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

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

• the gross carrying amount of the financial asset; or
• the amortised cost of the financial liability.

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

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

a) **Debt Instruments**

The classification and subsequent measurement of debt instruments depend on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Based on these factors, the Group classifies its debt instruments into one of the following measurement categories:

Amortised Cost: Financial assets that are held within a business model whose objective is collection of contractual cash flows and where such cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss due to impairment or upon derecognition of a debt investment that is subsequently measured at amortised cost is recognised in profit or loss. Interest income from these financial assets is included in "Interest and similar income" using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held within a business model whose objective is achieved both by collection of contractual cash flows and by selling the assets, where those cash flows represent solely payments of principal and interest, and are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Other operating income". Interest income from these financial assets is included in "Interest and similar income" using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the profit or loss statement within "Net gains/(losses) from financial instruments classified as held for trading" in the period in which it arises. Interest income from these financial assets is included in "Interest and similar income".

2.4.2 Financial Assets - Subsequent Measurement- continued

Business Model Assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

• the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

• the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

• how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

• the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing financial assets is achieved and how cash flows are realized.

Solely Payments of Principal and Interest (SPPI) Assessment

Principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

• contingent events that would change the amount and timing of cash flows;
• leverage features;
• prepayment and extension terms;
• terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
• features that modify consideration of the time value of money - e.g. periodical rate of interest

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Reclassifications

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Modifications

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

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

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses.

2.4.2 Financial Assets - Subsequent Measurement- continued

b) **Equity Instruments**

The Group subsequently measures all Quoted and Unquoted equity investments at fair value through other comprehensive income. Where the Group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established. These investments are held for strategic purposes rather than for trading purposes .See note 24.3

c) **Derivative Financial Instruments**

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value.

The Group uses widely recognised valuation models for determining the fair value of common and simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable markets prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

d) **Non-derivative financial assets**

The Group has revised its internal treasury and risk management systems to support the transition to SOFR. During the course of this transition, the Group's IBOR Transition team established policies for amending the interbank offered rates on existing floating-rate loan portfolio indexed to IBORs. Loan products are amended in a uniform way, while syndicated products, are amended in bilateral negotiations with syndicated loan partners.

The IBOR transition working group is monitoring the progress of transition from IBORs to SOFR by reviewing the total amounts of impacted contracts. The Group also considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, (referred to as an ‘unreformed contract’).

e) **Non-derivative financial Liabilities**

The Bank has floating-rate liabilities indexed to USD LIBOR. The IBOR Transition team and the treasury team is in discussions with the counterparties of our financial liabilities to amend the contractual terms in response to IBOR reform.

2.4.3 Impairment of Financial Assets

Overview of the ECL principles

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL). The 12 months ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering if it is 30 days past due. Based on the above process, it groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

Notes To The Financial Statements:

2.4.3 **Impairment of Financial Assets -continued**

• Stage 1: When loans are first recognised, the Group recognises an allowance based on 12 months expected credit losses (12m ECLs). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

• Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime expected credit losses (LTECLs). Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

• Stage 3: These are loans considered as credit-impaired.The group records an allowance for the LTECLs.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses

The calculation of ECLs

The Bank calculates ECLs based on a multiple scenario to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 3.2.4.

EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 3.2.4 (c).

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3.2.4 (c).

When estimating the ECLs, the Group considers multiple scenario to measure the expected cash shortfalls, discounted at an approximation to the EIR. When relevant, the assessment also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier, with the exception of revolving facilities which could extend beyond the contractual life.

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 2.20. The calculation of ECLs (including the ECLs related to the undrawn element) for revolving facilities is explained in Note 3.2.4 (c).

The mechanics of the ECL method are summarised below:

2.4.3 Impairment of Financial Assets -continued

Stage 1

• The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.

• These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2

• When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

• For financial instruments considered credit-impaired (as defined in Note 3), the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

POCI

• POCI assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, discounted by the credit-adjusted EIR.

Loan Commitments and Letters of Credit

• When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

• For revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.

Financial Guarantee Contracts

• The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the profit or loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within Provisions.

Bank Overdraft and Other Revolving Facilities

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities with one day's notice. The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

Restructured Financial Assets

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

• if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating cash shortfalls from the existing asset.

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

2.4.3 Impairment of Financial Assets -continued

Credit-Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt instruments carried at FVOCI are credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following:
• there is significant financial difficulty of a customer/issuer/obligor (potential bad debt indicator);
• there is a breach of contract, such as a default or delinquency in interest or principal payments;
• the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group would not otherwise consider.
• it becomes probable that a counterparty/borrower may enter bankruptcy or other financial reorganisation;
• there is the disappearance of an active market for a financial asset because of financial difficulties; or
• observable data indicates that there is a measurable decrease in the estimated future cash flows from a group of financial assets.
• the financial asset is 90 days past due

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

Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Group's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Details of the impact of the Group's various credit enhancements are disclosed in Note 3.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral Repossessed

The Group's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group's policy.

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.

2.4.4 Presentation of Allowance for ECL

Loan allowances for ECL are presented in the statement of financial position as follows:
• Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
• Loan commitments and financial guarantee contracts: the loss allowance is recognised as a provision;
• Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
• Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-Off

The Group writes off financial assets, in whole or part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity and where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity.

Notes To The Financial Statements:

2.4.4 Presentation of Allowance for ECL- continued

Initial and Subsequent Measurement

Financial liabilities are initially measured at their fair value, except in the case of financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. The Group classifies financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading liabilities are recorded and measured in the statement of financial position at fair value.

In both the current and prior period, all financial liabilities are classified and subsequently measured at amortised cost.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial Guarantee Contracts and Loan Commitments

Financial guarantee contracts are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of the debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of the amount of loss allowance and the premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Notes To The Financial Statements:

2.5 Revenue Recognition

Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'Interest income' and 'Interest expense' in the Statement of profit or loss and othe comprehensive income using the effective interest method.

Fees and Commission Income

Fees and commissions are generally recognised on an accrual basis when the service has been provided in line with the requirement of IFRS 15 - Revenue from Contracts with Customers. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, are recognised on completion of the underlying transaction.

Income From Bonds or Guarantees and Letters of Credit

Income from bonds or guarantees and letters of credit are recognised on a straight line basis over the life of the bond or guarantee in accordance with the requirement of IFRS 15.

Dividend Income

Dividends are recognised in profit or loss when the entity's right to receive payment is established.

2.6 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, intangible assets that have an indefinite useful life and are not subject to amortisation 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test may also 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 indication 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.

The Group assessed the potential accounting implications of decreased economic activity as a result of Covid-19 pandemic. The uncertainty in the economic environment may decrease the reliability of long-term forecasts used in the impairment testing models. Based on the current estimates of expected performance, no impairment needs were identified at the end of the period.

2.7 Statement of Cash Flows

The Statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Cash and cash equivalents include highly liquid investments.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

The Group's assignment of the cash flows to operating, investing and financing category depends on the Group's business model (management approach). Interest received and interest paid are classified as operating cash flows, while dividends received and dividends paid are included in investing and financing activities respectively.

Notes To The Financial Statements:

2.8 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 include cash , due from banks and non-restricted balances with central bank.

2.9 Leases

a The Bank is the lessee

i Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentive received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of- use assets are subject to impairment.

ii Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its **short-term leases** (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of **low-value assets recognition exemption to leases** (i.e., below N1,532,500). Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

B The Bank 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 over the lease term. Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

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 (before tax), which reflects a constant periodic rate of return.

2.10 Property, Plant and Equipment

Land and buildings comprise mainly branches and offices. All property and equipment used by the Group is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any 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 included in leasehold land and buildings 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:

- Building: 50 years
- Leasehold Improvements: the lower of useful life and lease period.
- Motor vehicles: 4 years
- Furniture and fittings: 5 years
- Computer equipment: 5 years
- Office equipment: 5 years

2.10 Property, Plant and Equipment- continued

The assets' residual values, depreciation method and useful lives are reviewed annually, and adjusted if appropriate. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in 'Other operating expenses' in profit or loss.

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. Payments in advance for items of property and equipment are included as Prepayments in "Other Assets" and upon delivery are reclassified as additions in the appropriate category of property, plant and equipment.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss

2.11 Intangible Assets

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:

· it is technically feasible to complete the software product so that it will be available for use;
· management intends to complete the software product and use or sell it;
· there is an ability to use or sell the software product;
· it can be demonstrated how the software product will generate probable future economic benefits;
· adequate technical, financial and other resources to complete the development and to use or sell thesoftware product are available;
· 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 costs recognised as intangible assets are amortised on the straight-line basis over the life of the intangible asset and are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.12 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Group recognises no provisions for future operating losses.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Retirement Obligations and Employee Benefits

The Group operates the following contribution and benefit schemes for its employees:

2.13.1 Defined Contribution Pension Scheme

The Group operates a defined contributory pension scheme for eligible employees. Bank contributes 10% of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014 while employee contributes 8% summing to 18% annual contribution . The Group pays the contributions to a pension fund administrator. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits 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 Group has no further obligation beyond the its 10% contribution at the terminal date or disengagement .

2.13.2 Short-Term Benefits

Wages, salaries, annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses in the statement of profit or loss and paid in arrears when the associated services are rendered by the employees of the Group.

2.14 Termination Benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed , without realistic possibility of withdrawal , to a formal detailed plan to either terminate employment before the normal retirement date , or to provide termination benefits as a result of an offer made to encourage voluntary redundancy . Termination benefits for voluntary redundancies are recognized in the statement of other comprehensive income if the company has made an offer for voluntary redundancy ,it is probable that the offer will be accepted , and the number of acceptances can be estimated reliably.

2.15 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 Group's 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.

2.16 Fair Value Measurement

The Group measures some financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

* In the principal market for the asset or liability
* In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes To The Financial Statements:

2.16 Fair Value Measurement- continued

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.17 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.18 Segment Reporting

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which seperate financial information is availble that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. The Group has determined the (Executive Committee) as its chief operating decision maker.

An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the types of business activities in which it engages and the economic environments in which it operates. Following the management approach , operating segments are reported in accordance with the internal reports provided to the Group's Managing Director (the chief operating decision maker). The following summary describes each of the Group's reportable segments.

Retail Banking

The retail banking segment offers a comprehensive range of retail, personal and commercial services to individuals, small and medium business customers including a variety of E-Business products to serve the retail banking segment.

Corporate Banking

The corporate banking segment offers a comprehensive range of commercial and corporate banking services to the corporate business customers including other meduim and large business customers. The segment covers Power and infrastructure, Oil and Gas Upstream and Downstream, Real Estate, Agro-Allied and other industries.

Investment Banking

The Group's investment banking segment is involved in the funding and management of the Group's securities, trading and investment decisions on asset management with a view of maximising the Group's shareholders returns.

Enterprise Risk Management- continued

Enterprise Risk Philosophy

Fidelity Enterprise Risk Mission

Risk Culture

The Group's risk culture proactively anticipates and curtails losses that may arise from its banking risk underwriting. This culture evolved out of the understanding that the Group is in a growth phase which requires strong risk management. By design therefore, the Group operates a managed risk culture, which places emphasis on a mixture of growth and risk control to achieve corporate goals without compromising asset or service quality.

Risk Appetite

The risk appetite describes the quantum of risk that we would assume in pursuit of the Group's business objectives at any point in time. For the Group, it is the core instrument used in aligning the Group's overall corporate strategy, the Group's capital allocation and risks.

The Group defines the Group's Risk Appetite quantitatively at two levels: Enterprise level and Business/Support Unit level.
To give effect to the above, the Board of Directors of the Group sets target Key Performance Indicators (KPIs) at both enterprise and business/support unit levels based on recommendations from the Executive Management Committee (EXCO).

At the Business and Support unit level, the enterprise KPIs are cascaded to the extent that the contribution of each Business/Support Unit to risk losses serves as input for assessing the performance of the Business/Support Unit.

3.2 Credit Risk

3.2.1 Management of credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of Directors and head of each business unit.

The Group measures and manage credit risk following the principles below:

• Consistent standards as documented in the Group's credit policies and procedures manual are applied to all credit applications and credit approval decisions.
• Credit facilities are approved for counter-parties only if underlying requests meet the Group's standard risk acceptance criteria.
• Every extension of credit or material change to a credit facility (such as its tenor, collateral structure or major covenants) to any counter-party requires approval at the appropriate authority level. The approval limits are as follows:

Approval Authority	**Approval limits**
Executive Directors	**N150 million and below**
Managing Director/CEO	**Above N150 million but below N300 million**
Management Credit and Investment Committee	**Above N300 million but below N3 billion**
Board Credit Committee	**Above N3 billion but below N10 billion**
Full Board	**N10 billion and above**

• The Group assigns credit approval authorities to individuals according to their qualifications, experience, training and quality of previous credit decisions. These are also reviewed by the Group periodically.
• The Group measures and consolidates all the Group's credit exposures to each obligor on a global basis. The Group's definition of an "obligor" include a group of individual borrowers that are linked to one another by any of a number of criteria the Group have established, including capital ownership, voting rights, demonstrable control, other indication of group affiliation; or are jointly and severally liable for all or significant portions of the credit the Group have extended.
• The Group's respective business units are required to implement credit policies and procedures while processing credit approvals including those granted by Management and Board Committees.
• Each business unit is responsible for the quality, performance and collection of its credit portfolio including those approved by the Management and Board Committees.
• The Group's Credit Control and Loan Portfolio Monitoring & Reporting departments regularly undertake independent audit and credit quality reviews of credit portfolios held by business units.

3.2.2 Credit Risk Ratings

A primary element of the Group's credit approval process is a detailed risk assessment of every credit associated with a counter-party. The Group's risk assessment procedures consider both the credit worthiness of the counter-party and the risks related to the specific type of credit facility or exposure. This risk assessment not only affects the structuring of the transaction and the outcome of the credit decision, but also influences the level of decision-making authority required to extend or materially change the credit and the monitoring procedures we apply to the on-going exposure.

The Group has its own in-house assessment methodologies and rating scale for evaluating the creditworthiness of it's counter-parties. The Group's programmed 9-grade rating model was developed in collaboration with Agusto & Company, a foremost rating agency in Nigeria, to enable comparism between the Group's internal ratings and the common market practice, which ensures comparability between different portfolios of the Group.

Group rating	Applicable score band	Agusto & Co	Description of the grade
			Investment grade
AAA	90% - 100%	AAA	Exceptionally strong business fundamentals and overwhelming capacity to meet obligations in a timely manner.
			Standard Monitoring
AA	80% - 89%	AA	Very good business fundamentals and very strong capacity to meet obligations
A	70% - 79%	A	Good business fundamentals and strong capacity to meet obligations
BBB	60%- 69%	BBB	Satisfactory business fundamentals and adequate capacity to meet obligations
BB	50% - 59%	BB	Satisfactory business fundamentals but ability to repay may be contingent upon refinancing.
B	40% - 49%	B	Weak business fundamentals and capacity to repay is contingent upon refinancing.
CCC	30% - 39%	CCC	Very weak business fundamentals and capacity to repay is contingent upon refinancing.
CC	20% - 29%	CC	Very weak business fundamentals and capacity to repay in a timely manner may be in doubt.
			Default
C	0% - 19%	C	Imminent Insolvency

Enterprise Risk Management- continued

3.2.2 Credit Risk Ratings- continued

We generally rate all the Group's credit exposures individually. The rating scale and its mapping to the Standard and Poors agency rating scale is as follows:

Internal Rating Categories	Interpretation	Mapping to External Rating (S&P)
AAA	Impeccable financial condition and overwhelming capacity to meet obligations in a timely manner	AAA
AA	Very good financial condition and very low likelihood of default	AA
A	Good financial condition and low likelihood of default	A
BBB to BB	Satisfactory financial condition and adequate capacity to meet obligations	BBB to BB
B to CCC	Weak financial condition and capacity to repay is in doubt and may be contingent upon refinancing	B to D

3.2.3 Credit Limits

Portfolio concentration limits are set by the Group to specify maximum credit exposures we are willing to assume over given periods. The limits reflect the Group’s credit risk appetite. The parameters on which portfolio limits are based include limits per obligor, products, sector, industry, rating grade, geographical location, type of collateral, facility structure and conditions of the exposure.

Monitoring Default Risk

The Group's credit exposures are monitored on a continuing basis using the risk management tools described above. The Group has also put procedures in place to identify at an early stage credit exposures for which there may be an increased risk of loss. Counter-parties that on the basis of the application of the Group's risk management tools, demonstrate the likelihood of problems, are identified well in advance so that the Group can effectively manage the credit exposure and maximize the recovery. The objective of this early warning system is to address potential problems while adequate alternatives for action are still available. This early risk detection is a tenet of the Group's credit culture and is intended to ensure that greater attention is paid to such exposures. In instances where the Group has identified counter-parties where problems might arise, the respective exposure is placed on a watch-list.

3.2.4 Expected Credit Loss Measurement

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Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
Initial recognition	Significant increase in credit risk since initial recognition	Credit-impaired assets
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(a) Significant Increase In Credit Risk

At initial recognition, the Group allocates each exposure to a credit risk grade based on available information about the borrower that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined and calibrated such that the risk of default occurring increases as the credit risk deteriorates.

