



UNITED CAPITAL PLC

**AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

TABLE OF CONTENTS

Corporate Information	3
Directors' Report	4
Statement of Directors' Responsibilities	8
Report of the Statutory Audit Committee	9
Operational Risk Management	11
Legal and Regulatory Risk Management	13
Independent Auditor's Report	14
Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income	19
Consolidated and Separate Statement of Financial Position	20
Consolidated and Separate Statement of Changes in Equity	21
Consolidated and Separate Statement of Cash Flows	22
Notes to the Financial Statements	23
Value Added Statement	73
5-Year Financial Summary	74

CORPORATE INFORMATION**DIRECTORS:**

Chika Mordi	Chairman (Non Executive Director)
Peter Ashade	Group Chief Executive Officer
Sunny Anene	Deputy Group Chief Executive Officer
Emmanuel N. Nnorom	Non Executive Director
Sonny Iroche	Independent Non Executive Director
Sir Stephen Nwadiuko	Independent Non Executive Director
Dipo Fatokun	Independent Non Executive Director
Hajiya Sutura Aisha Bello	Independent Non-Executive Director (Resigned 31st January 2023)
Tokunbo Ajayi	Non-Executive Director (Resigned 8th April 2022)
Leke Ogunlewe	Non-Executive Director

EXECUTIVE MANAGEMENT:

Peter Ashade	Group Chief Executive Officer
Sunny Anene	Deputy Group Chief Executive Officer
Gbadebo Adenrele	Managing Director, United Capital Investment Banking
Bawo Oritshajafor	Managing Director, United Capital Securities Limited
Odiri Oginni	Managing Director, United Capital Asset Management Limited
Buky Ikeotuonye	Managing Director, United Capital Trustees Limited
Shedrack Onakpoma	Group Chief Finance Officer
Leo Okafor	Group Company Secretary/General Counsel

RC No.

RC444999

FRC No.

FRC/2013/00000000001976

REGISTERED OFFICE:

3rd & 4th Floor
Afriland Towers,
97/105 Broad Street,
Lagos Island,
Lagos, Nigeria

BANKERS

United Bank for Africa Plc
57, Marina,
Lagos Island,
Lagos.

AUDITORS:

PricewaterhouseCoopers Nigeria
5B Water Corporation Road
Landmark Towers, Victoria Island
Lagos, Nigeria

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group for the year ended December 31, 2022.

1 LEGAL FORM

United Capital Plc ("**UCAP**") was incorporated in Nigeria as a Limited Liability Company on March 14, 2002 under the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004. It became a public company and was listed on the Nigerian Stock Exchange in January 2013 after a successful spin-off from United Bank for Africa Plc, a commercial bank in Nigeria. United Capital Plc is the first Investment Bank in Nigeria to be listed on the Nigerian Stock Exchange. UCAP is a holding company with four subsidiaries namely United Capital Trustees Limited, United Capital Asset Management Limited, United Capital Securities Limited and UC Plus Advance Limited. Its areas of business include investment banking, asset management, trusteeship, securities trading and consumer finance.

2 PRINCIPAL ACTIVITIES

UCAP is engaged in the business of investment banking and provides issuing house, corporate investment advisory services, project finance, debt restructuring, mergers & acquisitions and debt capital markets. Through its subsidiaries, it provides additional services such as trusteeship, asset management, wealth management, securities trading consumer finance and insurance.

RESULTS

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Gross Earnings	26,896,411	18,065,183	13,981,324	8,238,600
Operating profit	13,179,281	12,124,013	11,405,916	6,791,196
Share of profit/(loss) of associates	321,107	(206,412)	-	-
Profit before tax	13,500,388	11,917,600	11,405,916	6,791,196
Taxation	(3,847,363)	(658,863)	(2,058,261)	(67,805)
Profit for the period	9,653,025	11,258,738	9,347,656	6,723,392
Other comprehensive income/(loss)	1,787,472	(938,423)	1,047,467	62,525
Total comprehensive income	11,440,497	10,320,315	10,395,122	6,785,917
Total comprehensive income attributable to Equity holders of the Company	11,440,497	10,320,315	10,395,122	6,785,917
Earnings per share	161	188	156	112

3 DIVIDEND

In respect of the FY 2022, the Directors propose that a dividend of N1.50 kobo per ordinary share of 50kobo each (2021 - 150kobo), amounting to N9billion (2021 - N9billion), be paid to shareholders upon approval at the Annual General Meeting. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear on the Register of Members at the close of business on March 27, 2023.