The Group monitors its loans and debt portfolios to determine when there is a significant increase in credit risk in order to transition from stage 1 to stage 2. In assessing significant increase in credit risk, management considers credit rating, prudential classification and backstop (30 days past due presumption) indicators. Financial assets that have been granted forbearance could be considered to have significantly increased in credit risk.

Backstop Indicators

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

For assessing increase in credit risk, the Group sets the origination date of revolving and non-revolving facilities as the last reprice date i.e. the last time the lending was re-priced at a market rate.

(b) Definition of Default

The Group considers a financial asset to be in default, which is fully aligned with the credit-impaired, when it meet the following criteria:

Quantitative criteria

• Internal credit rating - Downgrade from Performing to Non-performing (rating grids CC and below)
• Days past due (Dpd) observation – DPDs of 90 days and above
• Prudential classification of sub-standard, doubtful or lost

(c) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

• The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

• EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

• Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is derived by using historical data to develop specific lifetime PD models for all asset classes. The long term span of historical data is then used to directly model the PD across the life of a exposure. For debt instruments that are not internally rated , the Group obtains the issuer ratings of such instruments and matches them to its internal rating framework to determine the equivalent rating. The lifetime PD curves developed for that rating band will then be used.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a regular basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

(d) Forward-Looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Group's strategy team on a quarterly basis. The specific macro-economic model applied is a Markov multi-state model of transitions in continuous time with macroeconomic co-variates. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis. This helps to understand the impact these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group's strategy team also provides other possible scenarios along with scenario weightings. The number of other scenarios used is based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2023 and 31 December 2023, the Group concluded that the scenarios appropriately captured non-linearities for all its portfolios.

(d) Forward-Looking information incorporated in the ECL models- continued

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Economic Variable Assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2023 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

		6M	2022	2023	2024
Foreign exchange rate (₦)					
	Base Case	1,434	1,577	1,419	1,277
	Best Case	1,147	1,262	1,135	1,022
	Worse	1,720	1,892	1,703	1,533
Inflation rate					
	Base Case	33.50%	33.67%	32.32%	29.09%
	Best Case	26.80%	26.93%	25.86%	23.27%
	Worse	36.85%	37.03%	35.55%	32.00%
Crude Oil ($)					
	Base Case	88.01	89.77	90.66	91.12
	Best Case	92.41	94.25	95.20	95.67
	Worse	61.60	62.84	63.46	63.78
Foreign Reserves ($ Bn)					
	Base Case	33.16	34.82	35.87	37.30
	Best Case	34.82	36.56	37.66	39.17
	Worse	29.85	31.34	32.28	33.57
USD Index					
	Base Case	107.03	108.10	108.64	109.73
	Best Case	101.68	102.70	103.21	104.24
	Worse	110.24	111.34	111.90	113.02
Unemployment rate					
	Base Case	5.20%	5.72%	6.01%	5.83%
	Best Case	4.94%	5.43%	5.71%	5.53%
	Worse	5.36%	5.89%	6.19%	6.00%

(e) Grouping Financial Instruments For Collective Assessment

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics used to determine groupings include instrument type, credit risk ratings and industry.

The aggregation of financial instruments may change over time as new information becomes available

3.2.5 Maximum Exposure to credit risk before collateral held or other credit enhancements

The Bank's maximum exposure to credit risk as at 31 March, 2024 and 31 December 2023 is represented by the gross carrying amounts of the financial assets set out below:

Financial Assets	Maximum exposure	Collateral held	Surplus collateral	Net exposure
	31 March 2024			
	N'million	N'million	N'million	N'million
Balances with central bank	(13,781)	-	-	(13,781)
Restricted balances with central bank	1,169,457			1,169,457
Due from banks	452,611	-	-	452,611
Loans and advances to customers	3,706,997	18,493,989	14,786,993	-
Derivative finacial assets	10,723		-	10,723
Investments:			-	-
Financial assets at fair value through profit or loss	7,255	-	-	7,255
Debt instruments at fair value through other comprehensive				-
income	32,006	-	-	32,006
Equity instruments at fair value through other comprehensive				-
income	110,141	-	-	110,141
Debt instruments at amortised cost	994,987	-	-	994,987
Other assets	357,987	-	-	357,987
	6,828,383	**18,493,989**	**14,786,993**	**3,121,387**

3.2.5 Maximum Exposure to credit risk before collateral held or other credit enhancements- continued

The Bank's maximum exposure to credit risk as at 31 March, 2024 and 31 December 2023 is represented by the gross carrying amounts of the financial assets set out below:

Financial Guarantee contracts:				-
Performance bonds and guarantees	869,571	-	-	730,779
Letters of credit	564,858		-	413,362
Undrawn portion of overdraft	145,727			120,292
	1,580,156	**-**	**-**	**1,264,433**

	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets		**31 December 2023**		
	N'million	**N'million**	**N'million**	**N'million**
Balances with central bank	115,576	-	-	115,576
Restricted balances with central bank	1,174,398			1,174,398
Due from banks	239,804	-	-	239,804
Loans and advances to customers	3,106,324	17,394,847	14,288,523	-
Derivative finacial assets	10,723		-	5,947
Investments:			-	-
Financial assets at fair value through profit or loss	7,684	-	-	7,684
Debt instruments at fair value through other comprehensive income	187,561	-	-	187,561
Equity instruments at fair value through other comprehensive income	104,953	-	-	100,763
Debt instruments at amortised cost	821,014	-	-	821,014
Other assets	394,750	-	-	394,699
	6,162,786	**17,394,847**	**14,288,523**	**3,047,446**
Financial Guarantee contracts:				-
Performance bonds and guarantees	730,779	-	-	730,779
Letters of credit	413,362		-	413,362
Undrawn portion of overdraft	115,650			120,292
	1,259,791	**-**	**-**	**1,264,433**

*Excluding equity instruments

Enterprise Risk Management- continued

3.2.7 Credit Quality

A Maximum Exposure to Credit Risk – Financial instruments subject to impairment

The credit risk model is applied as per homogeneous group of risk assets which can be a portfolio or a rating model (e. g. Master Rating). The bank set up 6 portfolios, three of which are a mix of Corporate and Commercial Accounts segregated on the basis of related economic sectors. The other three portfolios are made up of retails accounts segregated on the basis of similarity of risk characteristics. Details of the portfolios are shown below:

Code	Description
Portfolio 1	Agriculture, Energy, Manufacturing, Construction & Real Estate
Portfolio 2	Government, Public Sector & NBFIs
Portfolio 3	Transport, Communication, Commerce & General
Portfolio 4	Automobile, Equipment & Mortgage Loans
Portfolio 5	Medium and Small Scale Enterprises
Portfolio 6	Personal & Employee Loans

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets.

a) Agriculture, Energy, Manufacturing, Construction & Real Estate Portfolio

	31 March 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	165,730	-	-	165,730
Standard monitoring	1,298,501	822,789	-	2,121,290
Default	-	-	79,338	79,338
Gross carrying amount	**1,464,231**	**822,789**	**79,338**	**2,366,359**
Loss allowance	(1,700)	(43,556)	(43,936)	(89,192)
Carrying amount	**1,462,531**	**779,234**	**35,402**	**2,277,166**

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	153,404	-	-	153,404
Standard monitoring	1,009,250	791,680	-	1,800,930
Default	-	-	52,100	52,100
Gross carrying amount	**1,162,655**	**791,680**	**52,100**	**2,006,435**
Loss allowance	(16,668)	(56,085)	(13,442)	(86,194)
Carrying amount	**1,145,987**	**735,595**	**38,658**	**1,920,240**

Enterprise Risk Management- continued

b) Government, Public Sector & NBFIs portfolio

	31 March 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	18,929		-	18,929
Standard monitoring	180,638	39,336	-	219,974
Default	-	-	10,866	10,866
Gross carrying amount	**199,567**	**39,336**	**10,866**	**249,769**
Loss allowance	(23)	(0)	(10,265)	(10,289)
Carrying amount	**199,544**	**39,336**	**601**	**239,480**

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	20,998	-	-	20,998
Standard monitoring	179,688	43,583	-	223,271
Default	-	-	10,480	10,480
Gross carrying amount	**200,686**	**43,583**	**10,480**	**254,749**
Loss allowance	(956)	(9,427)	(6,647)	(17,029)
Carrying amount	**199,730**	**34,156**	**3,834**	**237,720**

c) Transport, Communication, Commerce & General portfolio

	31 March 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	699,574	148,236	-	847,810
Default	-	-	26,230	26,230
Gross carrying amount	**699,574**	**148,236**	**26,230**	**874,040**
Loss allowance	(1,129)	(6,970)	(14,941)	(23,040)
Carrying amount	**698,445**	**141,266**	**11,289**	**851,000**

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	403,487	229,071	-	632,558
Default	-	-	16,741	16,741
Gross carrying amount	**403,487**	**229,071**	**16,741**	**649,299**
Loss allowance	(2,722)	(5,855)	(10,118)	(18,695)
Carrying amount	**400,765**	**223,216**	**6,624**	**630,605**

d) Automobile, Equipment & Mortgage Loans portfolio

	31 March 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	80,327	2,771	-	83,098
Default	-	-	3,746	3,746
Gross carrying amount	**80,327**	**2,771**	**3,746**	**86,845**
Loss allowance	(368)	-	(743)	(1,111)
Carrying amount	**79,959**	**2,771**	**3,003**	**85,733**

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	67,443	8,307	-	75,750
Default	-	-	2	2
Gross carrying amount	**67,443**	**8,307**	**2**	**75,752**
Loss allowance	(356)	(4)	(2)	(362)
Carrying amount	**67,087**	**8,303**	**0**	**75,390**

e) Medium and Small Scale Enterprises portfolio

	31 March 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	49,309	18	-	49,327
Default	-	-	7,146	7,146
Gross carrying amount	**49,309**	**18**	**7,146**	**56,473**
Loss allowance	(36)	(0)	(6,440)	(6,476)
Carrying amount	**49,273**	**18**	**706**	**49,997**

Enterprise Risk Management- continued

e) Medium and Small Scale Enterprises portfolio- continued

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	37,501	15	-	37,516
Default	-	-	6,523	6,523
Gross carrying amount	**37,501**	**15**	**6,523**	**44,039**
Loss allowance	(186)	(0)	(3,885)	(4,071)
Carrying amount	**37,315**	**15**	**2,638**	**39,968**

f) Personal & Employee Loans portfolio

	31 March 2024			
	Stage 1	Stage 2	Stage 3	Total
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	37,866	1,729	-	39,595
Default	-	-	33,917	33,917
Gross carrying amount	**37,866**	**1,729**	**33,917**	**73,512**
Loss allowance	(1,189)	(159)	(23,107)	(24,455)
Carrying amount	**36,678**	**1,570**	**10,810**	**49,057**

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	48,232	882	-	49,114
Default	-	-	26,936	26,936
Gross carrying amount	**48,232**	**882**	**26,936**	**76,051**
Loss allowance	(390)	(6)	(17,180)	(17,576)
Carrying amount	**47,842**	**876**	**9,757**	**58,475**

3.2.7 Credit Quality

B Reconciliation of Allowance for Impairment by portfolio

	31 March 2024			
	Stage 1	Stage 2	Stage 3	Total
	N'million	N'million	N'million	N'million
At 1 January	(21,277)	(71,377)	(51,273)	(143,927)
Agric, Energy, Manufactur'g, Const'n & Real Estate Portf	14,967	12,529	(30,494)	(2,998)
Government, Public Sector & NBFIs portfolio	932	9,426	(3,618)	6,740
Transport, Comm, Commerce & General portfolio	1,592	-1,115	-4,823	(4,345)
Automobile, Equipment & Mortgage Loans portfolio	-13	4	-741	(750)
Medium and Small Scale Enterprises portfolio	150	-0	-2,554	(2,405)
Personal & Employee Loans portfolio	-798	-153	-5,927	(6,879)
At 31 March	**(4,446)**	**(50,685)**	**(99,432)**	**(154,563)**

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	N'million	N'million	N'million	N'million
At 1 January	-19,377	-28,693	-32,478	-80,548
Agric, Energy, Manufactur'g, Const'n & Real Estate Portf	(6,227)	(30,332)	(6,119)	-42,678
Government, Public Sector & NBFIs portfolio	172	(9,426)	1,709	-7,545
Transport, Comm, Commerce & General portfolio	4,355	-3,040	-90	1,225
Automobile, Equipment & Mortgage Loans portfolio	-228	30	4	-194
Medium and Small Scale Enterprises portfolio	-93	10	-1,872	-1,955
Personal & Employee Loans portfolio	121	75	-12,427	-12,231
At 31 December	**(21,277)**	**(71,377)**	**(51,273)**	**(143,927)**

Enterprise Risk Management- continued

	31 March 2024				
	Cash and balance with Central bank N'million	Due from banks N'million	Loans and advances to customers N'million	Debt securities N'million	Other assets N'million
Not Due & Not impaired	1,189,983	452,611	2,409,148	1,034,248	357,987
Past due and not impaired (0-30 days)	-		103,167		
Past due and not impaired (31-90 days)	-	-	1,033,439	-	-
Past due and impaired (aged above 90 days)	-	-	161,242	-	-
Gross	1,189,983	452,611	3,706,997	1,034,248	357,987
Impairment allowance	-	(263)	(153,249)	(2,747)	(6,333)
Net	**1,189,983**	**452,347**	**3,553,748**	**1,031,501**	**351,654**

	31 December 2023				
	Cash and balance with Central bank N'million	Due from banks N'million	Loans and advances to customers N'million	Debt securities N'million	Other assets N'million
Not Due & Not impaired	1,311,414	239,804	1,855,876	1,016,259	394,750
Past due and not impaired (0-30 days)	-		64,128		
Past due and not impaired (31-90 days)	-	-	1,073,538	-	-
Past due and impaired (aged above 90 days)	-	-	112,783	-	-
Gross	1,311,414	239,804	3,106,324	1,016,259	394,750
Impairment allowance	-	(225)	(143,927)	(2,830)	(3,359)
Net	**1,311,414**	**239,579**	**2,962,397**	**1,013,429**	**391,391**

(a) Financial assets collectively impaired (Stage 1 and Stage 2)

The credit rating of the portfolio of financial assets that were collectively impaired can be assessed by reference to the internal rating system adopted by the Bank.

31 March 2024	Due from Banks N'million	Overdrafts N'million	Term loans N'million	Finance lease N'million	Total Loan N'million	Other assets N'million
Grades:						
1. AAA to AA	221,173	-	179,865	-	179,865	-
2. A+ to A-	64,750	7,778	209,960	-	217,738	-
3. BBB+ to BB-	81,030	329,774	2,530,317	8,225	2,868,316	357,987
4. Below BB-	85,658	6,226	262,382	-	268,608	-
5. Unrated	-	11,211	16	-	11,227	-
	452,611	354,988	3,182,540	8,225	3,545,754	357,987
Collective Impairment	(263)	(5,210)	(48,568)	(39)	(53,817)	(6,333)
Net amount	**452,347**	**349,778**	**3,133,973**	**8,187**	**3,491,938**	**351,654**

31 December 2023	N'million	N'million	N'million	N'million	N'million	N'million
Grades:						
1. AAA to AA	165,044	3,967	274,568	-	278,535	-
2. A+ to A-	30,688	7,292	201,435	-	208,727	-
3. BBB+ to BB-	40,930	153,741	1,372,444	7,003	1,533,187	394,699
4. Below BB-	3,141	62,335	907,857	2,154	972,347	-
5. Unrated	-	676	68	-	745	-
	239,804	228,011	2,756,372	9,157	2,993,541	394,699
Collective Impairment	(225)	(5,045)	(87,606)	(3)	(92,654)	(3,359)
Net amount	**239,579**	**222,966**	**2,668,766**	**9,155**	**2,900,887**	**391,340**

Enterprise Risk Management- continued

B Maximum Exposure To Credit Risk – Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment i.e. fair value through profit or loss (FVTPL):

	Maximum exposure to credit risk	
	2024	**2022**
	N'million	**N'million**
Financial assets designated at fair value through profit or loss		
• Debt securities		
Federal Government bonds	159	1,023
Treasury bills	7,096	6,661
Placements	-	-
	7,255	**7,684**
Derivative financial assets	10,723	10,723

The credit rating of cash and cash equivalents, short-term investments and investments in government and corporate securities that were neither past due nor impaired can be assessed by reference to the bank's internal ratings as at 31 March 2024 and 31 December 2023:

	Investments in Government Securities					
	Cash & cash equivalents	**Treasury bills**	**Federal Govt bonds**	**State bonds**	**Corporate bonds**	**Total**
31 March 2024	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
AAA to AA	221,173	582,338	408,827	-	-	1,212,337
A+ to A-	64,750	-	-	11,124		75,873
BBB+ to BB-	81,030	-	-	-	31,960	112,991
Below BB-	85,658	-	-	-	-	85,658
Unrated	-	-	-	-	-	-
	452,611	**582,338**	**408,827**	**11,124**	**31,960**	**1,486,859**

	Investments in Government Securities					
	Cash & cash equivalents	**Treasury bills**	**Federal Govt bonds**	**State bonds**	**Corporate bonds**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
31 December 2023						-
AAA to AA	302,060	565,226	413,616	-	-	1,280,902
A+ to A-	30,688	-	-	11,017	26,400	68,105
BBB+ to BB-	40,930	-	-	-		40,930
Below BB-	3,141	-	-	-	-	3,141
Unrated	-	-	-	-	-	-
	376,820	**565,226**	**413,616**	**11,017**	**26,400**	**1,393,078**

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Additional allowances for new financial instruments recognised during the year, as well as releases for financial instruments
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis; and
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements.

3.2.8 Description of Collateral Held

Potential credit losses from any given exposure are mitigated using a range of tools including collateral securities, insurance bonds and policies as well as different forms of guarantees. The Group assesses the degree of reliance that can be placed on these credit risk mitigants carefully in the light of issues such as legal enforceability, market valuation, correlation with exposure and the counterparty risk of the guarantor.

(a) Key Collateral Management Policies

The Group's risk mitigation policies determine the eligibility of collateral types. Eligible collateral types for credit risk mitigation include: cash; residential, commercial and industrial property in acceptable locations; fixed assets such as motor vehicles, plant and machinery; marketable securities; bank guarantees; confirmed domiciliation of payments; credit and insurance bonds, warehouse warrants, lien on shipping documents; back-to-back letters of credit; etc. The Bank also enters into collateralised reverse repurchase agreements where appropriate. For certain types of lending, typically mortgages and asset financing, the right to take charge over physical assets is a significant consideration in determining appropriate pricing and recoverability in the event of default.

(a) Key Collateral Management Policies- continued

The Group reports collateral values in accordance with the Group's risk mitigation policy, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Depending on the nature of the collateral, frequent or periodic evaluations are carried out to determine the adequacy of collateral margins. Services of independent professional appraisers are used where the Group lacks adequate internal valuation capability or where dictated by industry practice or legal requirements. Where appropriate, collateral values are adjusted to reflect current market conditions, the probability of recovery and the period of time to realise the collateral in the event of repossession.

The Group will only grant unsecured loans where clean lending is a market feature and insistence on security would compromise Bank's market share. In such an instance, the Group ensures that the borrower has proven record of sound financial condition and ability to repay the loan from internal sources in the ordinary course of business. In addition, we ensure that total outstanding borrowings of the obligor do not exceed 70% of estimated asset value.

The Group believes that the requirement for collateral is not a substitute for the ability to pay, which is a primary consideration in the Bank's lending decisions. Although the Group will usually collaterise its credit exposure to a customer, such an obligor is expected to repay the loan in the ordinary course of business without forcing the Group to look to the collateral for ultimate repayment. Therefore, if while reviewing a loan request, there is the possibility that the collateral will need to be relied upon to repay the loan, the Group will not grant the facility.

Where guarantees are used for credit risk mitigation, the creditworthiness of the guarantor is assessed and established using the credit approval process in addition to that of the obligor or main counterparty.

Management of secured credits requires periodic inspections of the collateral to ensure its existence and adequacy for the bank's exposure. These inspections include examination of security agreements to determine enforceability of liens, verification of adequate insurance protection, proper legal registration and adequacy of overall safeguards.

When obligations are secured by marketable securities, predetermined maintenance margins are established and the securities are liquidated if the value falls to this limit except if additional and satisfactory security is provided. In all cases, only valuations done at the instance of the Group can be considered acceptable for the purposes of credit risk mitigation. The Group ensures that all properties and chattels pledged as collateral are properly and adequately insured with the Group's interest duly noted as first loss beneficiary. Only insurance policies obtained from an insurance firm in the Group's pre-approved list of Insurance Companies are acceptable as eligible collateral.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting year and there has been no significant change in the overall quality of the collateral held by the Bank since the prior year.

The following table indicates the Bank's credit exposures by class and value of collaterals:

	31 March 2024		31 December 2023	
	Exposure	Collateral Value	Exposure	Collateral Value
	N'million	N'million	N'million	N'million
Secured against real estate	842,512	2,992,430	262,135	995,106
Secured by shares of quoted companies	-	-	-	
Secured by others	2,860,841	15,394,148	2,843,447	16,399,742
Unsecured	14	-	742	-
Gross Loans and Advances to Customers	**3,703,367**	**18,386,579**	**3,106,324**	**17,394,847**

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses.

3.3 Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lenders.

3.3.1 Management of Liquidity Risk

The Group's principal liquidity objective is to ensure that the Group holds sufficient liquid reserve to enable it meet all probable cashflow obligations, without incurring undue transaction costs under normal conditions. Liquidity management safeguards the ability of the group to meet all payment obligations as they fall due. The Group's liquidity risk management framework has been an important factor in maintaining adequate liquidity and a healthy funding profile during the year and is structured to identify, measure and manage the Group's liquidity risk at all times. The Board approved liquidity policy guides the management of liquidity risk strategically through the Board Risk Committee (BRC) as well as Asset and Liability Committee (ALCO) and daily by the Market Risk Division. The liquidity management framework is designed to identify measure and manage The Group's liquidity risk position at all times. Underlying Assets and Liabilities Management policies and procedures are reviewed and approved regularly by the Assets and Liability Management Committee (ALCO).

The Group has established liquidity and concentration limits and ratios, tolerance levels as well as triggers, through which it identifies liquidity risk. It also uses gap analysis to identify short, medium and long term mismatches, deploying gapping strategies to appropriately manage them. Periodic monitoring is carried out to trigger immediate reaction to deviations from set limits.

Short-Term Liquidity

The Group's reporting system tracks cash flows on a daily basis. This system allows management to assess the Group's short-term liquidity position in each location by currency and products. The system captures all of the Group's cash flows from transactions on the Group's Statement of financial position, as well as liquidity risks resulting from off-balance sheet transactions. We take account of products that have no specific contractual maturities by extrapolating from their historical behaviour of cash flows.

Asset Liquidity

The asset liquidity component tracks the volume and booking location of the Group's inventory of unencumbered liquid assets, which we can used to raise liquidity in times of need. The liquidity of these assets is an important element in protecting us against short-term liquidity squeezes. We keep a portfolio of highly liquid securities in major currencies to supply collateral for cash needs associated with clearing activities.

Funding Diversification

Diversification of the Group's funding profile in terms of investor types, regions, products and instruments is also an important element of the Group’s liquidity risk management practices. In addition, the group invests in liquid assets to facilitate quick conversion to cash, should the need arise.

Stress Testing

As a result of volatilities which take place in the Group's operating environment, the Group conducts stress tests to evaluate the size of potential losses related to rate movements under extreme market conditions. These are conducted on elements of its trading portfolio and the balance sheet in response to the economic and market outlook. Consideration is given to historical events, prospective events and regulatory guidelines. The Group, after ALCO’s authorization, responds to the result of this activity, by modifying the portfolio and taking other specific steps to reduce the expected impact in the event that these risks materialize.

Enterprise Risk Management- continued

3.3.2 Maturity Analysis

The table below analyses financial assets and liabilities of the Group into relevant maturity bands based on the remaining period at reporting date to the contractual maturity date. The table includes both principal and interest cash flows.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 March 2024	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Non-deivative assets						
Restricted balances with central bank	-	-	-	1,174,398	-	1,174,398
Cash and Cash equivalents	362,530	21,172	-	-	-	383,702
Loans and advances to customers	235,975	515,799	867,353	1,001,318	2,013,800	4,634,245
Derivative financial assets	-		-	-	-	-
Investment securities	-	-	-	-	-	-
- Financial instrument at FVTPL	77	317	6,931	1,001	4,215	12,540
- Debt instruments at amortised	951	44,292	417,381	339,063	1,017,731	1,819,418
- Debt instruments at FVOCI	23,622	61,401	121,127	40,236	35,132	281,519
Other Assets	39,589	199,524	166,432	-	-	405,545
Total financial assets	**662,744**	**842,505**	**1,579,225**	**2,556,016**	**3,070,877**	**8,711,367**
Derivaitive assets						
Trading :						
Gross settled		10,723		-	-	10,723
Net settled						
	-	**10,723**	**-**	**-**	**-**	**10,723**
Total financial assets	**662,744**	**853,228**	**1,579,225**	**2,556,016**	**3,070,877**	**8,722,090**
Financial liabilities						
Non-derivative liabilities						
Customer deposits	337,757	496,625	657,113	1,328,011	1,389,284	4,208,791
Other liabilities	122,415	172,796	248,943	360,566	281,890	1,186,609
Debt issued and other borrowed funds	85	303,773	53,379	520,491	49,049	926,777
	460,257	973,195	959,434	2,209,068	1,720,223	6,322,177
Derivative Liabilities						
Trading :						
Gross settled	-	-	-	-	-	-
Net settled						
	-	-	-	-	-	-
Total financial liabilities	460,257	973,195	959,434	2,209,068	1,720,223	6,322,177
Gap (assets-liabilities)	202,487	(119,966)	619,791	346,948	1,350,654	
Cumulative liquidity gap	**202,487**	**82,521**	**702,312**	**1,049,259**	**2,399,913**	
Financial Guarantee Contracts:						
Performance bonds and guarantees	38,303	132,311	284,455	169,511	106,200	869,571
Letters of credit	91,580	127,638	177,868	16,276	-	564,858
	129,883	**259,949**	**462,323**	**185,786**	**106,200**	**1,434,429**

Enterprise Risk Management- continued

3.4 Market Risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will be adversely affected by changes in market prices such as interest rates, foreign exchange rates, equity prices and commodity prices.

3.4.1 Management of Market Risk

Essentially, the banking business is subject to the risk that financial market prices and rates will move and result in profits or losses for us. Market risk arises from the probability of adverse movements in financial market prices and rates. The Group's definition of financial market prices in this regard refer to interest rates, equity prices, foreign exchange rates, commodity prices, the correlations among them and their levels of volatility. Interest rate and equity price risks consist of two components each: general risk, which describes value changes due to general market movements, and specific risk which has issuer-related causes.

The Group assumes market risk in both the Group's trading and non-trading activities. The Group underwrite market risks by making markets and taking proprietary positions in the inter-bank, bonds, foreign exchange and other security markets. The Group separates its market risk exposures between the trading and the banking books. Overall authority and management of market risk in the Group is invested on the Assets and Liability Management Committee (ALCO).

The Board approves the Group's Market Risk Management policy and performs its oversight management role through the Board Risk Committee (BRC).The Group's trading strategy evolves from its business strategy, and is in line with its risk appetite. The Group's Market Risk division manages the Group's market risk in line with established risk limits, which are measured, monitored and reported periodically. Established risk limits, which are monitored on a daily basis by the Group's Market Risk group, include intraday, daily devaluation for currency positions, net open position, dealers', deposit placement, stop loss, duration and management action trigger limits. Daily positions of the Group's trading books are marked-to-market to enable it obtain an accurate view of its trading portfolio exposures. Financial market prices used in the mark-to-market exercise are independently verified by the Market Risk division with regular reports prepared at different levels to reflect volatility of the Groups earnings

3.6 Operational Risk Management- continued

Loss Data Collection

The Group implements an event driven Loss Data Collection (LDC) system designed to facilitate collection of internal loss data triggered at the occurrence of a loss event anywhere within the divisions of the Group. The LDC system captures data elements, which discriminate between boundary events related to credit, market and operational risk. The system facilitates collection of loss data arising from actual losses, potential losses and near misses. Work-flow capabilities built within the Group's predefined Event Escalation Matrix enable risk incidents to be reported to designated Event Identifiers, Event Managers, Event Approvers and Action Owners that manage each risk incident from point of occurrence to closure.

Risk and Control Self Assessments (RCSA)

The Group implement a quantitative methodology for the its Risk and Control Self Assessments, which supports collection of quantitative frequency and severity estimates. Facilitated top-down RCSA workshops are used by the Group to identify key risks and related controls at business unit levels. During these workshops business experts and senior management identify and discuss key risks, controls and required remedial actions for each respective business unit and the results captured within the operational risk database for action tracking.

Key Risk Indicators (KRIs)

The Group measures quantifiable risk statistics or metrics that provide warning signals of risk hotspots within the entity. The Group has established key risk indicators with tolerance limits for core operational groups of the entity. The Group's KPI database integrates with the Loss Data Collection and Risk & Control Self Assessment models and systems to provide red flags that typically inform initiatives for risk response actions in the Group.

Business Continuity Management (BCM)

The Group recognises that adverse incidences such as technology failure, natural and man-made disasters could occur and may affect the Group's critical resources leading to significant business disruption. To manage this risk, our BCM plans assist in building resilience for effective response to catastrophic events. In broad categories, the plans which are tested periodically, cover disaster recovery, business resumption, contingency planning and crisis management.

4. Capital Management

The Bank’s objectives when managing capital, which is a broader concept than the ‘equity’ on the face of statement of financial position,

a.To comply with the capital requirements set by the regulators of the banking markets where the entities within the Bank operate;

b. To safeguard the Bank’s ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

c. To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank’s management, employing techniques based on the guidelines developed by the Central Bank of Nigeria (CBN), for supervisory purposes. The required information is filed with the CBN on a monthly basis.

The CBN requires each bank to: (a) hold the minimum level of the regulatory capital of N25 billion and (b) maintain a ratio of total regulatory capital to the risk-weighted asset at or above the minimum of 15% for an internatiional licensed Bank.

In 2016, the Central Bank of Nigeria issued circular BSD/DIR/CIR/GEN/LAB/06/03 to all Bank's and discount houses on the implementation of Basel II/III issued 10 December 2013 and guidance notes to the regulatory capital measurement and management for the Nigerian Banking System for the implementation of Basel II/III in Nigeria. The capital adequacy ratio for the period ended 31 March 2024 and the comparative period 31 December 2023 is in line with the new circular. The computations are consistent with the requirements of Pillar I of Basel II ACord (Interenal Convergence of capital measurement and Capital Standards. Although the guidelines comply with the requirement of the Basel II accord certain sections were adjusted to reflect the peculiarities of the Nigerian enviroment.

The Bank’s regulatory capital as managed by its Financial Control and Treasury Units is made up of Tier 1 and Tier 2 capital as follows:

Tier 1 capital: This includes only permanent shareholders' equity (issued and fully paid ordinary shares/common stock and perpetual non-cumulative preference shares) and disclosed reserves (created or increased by appropriations of retained earnings or other surpluses). There is no limit on the inclusion of Tier 1 capital for the purpose of calculating regulatory capital.

Tier 2 capital: This includes revaluation reserves, general provisions/general loan loss reserves, Hybrid (debt/equity), capital instruments and subordinated debt. Tier 2 capital is limited to a maximum of 33.3% of the total of Tier 1 capital.

The CBN excluded the following reserves in the computation of total qualifying capital:

1 The Regulatory Risk Reserve created pursuant to Section 12.4 (a) of the Prudential Guidelines which was effective on 1 July 2010 is excluded from regulatory capital for the purposes of capital adequacy assessment;

2 Collective impairment on loans and receivables and other financial assets no longer forms part of Tier 2 capital; and

3 Other Comprehensive Income (OCI) Reserves is recognized as part of Tier 2 capital subject to the limits on the Calculation of Regulatory Capital.

6 Interest and similar income using effective interest rate method

	Group 31 March 2024 N'million	Bank 31 March 2023 N'million	Bank 31 March 2024 N'million	Bank 31 March 2023 N'million
Loans and advances to customers	128,536	73,910	126,547	73,910
Advances under finance lease	469	774	469	774
Treasury bills and other investment securities:			-	
-Fair value through other comprehensive income	5,179	1,193	5,179	1,193
-Amortised cost	26,478	9,915	25,278	9,915
Placements and short term funds	1,285	211	640	211
`	**161,947**	**86,003**	**158,112**	**86,003**

Interest and similar income represents interest income on financial assets measured at amortised cost and Fair value through other comprehensive

7 Interest expense calculated using the effective interest rate method

	Group 31 March 2024 N'million	Bank 31 March 2023 N'million	Bank 31 March 2024 N'million	Bank 31 March 2023 N'million
Term deposits	37,204	25,230	37,204	25,230
Debts issued and other borrowed funds	18,969	7,106	18,969	7,106
Savings deposits	7,453	4,543	7,453	4,543
Current accounts	4,287	978	3,652	978
Inter-bank takings	769	0	769	-
Intervention loan	1,821	-1,214	1,821	(1,214)
	70,503	**36,643**	**69,868**	**36,643**

Total interest expense is calculated using the effective interest rate method as reported above and does not include interest expense on financial liabilities carried at fair value through profit or loss.