4 BUSINESS REVIEW AND FUTURE DEVELOPMENT

UCAP carries out its activities in accordance with its Memorandum and Articles of Association. A comprehensive review of the business for the period and the prospects for the ensuing period is contained in the Group Chief Executive's report.

5 CHANGES ON THE BOARD

Retirement

During the financial year ended December 31, 2022 Ms. Tokunbo Ajayi (a Non-Executive Director) and Hajiya Sutura Aisha Bello (Independent Non-Executive Director) retired from the Board. Their retirement has been communicated to the Securities & Exchange Commission and the Nigerian Exchange Limited.

6 DIRECTORS RETIRING BY ROTATION

In accordance with Section 285 of the Companies and Allied Matters Act, 2020 the following Directors are retiring by rotation and have offered themselves for re-election:

6.1 Sir Stephen Nwadiuko; and

6.2 Mr. Oladipupo Fatokun

The profile of the retiring Directors are available on page - of the annual reports.

DIRECTORS' REPORT

7 DIRECTORS INTERESTS

The interest of the Directors in the issued share capital of the company are recorded in the Register of Director' shareholding as of December 31, 2022 as follows:

S/N	NAMES OF DIRECTORS	31-Dec-22 DIRECT	31-Dec-22 INDIRECT	31-Dec-21 DIRECT	31-Dec-21 INDIRECT
1	Chika Mordi	Nil	Nil	Nil	Nil
2	Emmanuel Nnorom	Nil	33,421,963 (Vine Foods)	Nil	30,502,000 (Vine Foods)
3	Sunny Anene	6,000,000	Nil	3,000,000	Nil
4	Oladipupo Fatokun	Nil	Nil	Nil	Nil
5	Peter Ashade	1,215,456	8784544 (Artol Investment Company Limited)	1,215,456	8784544 (Artol Investment Company Limited)
6	Stephen Nwadiuko	427,600	Nil	427,600	Nil
7	Sonny Iroche	Nil	Nil	Nil	Nil
8	Sutura Aisha Bello	Nil	Nil	Nil	Nil
9	Tokunbo Ajayi	6,702	Nil	Nil	Nil
10	Leke Ogunlewe	Nil	Nil	Nil	Nil

8 ANALYSIS OF SHAREHOLDING

As of the end of 2022, United Capital's shares were held by 260,515 shareholders as analyzed in the table below:

RANGE ANALYSIS AS AT 31-12-2022							
Range	No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.	
1	1,000	171,494	65.83	171,494	61,497,635	1.04	61,497,635
1,001	5,000	61,391	23.56	232,885	130,476,839	2.18	191,974,474
5,001	10,000	12,220	4.69	245,105	84,909,470	1.42	276,883,944
10,001	50,000	10,884	4.18	255,989	230,213,532	3.82	507,097,476
50,001	100,000	1,825	0.7	257,814	131,947,022	2.2	639,044,498
100,001	500,000	1,943	0.75	260,108	410,708,249	6.92	1,049,752,747
500,001	1,000,000	351	0.13	260,639	258,374,046	4.26	1,308,126,793
1,000,000	999,999,999,999	417	0.16	261,056	4,691,873,207	78.16	6,000,000,000
Grand Total		260,515	100%		6,000,000,000	100%	

8.1 SHARE CAPITAL HISTORY

Period	Authorised unit of shares		Issued and paid		Type
	Increase	Cumulative	Increase	Cumulative	
2002	600,000,000	600,000,000	300,000,000	300,000,000	Initial capital
2006	3,400,000,000	4,000,000,000	1,700,000,000	2,000,000,000	Increase
2013	2,000,000,000	6,000,000,000	1,000,000,000	3,000,000,000	Right issue

8.2 SUBSTANTIAL INTEREST IN SHARES (10% and above)

As of the end of December 31, 2022, the shareholders with 5% and above are shown in the table below:

SHAREHOLDERS	SHAREHOLDING	% HOLDING
West Coast Equity Limited	1,560,000,000	26%

8.3 SUMMARY OF DEALING IN UCAP SHARES AS AT DECEMBER 31, 2022

QUARTER	DAILY AVERAGE	TOTAL
MARCH QUARTER	163,330,000	489,990,000.00
JUNE QUARTER	73,507,000	220,520,000.00
SEPTEMBER QUARTER	34,980,000	104,940,000.00
DECEMBER QUARTER	35,683,000	107,050,000.00

DIRECTORS' REPORT

9 DIRECTOR'S REMUNERATION

United Capital ensures that remuneration paid to its Directors complies with the provisions of the Code of Corporate Governance issued by its regulators. Therefore, in compliance with section 34 (5) (f) of the SEC Code of Corporate Governance for Public Companies, the Company makes disclosures of the remuneration paid to its Directors.