8 Credit loss expense

The table below shows the ECL charges on financial instruments for the period ended 31 March 2024 recorded in profit or loss:

		Group						
	Note	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	POCI	Total
		N'million	N'million	N'million	N'million	N'million	N'million	N'million
Due from banks (Note 19)		-	39	-	-	-	-	39
Loans and advances to customers (Note 22)		-	(16,831)	-	(20,482)	48,140	-	10,827
Debt instruments measured at FVOCI (24.6.1)		-	(516)	-	-	-	-	(516)
Debt instruments measured at amortised costs (24.6.2)		-	433	-	-	-	-	433
Financial guarantees (Note 32.3.1)		-	94	-	-	-		94
Letters of credit (Note 32.3.2)		-	400	-	-	-	-	400
		-	**(16,381)**	**-**	**(20,482)**	**48,140**	**-**	11,277
Other assets (Note 29)		1,088	-	-	-	-	-	**1,088**
		1,088	-	-	-	-	-	1,088
		1,088	**(16,381)**	**-**	**(20,482)**	**48,140**	**-**	**12,365**

The table below shows the ECL charges on financial instruments for the period ended 31 March 2023 recorded in profit or loss:

	Note	Group						
		Stage 1 Individual	**Stage 1 Collective**	**Stage 2 Individual**	**Stage 2 Collective**	**Stage 3**	**POCI**	**Total**
		N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
			-		-	-		-
Due from banks (Note 19)		-	153				-	153
Loans and advances to customers (Note 22)		-	60		8,168	(4,884)	-	3,344
Debt instruments measured at FVOCI (24.6.1)		-	(9)				-	(9)
Debt instruments measured at amortised costs (		-	23				-	23
Financial guarantees (Note 32.3.1)		-	35					35
Letters of credit (Note 32.3.2)		-	(25)				-	(25)
		-	**237**	**-**	**8,168**	**(4,884)**	**-**	**3,521**
Other assets (Note 29)		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	**237**	**-**	**8,168**	**(4,884)**	**-**	**3,521**

The table below shows the ECL charges on financial instruments for the period ended 31 March 2024 recorded in profit or loss:

	Note	Bank						
		Stage 1 Individual	**Stage 1 Collective**	**Stage 2 Individual**	**Stage 2 Collective**	**Stage 3**	**POCI**	**Total**
		N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Due from banks (Note 19)		-	39	-	-	-	-	39
Loans and advances to customers (Note 22)		-	(16,831)	-	(20,673)	48,140	-	10,636
Debt instruments measured at FVOCI (24.6.1)		-	(516)	-	-	-	-	(516)
Debt instruments measured at amortised costs								-
(24.6.2)		-	433	-	-	-	-	433
Financial guarantees (Note 32.3.1)		-	94	-	-	-		94
Letters of credit (Note 32.3.2)		-	400	-	-	-	-	400
		-	**(16,381)**	**-**	**(20,673)**	**48,140**	**-**	11,086
Other assets (Note 29)		1,088	-	-	-	-	-	**1,088**
		-	-	-	-	-	-	**-**
		1,088	**(16,381)**	**-**	**(20,673)**	**48,140**	**-**	**12,174**

The table below shows the ECL charges on financial instruments for the period ended 31 December 2023 recorded in profit or loss:

	Note	Bank						
		Stage 1 Individual	**Stage 1 Collective**	**Stage 2 Individual**	**Stage 2 Collective**	**Stage 3**	**POCI**	**Total**
		N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Due from banks (Note 19)			153					153
Loans and advances to customers (Note 22)			60		8,168	(4,884)		3,344
Debt instruments measured at FVOCI (24.6.1)			(9)					(9)
Debt instruments measured at amortised costs (24.6.2)			23					23
Financial guarantees (Note 32.3.1)			35					35
Letters of credit (Note 32.3.2)			(25)					(25)
		-	**237**	**-**	**8,168**	**(4,884)**	**-**	**3,521**
Other assets (Note 29)		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	**237**	**-**	**8,168**	**(4,884)**	**-**	**3,521**

Notes To The Financial Statements:

9 Net fee and commission income

Fee and commission income is disaggregated below and includes a total fees in scope of IFRS 15 Revenues from Contracts with Customers except for Credit related fee in line with IFRS 9.

Segments	**Group 31 March 2024**	**Bank 31 March 2023**	**Bank 31 March 2024**	**Bank 31 March 2023**
Fee and commision type:	**N'million**	**N'million**	**N'million**	**N'million**
ATM charges	2,442	2,797	2,441.70	2,797
Accounts maintenance charge	4,949	1,608	2,861.41	1,608
Commision on E-banking activities	1,317	955	1,316.75	955
Commission on travellers cheque and foreign bills	2,587	1,086	2,587.05	1,086
Commission on fidelity connect	618	1,264	618.06	1,264
Letters of credit commissions and fees	3,888	1,133	3,413.68	1,133
Commissions on off balance sheet transactions	1,025	913	1,024.84	913
Other fees and commissions	187	197	186.74	197
Commision and fees on banking services	307	189	307.16	189
Commision and fees on NXP	36	17	35.68	17
Collection fees	85	87	84.86	87
Telex fees	571	302	571.19	302
Cheque issue fees	16	17	16.24	17
Remittance fees	93	21	92.86	21
Total revenue from contracts with customers	**18,120**	**10,586**	**15,558**	**10,586**
Other non-contract fee income:				
Credit related fees	2,129	1,315	2,129	1,315
Total fees and commission income	**20,249**	**11,901**	**17,687**	**11,901**
Fee and commission expense	(1,938)	(3,776)	(1,938)	(3,776)
Net fee and commission income	**18,311**	**8,125**	**15,750**	**8,125**

Notes To The Financial Statements:

10 Derecognition loss on financial asset

The table below shows the modification charge on financial instruments recorded in profit or loss :

	Group 31 March 2024 N'million	Bank 31 March 2024 N'million
Modified Loan Assets (Carrying Amount)		-
Specific allowances for impairment		-
	-	-
Derecognition loss	-	-
	-	-

In line with IFRSs, derecognition is carried out when the cash flows of the modified assets are substantially different from the contractual cash flows of the original financial assets. Based on this, A modification was carried out on affected customers' loans, the cash flows of the original financial assets were deemed to have expired and therefore modified to reflect a new financial assets at fair value . The gross carrying amount of the loan before modification was Nill billion (December 2023 is Nil). The financial assets is not deemed to be credit impaired.

11 Other operating income

	Group 31 March 2024 N'million	Bank 31 March 2023 N'million	Bank 31 March 2024 N'million	Bank 31 March 2023 N'million
Net foreign exchange gains	3,270	-32	3,253	(32)
Dividend income	34	0	34	-
Profit / (Loss) on disposal of property, plant and equipment	83	2	83	2
Loan Recoveries	159	46	159	46
Other income	93	10	93	10
	3,638	**26**	**3,621**	**26**

11a Net foreign exchange gain represent unrealised gains from the revaluation of foreign currency-denominated assets and liabilities held in the non-trading books.

11b Dividend income represent dividend received from the Bank's investment in equity instruments held for strategic purposes and for which the Bank has elected to present the fair value and loss in other comprehensive income. See note 2.4.2.b

11c Loan recoveries represents amount recovered for previously written-off facilities. The amount is recognised on a cash basis only.

11d Other income relates to other miscelanoue income made during the financial year

12 Net gains / (Losses) from financial instruments classified as fair value through profit or loss

	Group 31 March 2024 N'million	Bank 31 March 2023 N'million	Bank 31 March 2024 N'million	Bank 31 March 2023 N'million
Net gains/(losses) arising from:				
- Bonds	435	-148	435	(148)
- Treasury bills	-25	-191	(25)	(191)
- Placements/Foreign exchange	36	-	-	-
- Derivatives	0	0	-	-
	446	**(338)**	**409**	**(338)**

Net gains on debt instruments financial assets reclassified from the bank's other comprehensive income amount to N847 million (31 December 2022: N693 million) in the financial Statements, Group was Nil .

12.1 Other interest and similar income measured at FVTPL	**8,191**	**3,211**	**8,191**	**3,211**

Other interest and similar income on financial assets measured at FVTPL have been presented separately in the statement of profit or loss and other

Notes To The Financial Statements:

13 Personnel expenses

	Group 31 March 2024 N'million	Bank 31 March 2023 N'million	Bank 31 March 2024 N'million	Bank 31 March 2023 N'million
Wages and salaries	13,868	7,755	11,065	7,755
End of the year bonus (see note 32)	0	0	-	-
Pension contribution	131	131	131	131
	13,999	**7,885**	**11,196**	**7,885**

14 Depreciation and Amortisation

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	Group 31 March 2024 N'million	Bank 31 March 2023 N'million	Bank 31 March 2024 N'million	Bank 31 March 2023 N'million
Property, plant and equipment (Note 23)	1,632	1,194	1,576	1,194
Computer software (Note 24)	468	385	468	385
Depreciation of ROU asset (Note 26)	145	0	-	-
	2,245	**1,579**	**2,044**	**1,579**

15 Other operating expenses

	Group 31 March 2024 N'million	Bank 31 March 2023 N'million	Bank 31 March 2024 N'million	Bank 31 March 2023 N'million
Marketing, communication & entertainment	4,525	6,455	4,525	6,455
Banking sector resolution cost	14,274	11,560	14,274	11,560
Outsourced cost	2,615	1,630	2,174	1,630
Deposit insurance premium	2,943	2,645	2,943	2,645
Repairs and maintenance	2,293	1,475	2,293	1,475
Other expenses	2,355	591	1,179	591
Computer expenses	10,219	1,472	10,219	1,472
Lease expense (Finance Cost)	0	0	-	-
Security expenses	638	406	638	406
Rent and rates	137	63	137	63
Cash movement expenses	275	313	275	313
Training expenses	197	61	197	61
Travelling and accommodation	1,563	400	1,563	400
Consultancy expenses	2,534	601	2,534	601
Corporate finance expenses	4,558	167	4,558	167
Legal expenses	227	228	227	228
Electricity	190	180	190	180
Office expenses	124	122	124	122
Directors' emoluments	610	348	610	348
Insurance expenses	118	108	118	108
Stationery expenses	386	216	386	216
Bank charges	957	300	957	300
Auditors' remuneration	62	48	62	48
Donation	58	7	58	7
Telephone expenses	53	32	53	32
Postage and courier expenses	76	25	76	25
Loss on disposal of property, plant and equipment	0	0	-	-
	51,985	**29,457**	**50,368**	**29,457**

15a Banking sector resolution cost represents AMCON statutory levy chargeable annually on every Bank's total assets in Nigeria. This is applicable on total balance sheet size of the Bank. The current applicable rate in Nigeria based on AMCON Act of 2021 is 0.5% of total assets (inclusive of off-balance sheet)

15b The Bank paid external auditors' professional fees for the provision of non-audit services. The total amount of non-audit services provided to the external auditors during the period was N9.06 million. These non-audit services were for Common Reporting Standard (CRS) Reporting (N1 million), Corporate Tax Reporting (N8.06 million). These services in the Bank's opinion, did not impair the independence and objectivity of the external auditors as adequate safeguards were put in place .

Notes To The Financial Statements:

16 Taxation

a	Income tax expense	Group 31 March 2024 N'million	Bank 31 March 2023 N'million	Bank 31 March 2024 N'million	Bank 31 March 2023 N'million
	Current taxes on income for the period (Minimum tax)	6,600	1,537	6,600	1,537
	Tertiary education tax (note 16g)	950	571	950	571
	Police Trust Fund (note 16e)	2	1	2	1
	National Agency for science and engineering infrastructure 0.25%	101	45	101	45
	Capital gains tax	-	179		179
	Information Technology levy (note 16f)	404	-	404	-
	Current income tax expense	8,057	2,332	8,057	2,332
	Deferred tax expense		-	-	-
		8,057	**2,332**	**8,057**	**2,332**

b	Total income tax expense in profit or loss	2024 N'million	2023 N'million	2024 N'million	2023 N'million
	Profit before income tax	40,433	17,942	40,433	17,942
	Income tax using the domestic corporation tax rate of 32.5% (Dec 2021 : 32.5%)	12,130	5,831	12,130	5,831
	Non-deductible expenses	4,705	(5,124)	4,705	(5,124)
	Tax exempt income	(14,784)	(4,787)	(14,784)	(4,787)
	Utilization of previously unrecognised tax losses		-		-
	Balancing Charge				
	Income Tax expense	6,600	1,537	6,600	1,537
	Effect of concessions (research and development and other allowances)		-	-	-
	Tertiary education tax (note 16g)	950	571	950	571
	Capital allowance	(2,051)	-	(2,051)	-
	Police Trust Fund (note 16e)	2	1	2	1
	National Agency for science and engineering infrastructure 0.25%	101	45	101	45
	Information Technology levy (note 16f)	404	179	404	179
	Deferred Tax expense	-		-	
		8,057	**2,332**	**8,057**	**2,332**

Effective tax rate
The effective income tax rate is 19.90% (31 December 2022: 12.95%).

c	The movement in the current income tax payable is as follows:	2024 N'million	2023 N'million	2024 N'million	2023 N'million
	At 1 January	26,835	26,835	26,835	8,446
	Income tax paid	-	-	-	(6,277)
	WHT recovered	-	-	-	(112)
	Current income tax expense	8,057	2,332	8,057	24,778
	At 31 December	**34,892**	**29,168**	**34,892**	**26,835**

d The Companies Income Tax Act 2004 and as amended, stipulates that Companies be assessed at 30% of taxable income.

e The Nigerian Police Trust Fund Act (PTFA) 2019, stipulates that operating business in Nigeria to contribute 0.005% of their net profit to Police Trust Fund. In line with the Act, the Bank has provided for Police Trust Fund at the specified rate and recognised it as part of income tax for the period

Notes To The Financial Statements:

1 Taxation- continued

f The National Information Technology Agency Act (NITDA) 2007, stipulates that specified companies contribute 1% of their profit before tax to National Information Development Agency. In line with the Act, the Bank has provided for Information technology levy at the specified rate and recognised it as part of income tax for the period.

g Tertiary Education Tax (TET) as amended by Finance Act 2022, stipulates that 3% (2022: 2.5%) of assessable profit of bank shall be contributed to funding of tertiary educational institutions in Nigeria. A specified rate has been provided as Tertiary Education Tax and recognized it as part of income tax for the period by the Bank

h National Agency for Science and Engineering Infrastructure Act (NASENI) stipulates that 0.25% of bank profit before tax should be contributed to funding the agency. The Bank has provided a specified rate for NASENI fund and recognised it as part of the income tax for the year.

17 Net reclassification adjustments for realised net gains

The net reclassification adjustments for realised net gains from other comprehensive income to profit or loss are in respect of debt instruments measured at fair value through other comprehensive income which matured during the year See Other

18 Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year. The diluted earnings per share is the same as basic EPS because there are no potential ordinary shares outstanding during the reporting period.

	Group 31 March 2024 N'million	Bank 31 March 2023 N'million	Bank 31 March 2024 N'million	Bank 31 March 2023 N'million
Profit attributable to equity holders of the Bank (N'million)	31,440	15,609	32,376	15,609
Weighted average number of ordinary shares in issue (N'million)	32,000	32,000	32,000	32,000
Basic & diluted earnings per share (expressed in kobo per share)	**98.25**	**48.78**	**101.18**	**48.78**

a Basic and diluted earnings per share are the same, as the Bank has no potentially dilutive ordinary shares.

b In compliance with the provisions of Section 124 of CAMA 2020, the bank issued 3,037,414,308 units of unissued shares by way of Private Placement prior to the end of the 2022 financial year to bring the issued shares to 32,000,000,000 units of 50k shares ..

19 Cash and Cash equivalents

	Group 31 March N'million	31 December 2023 N'million	Bank 31 March N'million	31 December 2023 N'million
Cash	34,307	21,440	34,307	21,440
Balances with central bank other than mandatory reserve deposits	-13,781	115,576	(13,781)	115,576
Due from banks	459,871	227,161	452,348	239,579
Total cash and cash equivalents	**480,397**	**364,177**	**472,874**	**376,595**

		Group 31 March 2024 N'million	31 December 2023 N'million	Bank 31 March 2024 N'million	31 December 2023 N'million
19.1	**Due from Banks**				
	Current accounts with foreign banks	396,343	214,230	388,820	207,448
	Placements with other banks and discount houses	63,791	32,356	63,791	32,356
	Sub-total	460,134	246,586	452,611	239,804
	Less: Allowance for impairment losses	-263	-225	-263	(225)
		459,871	**246,361**	**452,348**	**239,579**
19.2	Movement in allowance for impairment losses				
	At 1 Jan	225	272	225	272
	Profit or Loss	38	(47)	38	(47)
	At 31 December	263	225	263	225

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash on hand, deposits held at call with other banks and other short-term highly liquid investments with original maturities of less than three months. See Note 44

19 Impairment Allowance for Due from Banks

The table below shows the credit quality and the maximum exposure to credit risk based on the external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the external rating system are explained in Note 3.2.2 and policies about whether ECL allowances are calculated on an individual or collective basis are set out in

	31 March 2024			
	Stage 1 individual **N'million**	Stage 2 Individual **N'million**	Stage 3 **N'million**	Total **N'million**
External rating grade				
Performing				
High grade	285,922	-	-	285,922
Standard grade	81,030	-	-	81,030
Sub-standard grade	85,658	-	-	85,658
Past due but not impaired	-	-	-	-
Non- performing				-
Individually impaired	-	-	-	-
Total	**452,610**	**- -**	**-**	**452,610**

	31 December 2023			
	Stage 1 individual **N'million**	Stage 2 Individual **N'million**	Stage 3 **N'million**	Total **N'million**
External rating grade				
Performing				
High grade	195,733	-	-	195,733
Standard grade	40,930	-	-	40,930
Sub-standard grade	3,141	-	-	3,141
Past due but not impaired	-	-	-	-
Non- performing				
Individually impaired	-	-	-	-
Total	**239,804**	**- -**	**-**	**239,804**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	31 March 2024		
	Stage 1 individual **N'million**	Stage 2 Individual **N'million**	Total **N'million**
Gross carrying amount as at 1 January 2023	239,804	-	239,804
New assets originated or purchased	129,671	-	129,671
Assets derecognised or repaid (excluding write offs)	(22,790)	-	(22,790)
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Changes to contractual cash flows due to modifications not		-	-
Amounts written off	-	-	-
Changes in PD/LGD/EAD and Accrued Interest		-	-
Foreign exchange adjustments	105,926	-	105,926
At 31 December 2023	**452,611 -**	**-**	**452,611**

	31 December 2023		
	Stage 1 individual **N'million**	Stage 2 Individual **N'million**	Total **N'million**
Gross carrying amount as at 1 January 2022	146,101	-	146,101
New assets originated or purchased	22,786	-	22,786
Assets derecognised or repaid (excluding write offs)	(4,389)	-	(4,389)
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Changes to contractual cash flows due to modifications not		-	-
Amounts written off	-	-	-
Accrued Interest		-	-
Foreign exchange adjustments	75,305	-	75,305
At 31 December 2022	**239,804 -**	**-**	**239,804**

Group

	31 March 2024			
	Stage 1 individual		Stage 2 Individual	Total
	N'million		**N'million**	**N'million**
ECL allowance as at 1 January 2023	225		-	225
New assets originated or purchased	113		-	113
Assets derecognised or repaid (excluding write offs)	(146)	-	-	(146)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on period end ECL of exposures transferred between stages	-	-	-	-
Unwind of discount		-	-	-
Changes to contractual cash flows due to modifications not		-	-	-
Changes to models and inputs used for ECLcalculations	-	-	-	-
Changes in PD/LGD/EAD and Accrued Interest		-	-	-
Amounts written off		-	-	-
Foreign exchange adjustments	72	-	-	72
At 31 December 2023	**263**	**-**	**-**	**263**

Bank

	31 March 2024			
	Stage 1 individual		Stage 2 Individual	Total
	N'million		**N'million**	**N'million**
ECL allowance as at 1 January 2023	225		-	225
New assets originated or purchased	113		-	113
Assets derecognised or repaid (excluding write offs)	(146)	-	-	(146)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on period end ECL of exposures transferred between stages	-	-	-	-
Unwind of discount		-	-	-
Changes to contractual cash flows due to modifications not		-	-	-
Changes to models and inputs used for ECLcalculations	-	-	-	-
Changes in PD/LGD/EAD and Accrued Interest		-	-	-
Amounts written off		-	-	-
Foreign exchange adjustments	72	-	-	72
At 31 December 2023	**263**	**-**	**-**	**263**

	31 December 2023			
	Stage 1 individual		Stage 2 Individual	Total
	N'million		**N'million**	**N'million**
ECL allowance as at 1 January 2022	272		-	272
New assets originated or purchased	107		-	107
Assets derecognised or repaid (excluding write offs)	(432)	-	-	(432)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on Year end ECL of exposures transferred between stages	-	-	-	-
Unwind of discount		-	-	-
Changes to contractual cash flows due to modifications not		-	-	-
Changes to models and inputs used for ECLcalculations	-	-	-	-
Recoveries		-	-	-
Amounts written off		-	-	-
Foreign exchange adjustments	76	-	-	76
At 31 December 2022	**23**	**-**	**-**	**23**

Contractual amounts outstanding in relation to Due from banks that were still subject to enforcement activity, but otherwise had already been written off, were nil both at 31 December 2023 and at 31 December 2022.

Notes To The Financial Statements:

20 Restricted balances with central bank

	31 March 2024 N'million	31 December 2023 N'million	31 March 2024 N'million	31 December 2023 N'million
Mandatory reserve deposits with central bank (see note 20.1 below)	922,075	639,806	922,075	639,806
Special cash reserve (see note 20.2 below)	247,382	248,772	247,382	248,772
Carrying amount	**1,169,457**	**888,578**	**1,169,457**	**888,578**

20.1 Mandatory reserve deposits are not available for use in the Bank's day-to-day operations. It represents a percentage of the Customers' deposits and are non interest-bearing. The amount, which is based on qualified assets, is determined by the Central Bank of Nigeria from time to time. For the purpose of statement of cash flows, these balances are excluded from the cash and cash

20.2 Special cash reserve represents special Intervention funds held with Central Bank of Nigeria as a regulatory requirement.

20.3 Cash and Bank Balances was seperated into Cash and Cash Equivalent ,and Balances with Central Bank to reflect best practice . See

21 Goodwill

	31 March 2024 N'million	31 December 2023 N'million
Carrying amount	14,650	14,650
	14,650	**14,650**

21.1 Determination of Goodwill is shown in Note 2.1.3viii

22 Loans and Advances to Customers

	Group 31 March 2024 N'million	Group 31 December 2023 N'million	Bank 31 March 2024 N'million	Bank 31 December 2023 N'million
Loans to corporate and other organisations	3,829,269	3,160,338	3,633,485	3,030,274
Loans to individuals	73,512	76,051	73,512	76,051
	3,902,781	3,236,389	3,706,997	3,106,324
Less: Allowance for ECL/impairment losses	(154,563)	(143,970)	(154,563)	(143,927)
	3,748,218	**3,092,419**	**3,552,434**	**2,962,397**

	Group 31 March 2024 N'million	Group 31 December 2023 N'million	Bank 31 March 2024 N'million	Bank 31 December 2023 N'million
Loans to corporate entities and other organisations				
Overdrafts	434,228	281,837	434,228	281,837
Term loans	3,387,568	2,870,144	3,191,784	2,740,080
Advance under finance lease	7,474	8,357	7,474	8,357
	3,829,269	3,160,338	3,633,485	3,030,274
Less: Allowance for ECL/impairment losses	(130,108)	(126,394)	(130,108)	(126,351)
	3,699,161	**3,033,944**	**3,503,377**	**2,903,923**
Loans to individuals				
Overdrafts	18,927	17,837	18,927	17,837
Term loans	53,610	57,165	53,610	57,165
Advance under finance lease	975	1,049	975	1,049
	73,512	76,051	73,512	76,051
Less: Allowance for ECL/impairment losses	(24,455)	(17,576)	(24,455)	(17,576)
	49,057	58,475	49,057	58,475
Movement in Allowance for ECL/impairment losses for loans to corporate entities and other organization				
Net loans and advances include	**3,748,218**	**3,092,419**	**3,552,434**	**2,962,398**

Notes To The Financial Statements:

22.1 Impairment allowance for loans and advances to customers

22.1.1 Corporate and Other Organisations

The table below shows the credit rating of corporate obligors and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1.

Group	31 March 2024				
	Stage 1 Individual N'million	Stage 2 Individual N'million	Stage 3 N'million	POCI N'million	Total N'million
Internal rating grade					
Performing					
High grade (AAA - A)	185,094	427,222	-	-	**416,532**
Standard grade (BBB - B)	2,296,878	781,713	-	-	**3,078,590**
Sub-standard grade (CCC -	11,036	-	-	-	**11,036**
Past due but not impaired (C)				-	-
Non- performing:				-	-
Individually impaired	-	-	127,326	-	**127,326**
Total	**2,493,008**	**1,208,935**	**127,326**	**-**	**3,829,269**

Bank	31 March 2024				
	Stage 1 Individual N'million	Stage 2 Individual N'million	Stage 3 N'million	POCI N'million	Total N'million
Internal rating grade					
Performing					
High grade (AAA - A)	185,094	231,438	-	-	**416,532**
Standard grade (BBB - B)	2,296,878	781,713	-	-	**3,078,591**
Sub-standard grade (CCC -	11,036	-	-	-	**11,036**
Past due but not impaired (C)				-	-
Non- performing:				-	-
Individually impaired	-	-	127,326	-	**127,326**
Total	**2,493,008**	**1,013,151**	**127,326**	**-**	**3,633,485**

	31 December 2023				
	Stage 1 Individual N'million	Stage 2 Individual N'million	Stage 3 N'million	POCI N'million	Total N'million
Internal rating grade					-
Performing					-
High grade (AAA - A)	293,551	193,711	-	-	**487,262**
Standard grade (BBB - B)	1,398,593	874,936	-	-	**2,273,529**
Sub-standard grade (CCC -	179,627	4,009	-	-	**183,636**
Past due but not impaired (C)				-	-
Non- performing:				-	-
Individually impaired	-	- -	85,847	-	**85,847**
Total	**1,871,772**	**1,072,655**	**85,847**	**-**	**3,030,274**

Notes To The Financial Statements:

22 Loans and Advances to Customers - continued

22.1 Impairment allowance for loans and advances to customers- continued

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as

	31 March 2024			
	Stage 1 Individual N'million	**Stage 2 Individual N'million**	**Stage 3 N'million**	**Total N'million**
Gross carrying amount as at 1 January 2024	1,871,772	1,072,655	85,847	3,030,274
New assets originated or purchased	190,776	-	-	190,776
Assets derecognised or repaid (excluding				-
write offs)	(53,758)	(110,631)	(422)	(164,811)
Transfers to Stage 1	267,717	(265,652)	(2,064)	1
Transfers to Stage 2	(83,237)	95,552	(12,315)	-
Transfers to Stage 3	(11,055)	(33,794)	44,849	-
Changes to contractual cash flows due to				-
modifications not resulting in derecognition	-	-	-	-
Unwind of discount	10,300	7,200	234	17,734
Amounts written off				-
Changes in PD/LGD/EAD Including Accrued Interest				-
	18,619	27,648	1,610	47,877
Foreign exchange adjustments	281,875	220,173	9,587	511,635
At 31 March 2024	**2,493,009**	**1,013,151**	**127,326**	**3,633,486**

	31 December 2023				
	Stage 1 Individual N'million	**Stage 2 Individual N'million**		**Stage 3 N'million**	**Total N'million**
Gross carrying amount as at 1 January 2023	1,656,291	422,027		51,455	2,129,774
New assets originated or purchased	385,016	-		-	385,016
Assets derecognised or repaid (excluding					-
write offs)	(167,077)	(1,961)	-	(36,470)	(205,508)
Transfers to Stage 1	97,613	(96,019)	-	(1,594)	-
Transfers to Stage 2	(361,004)	379,580	-	(18,575)	-
Transfers to Stage 3	(61,281)	(16,780)	-	78,061	-
Changes to contractual cash flows due to					-
modifications not resulting in derecognition	-	-		-	-
Unwind of discount	14,418	5,347		654	20,419
Amounts written off			-	(21,360)	(21,360)
Changes in PD/LGD/EAD	22,633	22,838	-	26,490	71,961
Foreign exchange adjustments	285,163	357,624		7,186	649,972
At 31 December 2023	**1,871,772**	**1,072,655**		**85,847**	**3,030,274**

Group	**31 March 2024**			
	Stage 1 Collectively	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**Total N'million**
ECL allowance as at 1 January 2024 under IFRS 9	20,886	71,352	34,113	126,351
New assets originated or purchased	79	-	-	79
Assets derecognised or repaid (excluding write offs)	(40,569)	(36,887)	(12,915)	(90,371)
Transfers to Stage 1	10,291	(8,648)	(1,643)	-
Transfers to Stage 2	(917)	3,254	(2,337)	-
Transfers to Stage 3	(8,234)	(1,817)	10,051	-
Impact on year end ECL of exposures transferred between stages during the				-
year				-
Unwind of discount	218	192	442	852
Changes to contractual cash flows due to				-
modifications not resulting in derecognition	-	-	-	-
Changes in PD/LGD/EAD Including Accrued	1,512	2,024	3,421	6,957
Changes to models and inputs used for ECL	-	-	-	-
Amounts written off			-	-
Foreign exchange adjustments	19,992	21,057	45,192	86,241
At 31 March 2024	**3,258**	**50,527**	**76,324**	**130,109**

Notes To The Financial Statements:

22 Loans and Advances to Customers - continued

22.1 Impairment allowance for loans and advances to customers- continued

Bank	31 March 2024			
	Stage 1 Collectively	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
ECL allowance as at 1				
January				
2024 under IFRS 9	20,886	71,352	34,113	126,351
New assets originated or purchased	79	-	-	79
Assets derecognised or repaid (excluding				-
write offs)	(40,569)	(36,887)	(12,915)	(90,371)
Transfers to Stage 1	10,291	(8,648)	(1,643)	-
Transfers to Stage 2	(917)	3,254	(2,337)	-
Transfers to Stage 3	(8,234)	(1,817)	10,051	-
Impact on year end ECL of exposures transferred				-
between stages during the year			-	-
Unwind of discount	218	192	442	852
Changes to contractual cash flows due to				-
modifications not resulting in derecognition	-	-	-	-
Changes in PD/LGD/EAD Including Accrued	1,512	2,024	3,421	6,957
Changes to models and inputs used for ECL	-	-	-	-
calculations				-
Amounts written off				-
Foreign exchange adjustments	19,992	21,057	45,192	86,241
At 31 March 2024	**3,258**	**50,527**	**76,324**	**130,109**

	31 December 2023				
	Stage 1 Collectively N'million	Stage 2 Collectively N'million		Stage 3 N'million	Total N'million
ECL allowance as at 1					
January					
2023 under IFRS 9	18,866	28,612	-	27,725	75,203
New assets originated or purchased	21,141	-	-	-	21,141
Assets derecognised or repaid (excluding	(28,123)	(9,434)	-	(1,614)	(39,170)
Transfers to Stage 1	2,004	(1,627)	-	(377)	-
Transfers to Stage 2	(14,218)	15,773		(1,556)	-
Transfers to Stage 3	(1,380)	(8,913)	-	10,293	-
Impact on year end ECL of exposures transferred					-
between stages during the year					-
Unwind of discount	421	3,481		-	3,902
Changes to contractual cash flows due to					-
modifications not resulting in derecognition	-	-		-	-
Changes in PD/LGD/EAD Including Accrued	8,473	2,955	-	10,204	21,632
Changes to models and inputs used for ECL	-	-		-	-
Amounts written off			-	(21,360)	(21,360)
Foreign exchange adjustments	13,745	40,523		10,778	65,046
At 31 December 2023	**20,929**	**71,371**		**34,094**	**126,394**

Notes To The Financial Statements:

22 Loans and Advances to Customers - continued

22.1 Impairment allowance for loans and advances to customers- continued

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was nil at 31 March 2024 (31 March 2023: nil).
The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increase in credit risk and changes in economic conditions. Further analysis of economic factors is outlined in Note 3.

22.1.2 Loans to individuals

The table below shows the credit rating of loans to individuals and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1.

	31 March 2024				
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	POCI N'million	Total N'million
Internal rating grade					
Performing					
High grade (AAA - A) -		-	- -	-	-
Standard grade (BBB - B)	37,636	1,729		-	39,365
Sub-standard grade (CCC -	230	-		-	230
Past due but not impaired (C)				-	-
Non- performing				-	-
Individually impaired	-	-	33,917	-	33,917
Total	**37,866**	**1,729**	**33,917**	**-**	**73,512**

	31 December 2023				
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	POCI N'million	Total N'million
Internal rating grade					
Performing					-
High grade (AAA - A)	-	-	-	-	-
Standard grade (BBB - B)	47,487	882	-	-	48,370
Sub-standard grade (CCC -	745	-		-	745
Past due but not impaired (C)				-	-
Non- performing				-	-
Individually impaired	-		26,936	-	26,936
Total	**48,232**	**882**	**26,936**	**-**	**76,051**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to individual lending is, as

	31 March 2024			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Gross carrying amount as at 31 January 2024	48,232	882	26,936	76,050
New assets originated or purchased	3,823	-	-	3,823
Assets derecognised or repaid (excluding write				-
offs)	(6,723)	(44)	(585)	(7,352)
Transfers to Stage 1	176	(92)	(84)	-
Transfers to Stage 2	(1,403)	1,409	(6)	-
Transfers to Stage 3	(7,077)	(728)	7,805	-
Changes to contractual cash flows due to	-	-	-	-
Unwind of discount				-
Changes in PD/LGD/EAD Including Accrued Interest	461	184	(152)	493
	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	377	118	2	497
At 31 March 2024	**37,866**	**1,729**	**33,916**	**73,512**

Notes To The Financial Statements:

22 Loans and Advances to Customers - continued

22.1 Impairment allowance for loans and advances to customers- continued

	31 March 2024				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**		**Stage 3 N'million**	**Total N'million**
ECL allowance as at 1 January 2024	390	6		17,180	17,576
New assets originated or purchased	124	-		-	124
Assets derecognised or repaid (excluding write					-
offs)	(53)	-		(74)	(127)
Transfers to Stage 1	50	(8)		(42)	-
Transfers to Stage 2	(57)	61		(4)	-
Transfers to Stage 3	(308)	(87)		394	(1)
Impact on year end ECL of exposures transferred					-
between stages during the period					-
Unwind of discount					-
					-
Changes in PD/LGD/EAD Including Accrued Interest	1,042	188	-	5,652	6,882
Amounts written off					-
Foreign exchange adjustments					-
At 31 March 2024	**1,188**	**160**		**23,106**	**24,454**

	31 December 2023				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**		**Stage 3 N'million**	**Total N'million**
Gross carrying amount as					
at					
1 January 2023	52,634	1,163		13,189	66,986
New assets originated or purchased	19,363	-	-	-	19,363
Assets derecognised or repaid (excluding write					-
offs)	(17,688)	(67)	-	(283)	(18,038)
Transfers to Stage 1	559	(166)	-	(393)	-
Transfers to Stage 2	(459)	468		(9)	-
Transfers to Stage 3	(12,344)	(769)	-	13,113	(0)
Changes to contractual cash flows due to	-	-		-	-
modifications not resulting in derecognition	312	204		358	874
Unwind of discount					-
Changes in PD/LGD/EAD Including Accrued Interest	4,312	46		1,237	5,595
			-	(285)	(285)
Amounts written off	1,543	3	-	10	1,556
Foreign exchange adjustments	-	-		-	-
At 31 December 2023	**48,232**	**882**		**26,936**	**76,051**