Package	Type	Description	Period
Basic Salary	Fixed	This is part of the gross salary package for Executive Directors only	Paid monthly during the financial year
13 th Month Salary	Fixed	This is part of the gross salary package for Executive Directors only	Paid in the last month of the year.
Directors Fees	Fixed	This is paid quarterly to Non-Executive Directors only	Paid Quarterly
Sitting Allowance	Fixed	This is paid only to Non-Executive Directors	Paid after each meeting
Medical	Fixed	This is paid only to Non-Executive Directors	One-off payment

10 ACQUISITION OF OWN SHARES

The Company did not purchase its own shares during the period.

11 PROPERTY, PLANT AND EQUIPMENT

In the opinion of the Directors, the market value of the company's properties is not less than the value shown in the financial statement.

12 EMPLOYMENT AND EMPLOYEES***Employment of Physically Challenged Persons***

The Company operates a non-discriminatory policy in the consideration of applications for employment including those received from physically challenged persons. The Company's policy is that the most qualified persons are recruited for the appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

Health, Safety at Work and Welfare of Employees

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

Employee Involvement and Training

The Company encourages participation of its employees in arriving at decisions in respect of matters affecting their wellbeing. Towards this end, the Company provides opportunities where employees deliberate on issues affecting the company and the employee's interest, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower.

Research and Development

The Company also on a continuous basis carries out research into new financial service products and services.

13 EVALUATION**13.1 Board Evaluation**

A Board evaluation was undertaken in 2022 by Angela Aneke & Associates. The performance of the Board, Board Committees and individual directors were adjudged satisfactory and necessary feedback were communicated to individual directors arising from the exercise.

DIRECTORS' REPORT

13.2 Corporate Governance Evaluation

An evaluation of the Corporate Governance practice of the Company was also undertaken by Deloitte & Touche and the performance of the Company was adjudged satisfactory. The Board resolved to sustain its performance and to surpass it in subsequent years.

14 COMPLIANCE**Securities Trading Policy**

In compliance with the Rules of the Nigerian Stock Exchange, we have put in place a Securities Trading Policy to guide Directors, Employees, External Advisers and related parties on trading in the securities of the company during the closed period. Under this policy the closed period is when no Director, Employee and Related Party with inside information can trade in the securities of the company. The closed period is 15 days prior to the date of any meeting of the Board of Directors proposed to be held to consider any of the matters or the date of circulation of agenda papers pertaining to any of the said matters (whichever is earlier), up to 24 hours after the price sensitive information is submitted to the Exchange, the trading window shall thereafter be opened:

- 1 Declaration of financial results (quarterly, half-yearly and annual).
- 2 Declaration of dividends (interim and final).
- 3 Issue of securities by way of public offer or bonus etc.
- 4 Any major expansion plans or winning of bid or execution of new projects, disposal of the whole or a substantial part of the undertaking.
- 5 Any changes in policies, plans or other operations of the company that are likely to materially affect the prices of the securities of the company.
- 6 Disruption of operations due to natural calamities.
- 7 Litigation or dispute with a material impact.
- 8 Any information which if disclosed in the opinion of the person discharging the same is likely to materially affect the price of the securities of the company.

We hereby confirm that no Director traded in the securities of the company within the closed period.

Nigerian Code of Corporate Governance for Public Companies in Nigeria

The Company has complied with the Nigerian Code of Corporate Governance 2018.

Complaint Management Framework

The Company has a Complaint Management Framework in place which has been uploaded on its website.

Company's Remuneration Policy

The Company confirms that it has a Remuneration Policy for Directors and for Employees.

Whistle Blowing Policy

The Company has a Whistle Blowing Policy in place. This was extensively reviewed by the Board and it covers among other things the procedures for the receipt, retention and treatment of information received from whistle blowers and the custodian of the dedicated line.