Notes To The Financial Statements:

22 Loans and Advances to Customers - continued

22.1 Impairment allowance for loans and advances to customers- continued

	31 December 2023				
	Stage 1 Collectively N'million	Stage 2 Collectively N'million		Stage 3 N'million	Total N'million
Gross Carrying amount as at 1 January 2023	511	81	-	4,753	5,345
New assets originated or purchased	1,428	-	-	-	1,428
Assets derecognised or repaid (excluding write offs)	(2,175)	(336)	-	(153)	- (2,663)
Transfers to Stage 1	89	(7)	-	(82)	-
Transfers to Stage 2	(2)	7	-	(5)	-
Transfers to Stage 3	(31)	(46)	-	77	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	- -
Unwind of discount	423	168		8,432	9,023
					-
Changes in PD/LGD/EAD Including Accrued Interest	141	136	-	4,329	4,606
Amounts written off			-	(285)	(285)
Foreign exchange adjustments	6	2	-	115	123
At 31 December 2023	**390**	**6**	**-**	**17,180**	**17,576**

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk and a deterioration in economic conditions. Further analysis of economic factors is outlined in

22.1 Advances under finance lease may be analysed as follows:

	Group 31 March 2024 N'million	Group 31 December 2023 N'million	Bank 31 March 2024 N'million	Bank 31 December 2023 N'million
Gross investment				
- No later than 1 year	1,854	878	1,854	878
- Later than 1 year and no later than 5 years	6,595	10,147	6,595	10,147
- Later than 5 years	-	-	-	-
Less:	8,449	11,026	8,449	11,026
Allowance for ECL/impairment losses	(107)	(23)	(107)	(23)
Unearned future finance income on finance leases	-	(53)	-	(53)
Net investment	**8,342**	**10,950**	**8,342**	**10,950**
The net investment may be analysed as follows:				
- No later than 1 year	1,836	878	1,836	878
- Later than 1 year and no later than 5 years	6,506	10,125	6,506	10,125
- Later than 5 years		-	-	-
	8,342	**11,003**	**8,342**	**11,003**

22.2 Nature of security in respect of loans and advances:

	Group 31 March 2024 N'million	Group 31 December 2023 N'million	Bank 31 March 2024 N'million	Bank 31 December 2023 N'million
Secured against real estate	842,512	549,781	842,512	549,781
Secured by shares of quoted companies	-	-	-	-
Secured others	3,056,625	2,058,895	2,860,841	2,058,895
Advances under finance lease	3,629	37,523	3,629	37,523
Unsecured	14	100,434	14	100,434
Gross loans and advances to customers	**3,902,780**	**2,746,633**	**3,706,997**	**2,746,633**

Notes To The Financial Statements:

23 Derivative Financial Instruments

The Bank entered into derivative contracts with counter parties; Total Return Swap with Standard Chartered Bank (“SCB”) , Meshraq (December 2022) and Non-deliverable Forwards with the Central Bank of Nigeria (“CBN”). The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the quantity of the derivative contracts’ underlying instrument (being foreign currency and treasury bills). The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either the

23a Derivative financial Assets	Group 31 March 2024 N'million	Group 31 December 2023 N'million	Bank 31 March 2024 N'million	Bank 31 December 2023 N'million
Total return swap contracts	-	-	0	-
Non-deliverable forwards -	10,673	10,673	10,673	10,673.00
Futures Contracts	50	50	50	50
Total derivative financial Assets	**10,723**	**10,723**	**10,723**	**10,723**
Notional Amount				
Forward contracts	11,998	11,998	11,998	11,998
Futures Contracts		-		-
Total	**11,998**	**27,399**	**11,998**	**11,998**

23b Derivative financial liabilities	Group 31 March 2024 N'million	Group 31 December 2023 N'million	Bank 31 March 2024 N'million	Bank 31 December 2023 N'million
Total return swap contracts		-	-	-
Non-deliverable forwards		-	-	-
Futures Contracts		-	-	-
Total derivative financial Liabilities		**-**	**-**	**-**
Notional Amount				
Forward Contract		-	-	-
Futures Contracts		-	-	-
Total		**-**	**-**	**-**

i The Bank enters into currency forward contracts with counter parties. On initial recognition, the Bank estimates the fair value of derivatives transacted with the counter parties in line with IFRS 13. In many cases, all significant inputs into the valuation techniques are wholly observable (e.g with reference to similar transactions in the dealer market.) See note 2.4.2 c

ii During the period, various derivative contracts entered into by the Bank generated a net loss which was recognized in the statement of profit or loss and other comprehensive income , while additional liability was recognized for the liabilities .

iii All derivative contracts are current .

24 Investment Securities

24.1 Financial assets at fair value through profit and loss (FVTPL)	Group 31 March 2024 N'million	Group 31 December 2023 N'million	Bank 31 March 2024 N'million	Bank 31 December 2023 N'million
Federal Government bonds	159	1,023	159	1,023
Treasury bills	7,096	6,661	7,096	6,661
Placements		-		-
Total financial assets measured at FVTPL	**7,255**	**7,684**	**7,255**	**7,684**

Notes To The Financial Statements:

24 Investment Securities- continued

		Group 31 March 2024	Group 31 December 2023	Bank 31 March 2024	Bank 31 December 2023
24.2	Debt instruments at fair value through other comprehensive income (FVOCI)	N'million	N'million	N'million	N'million
	Treasury bills	78,532	193,217	11,494	153,218
	Federal Government bonds	4,140	17,714	4,140	17,714
	State bonds	-	5,897	0	5,897
	Corporate bonds	16,372	10,922	16,372	10,922
	Total debt instruments measured at FVOCI	**99,044**	**227,750**	**32,006**	**187,751**

		Group 31 March 2024	Group 31 December 2023	Bank 31 March 2024	Bank 31 December 2023
24.3i	Equity instruments at fair value through other comprehensive income (FVOCI)	N'million	N'million	N'million	N'million
	Unquoted equity investments:				
	- Pay Attitude Global	14	14	14	14
	- African Finance Corporation (AFC)	8,547	8,547	8,547	8,547
	- Unified Payment Solution (UPSL)	20,156	20,156	20,156	20,156
	- Nigerian Inter Bank Settlement System (NIBBS)	6,078	6,078	6,078	6,078
	- African Export–Import Bank (AFREXIM BANK)	960	960	960	960
	- The Central Securities Clearing System (CSCS)	3,716	3,716	3,716	3,716
	- Investment in FMDQ	2,022	2,022	2,023	2,022
	Quoted equity investments:	-			
	- Nigerian Exchange Group (NGX)	57	57	57	57
	Total equity instruments at FVOCI	**41,550**	**41,550**	**41,550**	**41,550**
24.3ii	**Investment in Subsidiary**				
	- Fidelity Bank -UK		-	68,591	63,403
	Total equity instruments at FVOCI			**68,591**	**63,403**

24.3.1 The Group has designated its equity investments as equity investments at fair value through other comprehensive income (FVOCI) on the basis that these are not held for trading , see note **2.4.2.b.** During the year ended 31 December 2023 , the Bank recognised dividends of N2,018 million (December 2022 - N397 million) from its FVOCI equities which was recorded in the profit or loss as

		Group 31 March 2024	Group 31 December 2023	Bank 31 March 2024	Bank 31 December 2023
24.4	Debt instruments at amortised cost	N'million	N'million	N'million	N'million
	Treasury bills	563,747	405,536	563,747	405,537
	Federal Government bonds	404,528	394,879	404,528	394,879
	State Government bonds	11,124	5,120	11,124	5,120
	Corporate bonds	15,588	15,478	15,588	15,478
	Sub-total	994,987	821,013	994,987	821,014
	Allowance for impairment	-2,643	-2,210	-2,643	-2,210
	Total debt instruments measured at amortised cost	**992,344**	**818,803**	**992,344**	**818,803**
	Reconciliation of allowance for impairment				
	At beginning of period	(2,210)	(830)	(2,210)	(830)
	Additional allowance for impairment	(433)	(1,380)	(433)	(1,380)
	At end of period	**(2,643)**	**(2,210)**	**(2,643)**	**(2,210)**
	Total investments	**1,140,193**	**1,095,787**	**1,141,746**	**1,124,379**

24 Investment Securities- continued

24.5 Pledged Assets

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

Treasury Bills and Bonds are pledged to the Nigerian Inter Bank Settlement System Company Plc (NIBSS) in respect of the Bank's ongoing participation in the Nigerian settlement system. The Bank pledged Treasury bills and Bonds in its capacity as collection bank for government taxes and Interswitch electronic card transactions. The pledges are overnight collaterals to allow the free flow of the bank"s dailly transactions.

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

	Group 31 March 2024 N'million	Group 31 December 2023 N'million	Bank 31 March 2024 N'million	Bank 31 December 2023 N'million
Treasury bills - Amortised cost	31,146	35,993	31,146	35,993
Federal Government bonds - Amortised cost	146,884	90,055	146,884	90,055

24.6 Impairment losses on financial investments subject to impairment assessment

24.6.1 Debt Instruments Measured at FVOCI

The table below shows the fair value of the Bank's debt instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and Period-end stage classification. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4:

	31 March 2024		
	Stage 1 Collectively	Stage 2 Collectively	Total
Internal rating grade	**N'million**	**N'million**	**N'million**
Performing			
High grade	15,635	-	15,635
Standard grade	16,372	-	16,372
Sub-standard grade	-	-	-
Past due but not impaired	-	-	-
Non- performing	-	-	-
Individually impaired	-	-	-
Total	32,007	-	32,007

	31 December 2023		
	Stage 1 Collectively	Stage 2 Collectively	Total
Internal rating grade	**N'million**	**N'million**	**N'million**
Performing			
High grade	170,742	-	170,742
Standard grade	16,818	-	16,818
Sub-standard grade	-	-	-
Past due but not impaired	-	-	-
Non- performing	-		-
Individually impaired	-	-	-
Total	**187,561**	**-**	**187,561**

Notes To The Financial Statements:

24 Investment Securities- continued

24.6.1 Debt Instruments Measured at FVOCI- continued

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

	31 March 2024		
	Stage 1 Collectively	Stage 2 Collectively	Total
	N'million	N'million	N'million
Gross carrying amount as at 1 January 2024	187,561	-	187,561
New assets originated or purchased	4,860	-	4,860
Assets derecognised or matured (excluding write-offs)	(88,930)	-	(88,930)
Change in fair value	(76,120)	-	(76,120)
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Changes due to modifications not derecognised	-	-	-
Unwind of discount	220	-	220
Amounts written off	-	-	-
Foreign exchange adjustments	4,415	-	4,415
At 31 March 2024	32,006	-	32,006

	31 March 2024		
	Stage 1 Collectively	Stage 2 Collectively	Total
	N'million	N'million	N'million
ECL allowance as at 1 January 2024	620	-	620
New assets originated or purchased	-	-	-
Assets derecognised or matured (excluding write offs)	(548)	-	(548)
Impact on year end ECL of exposures transferred between	-		-
stages during the period	-	-	-
Unwind of discount (recognised in interest income)	6	-	6
Changes due to modifications not resulting in derecognition	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-
Recoveries	-	-	-
Amounts written off	-	-	-
Foreign exchange adjustments	26	-	26
At 31 March 2024	104	-	104

Notes To The Financial Statements:

24 Investment Securities- continued

24.6.1 Debt Instruments Measured at FVOCI- continued

	31 December 2023		
	Stage 1 Collectively	Stage 2 Collectively	Total
	N'million	N'million	N'million
Gross carrying amount as at 1 January 2023	28,696	-	28,696
New assets originated or purchased	159,091	-	159,091
Assets derecognised or matured (excluding write-offs)	(16,825)	-	(16,825)
Change in fair value	8,682	-	8,682
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Changes due to modifications not derecognised	-	-	-
Unwind of discount	765		765
Amounts written off		-	-
Foreign exchange adjustments	7,153	-	7,153
At December 2023	187,561	-	187,561

	31 December 2023		
	Stage 1 Collectively	Stage 2 Collectively	Total
	N'million	N'million	N'million
ECL allowance as at 1 January 2023	192	-	192
New assets originated or purchased	279	-	279
Assets derecognised or matured (excluding write offs)	(14)	-	(14)
Impact on year end ECL of exposures transferred between stages during the year	-	-	-
Unwind of discount (recognised in interest income)	12	-	12
Changes due to modifications not resulting in derecognition		-	-
Changes to models and inputs used for ECL calculations		-	-
Recoveries	-	-	-
Amounts written off	-	-	-
Foreign exchange adjustments	151		151
At 31 December 2023	620	-	620

24.6.2 Debt Instruments Measured at Amortised Cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and period-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4:

	31 March 2024		
	Stage 1 Collectively	Stage 2 Collectively	Total
Internal rating grade	N'million	N'million	N'million
Performing			
High grade	968,275	-	968,275
Standard grade	26,712	-	26,712
Sub-standard grade	-	-	-
Past due but not impaired	-	-	-
Non- performing	-	-	-
Individually impaired	-	-	-
Total	**994,987**	**-**	**994,987**

	31 December 2023		
	Stage 1 Collectively	Stage 2 Collectively	Total
Internal rating grade	N'million	N'million	N'million
Performing			
High grade	800,416	-	800,416
Standard grade	20,598	-	20,598
Sub-standard grade	-	-	-
Past due but not impaired	-	-	-
Non- performing	-		-
Individually impaired	-	-	-
Total	**821,014**	**-**	**821,014**

24 Investment Securities- continued

24.6.2 Debt Instruments Measured at Amortised Cost- continued

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

Group

	31 March 2024		
	Stage 1 Collectively	Stage 2 Collectively	Total
	N'million	N'million	N'million
ECL allowance as at 1 January 2024	2,210	-	2,210
New assets purchased	375	-	375
Assets derecognised or matured (excluding write offs)	(141)	-	(141)
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Impact on year end ECL of exposures transferred between stages during the period	- -	-	-
Unwind of discount (recognised in interest income)	199	-	199
Changes due to modifications not resulting in derecognition	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-
Recoveries	-	-	-
Amounts written off	-	-	-
Foreign exchange adjustments	-	-	-
At 31 March 2024	**2,643**	**-**	**2,643**

Bank

	31 March 2024		
	Stage 1 Collectively	Stage 2 Collectively	Total
	N'million	N'million	N'million
Gross carrying amount as at 1 January 2024	821,014	-	821,014
New assets originated or purchased	224,619	-	224,619
Assets derecognised or matured (excluding write-offs)	(54,846)	-	(54,846)
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Changes due to modifications not derecognised	-		-
Unwind of Discount	4,200		4,200
Amounts written off		-	-
Foreign exchange adjustments	-	-	-
At 31 March 2024	**994,987**	**-**	**994,987**

	31 March 2024		
	Stage 1 Collectively	Stage 2 Collectively	Total
	N'million	N'million	N'million
ECL allowance as at 1 January 2024	2,210	-	2,210
New assets purchased	375	-	375
Assets derecognised or matured (excluding write offs)	(141)	-	(141)
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Impact on year end ECL of exposures transferred between stages during the period	- -	-	-
Unwind of discount (recognised in interest income)	199	-	199
Changes due to modifications not resulting in derecognition	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-
Recoveries	-	-	-
Amounts written off	-	-	-
Foreign exchange adjustments	-	-	-
At 31 March 2024	**2,643**	**-**	**2,643**

Notes To The Financial Statements:

24 Investment Securities- continued

24.6.2 Debt Instruments Measured at Amortised Cost- continued

	31 December 2023		
	Stage 1 Collectively	Stage 2 Collectively	Total
	N'million	N'million	N'million
Gross carrying amount as at 1 January 2023	480,422	-	480,422
New assets originated or purchased	592,111	-	592,111
Assets derecognised or matured (excluding write-offs)	(260,952)	-	(260,952)
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Changes due to modifications not derecognised	-		-
Unwind of Discount	9,433		9,433
Amounts written off		-	-
Foreign exchange adjustments	-	-	-
At 31 December 2023	**821,014**	**-**	**821,014**

	31 December 2023		
	Stage 1 Collectively	Stage 2 Collectively	Total
	N'million	N'million	N'million
ECL allowance as at 1 January 2023	830	-	830
New assets purchased	1,264	-	1,264
Assets derecognised or matured (excluding write offs)	(64)	-	(64)
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Impact on year end ECL of exposures transferred between stages during the year		-	- -
Unwind of discount (recognised in interest income)	180	-	180
Changes Other than modifications not derecognised	-	-	-
Changes to models and inputs used for ECL calculations	-		-
Recoveries	-	-	-
Amounts written off	-	-	-
Foreign exchange adjustments	-	-	-
At 31 December 2023	**2,210**	**-**	**2,210**

Notes To The Financial Statements:

25 Property, Plant and Equipment

Group	Land	Buildings	Leasehold improvements	Office equipment	Furniture, fittings	Computer equipment	Motor vehicles	Work in progress	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Cost									
At 1 January 2024	**15,713**	**18,885**	**4,508**	**9,485**	**2,167**	**18,890**	**7,466**	**4,700**	**81,814**
Additions	176	88	167	277	127	1,070	312	5,823	8,041
Reclassifications				(101)	103	(1)	17	(1,272)	(1,255)
Disposals		(8)	-	(5)		(1)	(421)	-	(435)
At 31 March 2024	**15,889**	**18,965**	**4,675**	**9,656**	**2,397**	**19,957**	**7,374**	**9,251**	**88,165**
Accumulated depreciation									
At 1 January 2024	-	(4,516)	(3,276)	(6,603)	(1,718)	(12,872)	(4,713)	-	(33,698)
Charge for the period	-	(95)	(66)	(466)	(43)	(1,143)	(298)	-	(2,110)
Reclassifications				38	(41)	(1)			(4)
Disposals	-	2		5		(1)	406	-	412
At 31 March 2024	**-**	**(4,608)**	**(3,342)**	**(7,026)**	**(1,802)**	**(14,016)**	**(4,606)**	**-**	**(35,400)**
Carrying amount at 31 March 2024	**15,889**	**14,357**	**1,333**	**2,630**	**595**	**5,941**	**2,769**	**9,251**	**52,764**
Cost									
At 1 January 2023	15,679	18,312	4,194	7,874	1,896	15,842	5,466	3,264	72,527
Additions	63	304	304	1,505	205	1,337	2,022	3,796	9,537
Reclassifications	(7)	269	10	133	67	1,720	-	(2,360)	(168)
Disposals	(22)	-	-	(27)	(1)	(9)	(22)	-	(81)
At 31 December 2023	**15,713**	**18,885**	**4,508**	**9,485**	**2,167**	**18,890**	**7,466**	**4,700**	**81,814**
Accumulated depreciation									
At 1 January 2023	-	(4,144)	(3,318)	(6,218)	(1,588)	(10,782)	(3,779)	-	(29,829)
Charge for the period	-	(372)	(225)	(892)	(119)	(2,096)	(943)	-	(4,646)
Reclassifications		-	-	12	(12)	-	-		
Disposals	-	-	-	28	1	6	9	-	43
At 31 December 2023	**-**	**(4,516)**	**(3,543)**	**(7,070)**	**(1,718)**	**(12,872)**	**(4,713)**	**-**	**(34,432)**
Carrying amount at 31 December 2023	**15,713**	**14,369**	**965**	**2,415**	**449**	**6,018**	**2,753**	**4,700**	**47,382**

Bank

25 Property, Plant and Equipment

	Land	Buildings	Leasehold improvements	Office equipment	Furniture, fittings	Computer equipment	Motor vehicles	Work in progress	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Cost									
At 1 January 2024	**15,713**	**18,885**	**4,220**	**8,986**	**2,167**	**18,890**	**7,466**	**4,700**	**81,027**
Additions	176	88	167	277	127	1,070	312	5,823	8,041
Reclassifications				(101)	103	(1)	17	(1,272)	(1,255)
Disposals		(8)	-	(5)		(1)	(421)	-	(435)
At 31 March 2024	**15,889**	**18,965**	**4,387**	**9,156**	**2,397**	**19,957**	**7,374**	**9,251**	**87,377**
Accumulated depreciation									
At 1 January 2023	-	(4,516)	(3,276)	(6,603)	(1,718)	(12,872)	(4,713)	-	(33,698)
Charge for the period	-	(95)	(66)	(266)	(43)	(630)	(298)	-	(1,398)
Reclassifications				38	(41)	(1)			(4)
Disposals	-	2		5		(1)	406	-	412
At 31 March 2024	**-**	**(4,608)**	**(3,342)**	**(6,826)**	**(1,802)**	**(13,504)**	**(4,606)**	**-**	**(34,688)**
Carrying amount at 31 March 2024	**15,889**	**14,357**	**1,046**	**2,330**	**595**	**6,453**	**2,769**	**9,251**	**52,689**
Cost									
At 1 January 2023	15,680	18,816	3,929	6,852	1,895	15,843	5,467	3,265	71,747
Additions	63	191	15	286	82	271	56	287	1,251
Reclassifications	(512)	6	-	564	(26)	-	-	-	32
Disposals	-	-	-	(1)	-	(1)	-	-	(2)
At 31 March 2023	**15,231**	**19,013**	**3,944**	**7,701**	**1,951**	**16,113**	**5,523**	**3,552**	**73,028**
Accumulated depreciation									
At 1 January 2023	-	(4,143)	(3,068)	(5,757)	(1,587)	(10,783)	(3,780)	-	(29,118)
Charge for the period	-	(92)	(51)	(192)	(27)	(502)	(174)	-	(1,038)
Reclassifications		-	-	5	(5)	-	-		0
Disposals	-	-	-	(1)	(1)	-	-	-	(2)
At 31 March 2023	**-**	**(4,235)**	**(3,119)**	**(5,945)**	**(1,620)**	**(11,285)**	**(3,954)**	**-**	**(30,158)**
Carrying amount at 31 March 2023	**15,231**	**14,778**	**825**	**1,756**	**331**	**4,828**	**1,569**	**3,552**	**42,873**

a Work in progress relates to capital cost incured in setting up new branches. When completed and available for use, they are transfered to the respective property, plant and equipment classes and depreciation commences.

b All property and equipment are non-current. None of the Bank's assets were financed from borrowings, consequently no borrowing cost has been capitalized as part of asset cost.

c There were no impairment losses on any class of property , plant and equipment during the period (31 December 2023: Nil)

d There were no pledged assets in any class of property, plant and equipment during the period (31 December 2023: Nil)

26 Right-of-Use Asset

	Group		Bank	
	31 March 2024 N'million	31 December 2023 N'million	31 March 2024 N'million	31 December 2023 N'million
Cost				
Balance at beginning of year	5,330	6,434	3,377	4,481
Additions	71	532	71	532
Additions / Reclassifications during the year	0	167	-	167
Disposal during the year	0	-1,803	0	-1,803
Balance	5,401	5,330	3,448	3,377
Accumulated Depreciation `				
Balance at beginning of year	-1,700	-2,682	-1,700	-2,682
Depreciaiton for the year	-78	-996	-177	-636
Disposal during the year		1,618		1,618
Balance	(1,778)	(2,060)	(1,876)	(1,700)
Carrying amount	3,623	3,270	1,572	1,677

Expense of Low value Item :

The expense for low value items and short term leases is N161.88million (31 December 2022: N389.30 million) .

27 Intangible Assets - Computer Software

	Group		Bank	
	31 March 2024 N'million	31 December 2023 N'million	31 March 2024 N'million	31 December 2023 N'million
Cost				
Balance at 1 January	12,583	12,964	8,980	9,361
Additions	633	2,851	633	2,745
Write offs during the year		-3,126		-3,126
Balance as at 31 December	13,216	12,689	9,613	8,980
Accumulated amortization				
Balance at 1 January	-6,866	-8,458	-3,857	-5,338
Amortisation for the year	-488	-1,793	-468	-1,645
Write offs during the year		3,126	-	3,126
Balance as at 31 December	(7,354)	(7,126)	(4,325)	(3,857)
Carrying amount	5,862	5,564	5,289	5,123

These relate to purchased softwares.

All intangible assets are non-current with finite useful life and are amortised over the period . The amortisation of intangible asset recognised in depreciation and amortisation in profit or loss was N468 mn (Group -N488 mn)for the period ended 31 March 2024

28 Deferred Taxation

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 income taxes relate to the same fiscal authority.

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% or 33% as applicable (31 December 2022: 30% or 32.5%).

Deferred tax assets and liabilities are attributable to the following items:

28.1 Deferred Tax Assets

	Group		Bank	
	31 March 2024 N'million	31 December 2023 N'million	31 March 2024 N'million	31 December 2023 N'million
Deferred tax assets				
Property,plant and equipment				
Allowances for loan losses	22,554	22,554	**22,554**	**22,554**
Tax loss carried forward	-	-		-
Unutilised tax credits (capital allowances)	-	-	-	-
	22,554	22,554	22,554	22,554
Unrecognised deferred tax assets	-	-		-
Net	22,554	22,554	22,554	22,554

28.1 Deferred Tax Assets- continued

	Group		Bank	
	31 March 2024 N'million	31 December 2023 N'million	31 March 2024 N'million	31 December 2023 N'million
28.2 Deferred tax Liabilities				
Property,plant and equipment	22,905	6,913	**22,905**	**6,913**
Foreign exchange diffence (Unrealized)		14,549		14,549
Fair value adjustments		1,443		1,443
Tax loss carried forward		0		0
	22,905	22,905	22,905	22,905

29 Other Assets

	Group		Bank	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Financial assets	N'million	N'million	N'million	N'million
Sundry receivables	264,780	141,512	264,780	141,512
Electronic payment receivables	85,882	244,159	83,713	243,743
Investments in SMESIS	9,445	9,445	9,445	9,445
Shared Agent Network Expansion Facility (SANEF)	50	50	50	50
	360,157	395,166	357,987	394,750
Less:				
Specific allowances for impairment	-4,447	(3,359)	(4,447)	(3,359)
	355,710	391,807	353,540	391,391
Non financial assets				
Prepayments	19,189	8,845	19,189	8,367
Others	638	184	638	184
Other non financial assets	2,512	2,928	2,512	2,244
	22,339	11,957	22,339	10,795
Total	**378,049**	**403,763**	**375,879**	**402,186**

Reconciliation of Allowance for Impairment

	31 March		31 March	
	2024 N'million	2023 N'million	2024 N'million	2023 N'million
At 1 January	3,359	1,351	3,359	1,351
Charge for the year	1,088	2,011	1,088	2,011
Reversal of provision	0	-	-	
Write-off during the year	0	(4)	-	(4)
At 31 March	**4,447**	**3,359**	**4,447**	**3,359**

a The Bank's investments under the Small and Medium Enterprises Equity Investment Scheme ("SMEEIS") is in compliance with the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). There is no existence of either Control or Joint control in SMESIS.

b Prepayment relates to payments made by the bank on items whose benefits covers specified future period of time beyond the reporting period e.g. Insurance premiums, Adverts and publicity, Computer expenses and Subscriptions. They are short tenured and are quickly settled.

c Other non-financial assets comprises of balances on settlement accounts such as: Stock of ATM cards, stock electronic cards, and stock cheque books and stationeries and sundry receivables. These assets are short tenured and are quickly settled.

d The Shared Agent Network Facility (SANEF) is an intervention fund under the MSME Development Fund to provide ten (10) year loans to CBN Licensed and pre-qualified Mobile Money and Super- Agent operators for the purposes of rolling out of a Shared Agent Network. The objective of the Shared Agent Network is to deepen financial inclusion in the country with the offering of basic financial services such as Cash-in, Cash-out, Funds, Bills Payments, Airtime Purchase, Government disbursements as well as remote enrollment on BMS infrastructure (BVN).

30 Deposits from Customers

	Group		Bank	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
	N'million	N'million	N'million	N'million
Demand	1,414,215	1,652,267	1,414,215	1,652,267
Savings	978,121	880,905	978,121	880,905
Term	249,342	75,999	249,342	75,999
Domicilliary	2,004,918	1,376,672	1,807,293	1,288,703
Others	59,588	28,968	59,588	28,968
	4,706,183	4,014,811	4,508,559	3,926,842
Current	2,392,337	1,491,495	2,392,337	1,368,474
Non-current	2,313,847	2,523,315	2,116,222	2,558,368
	4,706,183	**4,014,811**	**4,508,559**	**3,926,842**

30a Others relate to accrued interest payable of deposit liabilities which are considered to be component of deposits.

31 Other Liabilities

	Group		Bank	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
	N'million	N'million	N'million	N'million
Customer deposits for letters of credit (see note 31.1)	18,106	46,856	18,106	46,856
Accounts payable (see note 31.2)	486,447	391,476	482,855	375,489
FGN Intervention fund (see note 31.3)	434,621	443,736	434,621	443,736
Manager's cheque	5,226	4,827	5,226	4,827
Payable on E-banking transactions (see note 31.4)	93,957	246,453	93,957	246,453
Other liabilites/credit balances (see note 31.5)	-2,255	4,555	(2,255)	3,873
Accruals for year end bonus (see note 31.6)	13,555	12,055	13,555	12,055
Lease liability (see note 31.8)	506	2,410	506	506
	1,050,163	**1,152,369**	**1,046,571**	**1,133,795**

31.1 Customer deposits for letters of credit relates to liabilities generated from loans granted to customers for trade finance transactions, it mirrors the value of the confirmation line enjoyed by the customer with the offshore bank for the purpose of facilitating the letters of Credit.

31.2 Account payable represents balances in internal accounts drawn for the purpose of settlement of obligations which are due against the bank either from bank expense or customer transaction settlement e.g. accrual/provision for expenses that has or will fall due, Ebanking settlement values drawn from customers account, customers deposit drawn for FX bid with CBN for letters of credit etc.

31.3 FGN Intervention Fund (On Lending facilities)

	2024	2023	2024	2023
	N'million	N'million	N'million	N'million
CBN state bailout fund	79,824	79,824	79,824	79,824
Real Sector Support Facility - Differentiated Cash Reserves Requirement - (DCRR	181,484	188,204	181,484	188,204
Real Sector Support Facility - (RSSF)	4,089	4,954	4,089	4,954
Commercial Agricuture Ccredit Scheme - (CACS)	6,095	6,503	6,095	6,503
Bank of Industry BG backed	108,218	105,324	108,218	105,324
Bank of Industry - Restructured and Refinance scheme	173	192	173	192
Bank of Industry on lending	0	1	0	1
Development Bank of Nigeria - (DBN)	30,604	32,661	30,604	32,661
Nigeria Export Import Bank - (NEXIM)	16,966	18,483	16,966	18,483
Power Airline Intervention Fund - (PAIF)	1,398	1,628	1,398	1,628
CBN Paddy Agegate Scheme (PAS) Funds	0	0	-	-
Accelerated Agiculture Credit Scheme - (AADS)	0	0	-	-
CBN 100 for 100 PPP - (Policy on Production and Productivity)	5,754	5,945	5,754	5,945
Nigerian Incentive-based Risk Sharing system for Agricultural Lending - (NIRSAL)	18	17	18	17
	434,623	**443,736**	**434,623**	**443,736**

a FGN Intervention fund is CBN Bailout Fund of N79.82billion (31 Dec 2023: N82.07 billion). This represents funds for states in the Federation that are having challenges in meeting up with their domestic obligation including payment of salaries. The loan was routed through the Bank for on-lending to the states. The Bailout fund is for a tenor of 20 years at 9% per annum. See Note 31.3 k

b The Real Sector Support Facility (RSSF): The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, productivity and job creation has established a N300 billion Real Sector Support Facility (RSSF). The facility is disbursed to large enterprises and startups with financing needs of N500 million up to a maximum of N10.0 billion. The activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The funds are received from the CBN at 2% per annum, and disbursed at

c The fund received under the Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme represents a credit line granted to the Bank for the purpose of providing concessionary funding to the agricultural sector.The facility attracts an interest rate of 2% per annum and the Bank is under obligation to on-lend to customers at an all-in interest rate of not more than 9% per annum. Based on the structure of the facility, the Bank assumes the default risk of all amounts lent to the Bank's customers. This facility is not secured.

31.3 FGN Intervention Fund (On Lending facilities)- Continued

d The Central Bank of Nigeria (CBN) / Bank of Industry (B0I) - SME / Manufacturing Intervention Fund represents an intervention credit granted to the Bank for the purpose of refinancing / restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and Manufacturing Companies. The total facility is secured by Nigerian Government Securities. A management fee of 1% per annum is deductible at source and the Bank is under obligation to on-lend to customers at an all-In interest rate of 7% per annum. The Bank is the primary obligor to CBN / BOI and assumes the risk of

e Federal Government through CBN, BOI and DBN to enable DMOs avail loans at single digit rates or rates lower than the normal commercial rate to qualifying institutions in line with the guidelines provided by CBN, BOI and DBN.

f Non-oil Export Stimulation Facility (NESF): This Facility was established by the Central Bank of Nigeria to diversify the economy away from the oil sector, after the fall in crude prices. The Central Bank invested N500billion debenture, issued by Nigerian Export-Import Bank (NEXIM). The facility disbursed per customer shall not exceed 70% of total cost of project, or subject to a maximum of N5 billion. Funds disbursed to the Bank from CBN are at a cost of 2% which are then disbursed to qualifying customers at the rate of 9% per annum.

g The purpose of granting new loans and refinancing / restructuring existing loans to companies in the power and aviation industries is to support Federal Government's focus on the sectors. The facility is secured by Irrevocable Standing Payment Order (ISPO). The maximum tenor for term loans under the programme is 15 years while the tenor for working capital is one year, with option to renew the facility annually subject to a maximum tenor of five years. The facility attracts an interest rate of 2% per annum payable quarterly in arrears and the Bank is under obligation to on-lend to

h Accelerated Agricultural Development Scheme (AADS) was established by the Central Bank of Nigeria to help states develop at least 2 crops/agricultural commodities in which they have comparative advantage. The fund is disbursed to the Bank at 2% per annum. Each state is availed the facility at 9% per annum and repayments are made via ISPO deductions.

i CBN PAS FUND - The Paddy Aggregation Scheme (PAS) is for Integrated Rice Millers and Large-Scale Aggregators to enable them to purchase home-grown rice paddy at a single digit interest rate to promote the Federal Government of Nigeria's National Food Security Programme (NFSP). It is to provide credit facilities to Integrated Rice Millers and Large-scale rice paddy aggregators at single digit interest rate to increase local production of rice towards effecting lower prices and enhancing national food security.. The fund is disbursed to the Bank at 6% per annum. Each enterprise is

j CBN 100 for 100 PPP - (Policy on Production and Productivity) was established by the Central Bank of Nigeria to stimulate investments in Nigeria's manufacturing sector with the core objective of boosting production and productivity necessary to transform and catalyse the productive base of the economy. The fund is disbursed to the Bank at 2% per annum. Each enterprise is availed the facility at 9% per annum and repayments are made

k The Bailout fund is for a tenor of 20 years at 7% per annum and availed for the same tenor at 9% per annum until March 2020 , the rate was reduced to 5% for 1 year period due to Covid 19 pandemic to March 2021 after which it was extended to February 2023 . CBN on August 17 2022 further reviewed the rates in response to economic outlook and approved the following order; All intervention facilities granted effective July 20, 2022 shall be at 9% per annum while all existing intervention facilities granted prior to July 20, 2022 shall be at 9% per annum effective September

l The bank carries out modification test on all Intervention funds / loans . The modification test was performed and there was no material impact on the financial statement from the assessment.

31.4 Payable on E-banking transactions are settlement balances for RTGS/NIBSS transaction and Etransact transactions .

31.5 Other liabilities/credit balances are credit balances for other liabilities, other than the ones relating to customers deposit.

31.6 A provision has been recognised in respect of staff year end bonus, the provision has been recognised based on the fact that there is a constructive and legal obligation on the part of the Bank to pay bonus to staff where profit has been declared. The provision has been calculated as a percentage of the profit after tax.

	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Movement in provision for year end bonus				
At 1 January	12,055	3,164	12,055	3,164
Arising during the year	1,500	19,709	1,500	19,709
Utilised	0	-10,818	0	-10,818
At 31 March	13,555	12,055	13,555	12,055

31.7 Maturity Analysis is presented in Note 44.

32 Provision

	Group		Bank	
	31 March 2024 N'million	31 December 2023 N'million	31 March 2024 N'million	31 December 2023 N'million
Provisions for litigations and claims	1,886	1,886	1,886	1,886
Provision for guarantees and letters of credit (Note 32.3.1 - 32.3.2)	2,042	1,548	2,042	1,548
	3,928	3,434	3,928	3,434

32.1 Movement in provision for litigations and claims

At 1 January	883	883	883	883
Arising during the period	1,003	1,003	1,003	1,003
Utilised	0	0	-	-
At 31 March	1,886	1,886	1,886	1,886

A further disclsore has been made in note 32.2 to ensure that Provisions is further broken down into current and non-current to enhance users understanding of the financial statements. Prior year comparative which were not disclosed have also been disclosed in note 32.2. This changes are not considered material.

32.2 Impairment losses on guarantees and letters of credit

An analysis of changes in the gross carrying amount and the corresponding allwances for impairment losses in relation to guarantees and letters of

32.3.1 Performance bonds and guarantees

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.4. This relates funds held to ensure that customers do not default in the obligation .

	31 March 2024			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	**N'million**	**N'million**	**N'million**	**N'million**
Performing				
High grade	-	-	-	**-**
Standard grade	869,571	-	-	**869,571**
Sub-standard grade	-	-	-	**-**
Past due but not impaired	-	-	-	**-**
Non- performing	-	-	-	**-**
Individually impaired	-	-	-	**-**
Total	**869,571**	**-**	**-**	**869,571**

	31 December 2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	**N'million**	**N'million**	**N'million**	**N'million**
Performing				
High grade	9,583	-	-	**9,583**
Standard grade	675,626	-	-	**675,626**
Sub-standard grade	45,569	-	-	**45,569**
Past due but not impaired	-	-	-	**-**
Non- performing	-	-	-	**-**
Individually impaired	-	-	-	**-**
Total	**730,779**	**-**	**-**	**730,779**

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	31 March 2024			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2024	730,779	-	-	**730,779**
New exposures	182,908	-	-	**182,908**
Exposure derecognised or matured/lapsed (excluding write-offs)	(118,972)	-	-	**(118,972)**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	74,856	-	-	**74,856**
At 31 March 2024	**869,571**	**-**	**-**	**869,571**

32.3.1 Performance bonds and guarantees- continued

	31 March 2024			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 March 2024	455	-	-	**455**
New exposures	125	-	-	**125**
Exposure derecognised or matured/lapsed (excluding write-offs)	(78)	-	-	**(78)**
Impact on year end ECL of exposures transferred between stages	-	-	-	**-**
Unwind of discount	-	-	-	**-**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	47	-	-	**47**
At 31 March 2024	**549**	**-**	**-**	**549**

	31 December 2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2023	489,617	-	-	**489,617**
New exposures	552,551	-	-	**552,551**
Exposure derecognised or matured/lapsed (excluding write-offs)	(371,381)	-	-	**(371,381)**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	59,992	-	-	**59,992**
At 31 December 2023	**730,779**	**-**	**-**	**730,779**

	31 December 2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2023	329	-	-	329
New exposures	230	-	-	230
Exposure derecognised or matured/lapsed (excluding write-offs)	(141)	-	-	(141)
Impact on year end ECL of exposures transferred between stages		-	-	-
Unwind of discount		-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	37	-	-	37
At 31 December 2023	**455**	**-**	**-**	**455**

32.3.2 Letters of Credit

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and period-end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.4.

	31 March 2024			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	**N'million**	**N'million**	**N'million**	**N'million**
Performing				
High grade	-			-
Standard grade	551,311			551,311
Sub-standard grade	13,547			13,547
Past due but not impaired	-			-
Non- performing	-			-
Individually impaired	-			-
Total	**564,858**			**564,858**

	31 December 2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	**N'million**	**N'million**	**N'million**	**N'million**
Performing				
High grade	22,868	-	-	22,868
Standard grade	329,595	-	-	329,595
Sub-standard grade	60,898	-	-	60,898
Past due but not impaired	-	-	-	-
Non- performing	-			-
Individually impaired	-	-	-	-
Total	**413,361**		**(1)**	**413,361**

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	31 March 2024			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2024	413,362	-	-	**413,362**
New exposures	149,995	-	-	**149,995**
Exposure derecognised or matured/lapsed (excluding write-offs)	(86,627)	-	-	**(86,627)**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	88,128	-	-	**88,128**
At 31 March 2024	**564,858**	**-**	**-**	**564,858**

	31 March 2024			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2024	1,093	-	-	**1,093**
New exposures	601	-	-	**601**
Exposure derecognised or matured/lapsed (excluding write-offs)	(384)	-	-	**(384)**
Impact on year end ECL of exposures transferred between stages	-	-	-	**-**
Unwind of discount	-	-	-	**-**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	183	-	-	**183**
At 31 March 2024	**1,493**	**-**	**-**	**1,493**

32.3.2 Letters of Credit- continued

	31 December 2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2023	215,696	-	-	**215,696**
New exposures	331,454	-	-	**331,454**
Exposure derecognised or matured/lapsed (excluding write-offs)	(166,214)	-	-	**(166,214)**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	32,426	-	-	**32,426**
At 31 December 2023	**413,362**	**-**	**-**	**413,362**

	31 December 2023			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2023	684	-	-	**684**
New exposures	341	-	-	**341**
Exposure derecognised or matured/lapsed (excluding write-offs)	(495)	-	-	**(495)**
Impact on year end ECL of exposures transferred between stages	-	-	-	**-**
Unwind of discount	-	-	-	**-**
Changes due to modifications not resulting in derecognition		-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	563	-	-	**563**
At 31 March 2023	**1,093**	**-**	**-**	**1,093**

33 Debts Issued and Other Borrowed Funds

	Group		Bank	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
	N'million	N'million	N'million	N'million
Long term loan from African Development Bank (ADB) (see note 33.1)	26,471	24,791	26,471	24,791
European Investment Bank Luxembourg (see note 33.2)	0	0	0	0
$400 Million Euro Bond issued (see note 33.4)	535,228	382,422	535,228	382,422
Local Bond issued (see note 33.5)	41,320	42,174	41,320	42,174
Bank One (see note 33.8)	30,544	22,389	30,544	22,389
Rand Merchant Bank (see note 33.6)	0	48,810	0	48,810
Development Bank of Nigeria (see note 33.7))	20,460	20,285	20,460	20,285
Other Borrowings (see note 33.6b)	30,081	0	30,081	0
Afrexim (see note 33.3)	57,210	36,157	57,210	36,157
	741,314	**577,028**	**741,314**	**577,028**

Reconcilation of Borrowings during the period:

At 1 January	577,028	261,466	577,028	261,466
Additions during the year	69,977	129,906	69,977	129,906
Accrued interest	20,583	10,747	20,583	10,747
Payment of interest	-5,127	-4,804	(5,127)	(4,804)
Repayment of principal during the year	-90,841	-15,051	(90,841)	(15,051)
Foreign exchange difference	169,694	194,764	169,694	194,764
At 31 March/ December	**741,314**	**577,028**	**741,314**	**577,028**

33.1 The amount of N24,791.26 billion (31 Dec 2022: N16,670.68 billion) represents the amortized cost balance in the on-lending facility of $50million granted to the Bank by ADB. The first tranche of $40 million was disbursed July 27, 2019 while the second tranche of $10 million was disbursed June 3, 2020 with both to mature February 1, 2026 and October 1, 2026 respectively at an interest rate of Libor plus 4.5% per annum. Interest and

33.2 The amount of Nil - 31 Dec 2024: represents the amortised cost balance in the on-lending facility of $21.946 million granted to the Bank by European Investment Bank on 13 April 2015 to mature 2 March, 2023 at an interest rate of Libor plus 3.99% per annum. Interest is repaid quarterly, with principal repayment at maturity. The borrowing has been fully repaid .

33.3 The amount of N57,210 billion, (31 Dec 2023: N36,157.76 billion) represents amortised cost balance of $150 million borrowing from AFREXIM (under the repurchase agreement), with Fidelity Bank pledging its USD denominated Eurobond and FGN, which the Bank has the right to buy at a later date.

33 Debts Issued and Other Borrowed Funds- Continued

33.4 On 28 October , 2021, $400 million 5-year 2026 Senior Notes at a 7.625 percent coupon was issued. The proceed from the new issue is for general corporate purposes including supporting the Bank's trade finance business.. The amount of N535,228 billion represents the amortised cost of the Issued Notes as at 31 March 2024; N382,422.31 billion represents the amortised cost at the end of the financial year 2023 (December 31 , 2023) .

33.5 “The amount of N42,174.32 billion (31 Dec 2022 : N41,306.78billion) represents the amortized cost of 10-Year N41.2 billion Subordinated Unsecured Series I Bonds issued at 8.5% p.a. in January 2021. The coupon is paid semi-annually. The proceeds from the Series I Bonds will support the Bank’s SME and Retail Banking Businesses as well as its Information and Technology Infrastructure”

33.6 The amount of N48,810.52 billion of represent the Amortised cost the short term liability with Rand Merchant Bank. ($50m) as at 31 December 2023 at an Interest rate of 9.97% to mature March 2024 .

33.6b The amount of N30,081 billion represent the Amortised cost of the short term liability with Keystone Bank. ($19.6bn) as at 31 March 2024 and Providus Bank (10.5bn) at an Interest rate of 15% and 12% respectively to mature April 2024 .

33.7 The amount of N20,460 billion (31 Dec 2023: N20,285.62 billion) represents the amortised cost of a N20 billion of wholesale borrowing from Development Bank of Nigeria, to mature 27th April, 2024 at an interest rate of 10% per annum. Interest is paid semi-annually, with principal repayment after 1 year moratorium period, effective 27th October 2022 to maturity. The borrowing is an unsecured borrowing.

33.8 The amount of N22,388.83 billion represents the amortised cost of a $23 million wholesale borrowing from Bank One Mauritius, to mature 27 March 2024 at an interest rate of 10.97% ($15m) and 10.98% ($8m) per annum repectively. Interest is paid semi-annually, with principal repayment at maturity. The borrowing is an unsecured borrowing.

33.9 Maturity Analysis is presented in Note 44.

34 Share Capital

	Group		Bank	
	31 March 2024	**31 December 2023**	**31 March 2024**	**31 December 2023**
Authorised	**N'million**	**N'million**	**N'million**	**N'million**
32 billion ordinary shares of 50k each (2022: 32 billion ordinary shares)	16,000	16,000	16,000	16,000
Issued and fully paid				
32,000 million ordinary shares of 50k each (31 December 2023 32,000 million	16,000	16,000	16,000	16,000

34a In compliance with the provisions of Section 124 of CAMA 2020, the bank issued 3,037,414,308 units of unissued shares by way of Private Placement after the end of the 2022 financial year to bring the issued shares to 32,000,000,000 units of 50k shares .. .

35 Other Equity Accounts

The nature and purpose of the other equity accounts are as follows:

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

Retained Earnings
Retained earnings comprise the undistributed profits from previous years and current period, which have not been reclassified to the other reserves noted below.

35 Other Equity Accounts- continued

a Dividends

The following dividends were declared and paid by the Bank during the year

	31 March 2024 N'million	31 December 2023 N'million	31 March 2024 N'million	31 December 2023 N'million
Balance, begining of year			-	
Final dividend declared		12,800	0	12,800
Interim dividend dclared		8,000	-	8,000
Payment during the year		-20,800	0	-20,800
Balance, end of year			-	-

b Statutory Reserve

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.15(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital. The Bank made a transfer of N14,975 million to statutory reserves during the period ended 31 December 2023 (31 December 2022: N7,009 million)

c Small Scale Investment Reserve

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contribution was 10% of profit after tax for the first 5 (five) periods , and thereafter reduced to 5% of profit after tax.

d Non-Distributable Regulatory Reserve

The amount at which the loan loss provision under IFRS is less than the loan loss provision under prudential guideline is booked to a non-

e Fair Value Reserves

The fair value reserve includes the net cumulative change in the fair value of financial assets measured at fair value through other comprehensive income until the investment is derecognised or impaired.

f AGSMEIS Reserve

Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS); AGSMEIS fund is maintained to support the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with CBN.

Though there is no longer mandatory transfers to this reserve under the earlier directives, all Nigerian banks are now required to set aside an amount equal to 5% of their annual Profit After Tax (PAT) towards the funding of equity investments, which qualify under the AGSMEIS Scheme. This is done after the statutory external audit and Central Bank of Nigeria (CBN) approval.

g Translation Reserves

The translation reserve comprises all foreign currency difference arising from the translation of the financial statements of foreign operations. There were no effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

h Non-controlling Interest

Fidelity Bank acquired 100% holding of the United Kingdom component

36 Cash Flows Generated from Operations

	Notes	Group 31 March 2024 N'million	Group 31 December 2023 N'million	Bank 31 March 2024 N'million	Bank 31 December 2023 N'million
Profit before income tax		39,497	124,260	40,433	124,338
Adjustments for:					
– Depreciation and amortisation	14	2,245	7,042	2,044	6,890
– Profit/(Loss) on disposal of property, plant and equipment	11	-83	-49	(83)	(49)
– Net foreign exchange	36a	172,964	150,677	166,442	150,677
– Net gains from financial assets at fair value through profit or loss	12	(446)	(24,783)	(409)	(24,686)
– Increase in Provisions	32	494	1,538	494	1,538
– Credit loss expense	8	12,365	67,436	12,174	67,686
– Impairment charge / reversal on other assets	8	- -	4.00	-	(4)
– Dividend income	11	-34	-2,018	(34)	(2,018)
– Gain on debt instruments measured at FVOCI reclassified from equ	17	-3,404	847	(3,404)	847
– Net interest income		-99,634	-277,366	(96,435)	(274,856)
				-	-
		123,966	47,581	121,222	50,363
Changes in operating assets					
– Net changes in Cash and balances with the Central Bank (restrictec	20	-280,879	-311,308	-280,879	-311,308
– Loans and advances to customers	22	-575,559	-846,446	-509,797	-716,424
– Financial assets held for trading	23	-13,906	20,419	409	11,885
– Other assets	29	25,714	-290,848	26,306	-289,271
Changes in operating liabilities					
– Deposits from customers	30	660,753	1,463,601	551,097	1,340,580
– Other liabilities	31	-102,206	318,388	-87,224	318,388
Cash flows from/(used in) operations		**(162,118)**	**401,388**	**(178,866)**	**404,213**

37 Contingent Liabilities and Commitments

37.1 Capital Commitments

At the reporting date, the Bank had capital commitments amounting to N8 billion (31 Dec 2023: N4.10billion). The capital commitments relate to property plant and Equipment.

37.2 Confirmed credits and other obligations on behalf of customers

In the normal course of business the Bank is a party to financial instruments with off-statement of financial position risk. These instruments are issued to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	Group 31 March 2024 N'million	Group 31 December 2023 N'million	Bank 31 March 2024 N'million	Bank 31 December 2023 N'million
Performance bonds and guarantees (Note 32.3.1)	869,571	730,779	869,571	730,779
Letters of credit (Note 32.3.2)	564,858	413,362	564,858	413,362
AGSMEIS Disbursement		-		-
	1,434,429	**1,144,141**	**1,434,429**	**1,144,141**