15 POST-BALANCE SHEET EVENTS

There are no post balance sheet events which could have had a material effect on the financial statement as of December 31, 2022.

16 AUDITORS

The external Auditors, Messrs. Pricewaterhousecoopers has confirmed their willingness to continue in office in accordance with the Companies and Allied Matters Act, 2020. A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remuneration.

BY THE ORDER OF THE BOARD


LEO OKAFOR FCIS, KSJI

Group Company Secretary
FRC/2013/NBA/00000002520
24th February 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of **United Capital Plc** are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2022, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act and the Investments and Securities Act.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

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

The Directors are responsible for:

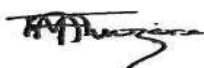
- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

Going Concern:

The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern for at least twelve months from the date of this financial statements.

The consolidated and separate financial statements of the Group and Company for the period ended 31 December 2022 have been authorised for issue and were approved by the Board of Directors on 24 February 2023.

On behalf of the Directors of the Group



Chika Mordi
Chairman
FRC/2014/IODN/00000006667



Peter Ashade
Group Chief Executive Officer
FRC/2013/NBA/00000002719

Report of the Statutory Audit Committee
For the year ended December 31, 2022

To the members of United Capital Plc

In the course of the financial year 2022, the Statutory Audit Committee of United Capital Plc met four times as illustrated in the table below and all members were present.

Names	Meetings Held			
	16/02/2022	05/04/2022	08/07/2022	07/10/2022
Mr. Paul Olele	✓	✓	✓	✓
Pastor Alex Adio	✓	✓	✓	✓
Mrs. Faith George Usman	✓	✓	✓	✓
Mr. Oladipupo Fatokun	✓	✓	✓	✓
Sir. Stephen Nwadiuko	✓	✓	✓	✓

Therefore, in accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act 2020 ("the Act"), we, the members of the Audit Committee of United Capital Plc, having performed our statutory obligations under the Act, hereby report that:

1. The accounting and reporting policies of the Company for the year ended December 31, 2022 are consistent with legal requirements and ethical practices.
2. The internal audit programs are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems.
3. The scope and planning of the statutory independent audit for the year ended December 31, 2022 are satisfactory; and
4. We have considered the independent auditors' post-audit report and Management responses thereon and are satisfied with the responses to our questions as well as the state of affairs at United Capital Plc.



Paul Olele
FRC/2014/CISN/0000009273

Dated February 28, 2023


Members of the Statutory Audit Committee

1. Mr. Paul Olele

Chairman

REPORT OF THE STATUTORY AUDIT COMMITTEE

2.	Pastor Alex Adio	Member
3.	Mrs. Faith George-Usman	Member
4.	Mr. Oladipupo Fatokun	Member
5.	Sir. Stephen Nwadiuko	Member

OPERATIONAL RISK MANAGEMENT**1 Operational Risk Management**

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events.

Operational risk is inherent in each of the Group's businesses and support activities. Operational risk can manifest itself in various ways, including errors, fraudulent acts, business interruptions, inappropriate behaviour of employees, or vendors that do not perform in accordance with their arrangements. These events could result in financial losses, including litigation and regulatory fines, as well as other damage to the Group, including reputational harm.

To monitor and control operational risk, the Group maintains an overall framework that includes strong oversight and governance, comprehensive policies and processes, consistent practices across the lines of business, and enterprise risk management tools intended to provide a sound and well controlled operational environment. The framework includes:

- Ownership of the risk by the businesses and functional areas
- Monitoring and validation by internal control officers
- Oversight by independent risk management
- Independent review by Internal Audit

The goal is to keep operational risk at appropriate levels, in light of the Group's financial strength, the characteristics of its businesses, the markets in which it operates, and the competitive and regulatory environment to which it is subject.

In order to strengthen focus on the Group's control environment and drive consistent practices across businesses and functional areas, the Group established a group shared service operational platform in 2021. Critical to the effectiveness, efficiency and stability of this operating environment is the deployment and implementation of suitable technology leveraging an Enterprise Resource Platform. In addition, the Group has invested in the development of business continuity plans, systems and capabilities to ensure resilience and stability of our business operations in the face of unforeseen disruptions.

The Group's approach to operational risk management is intended to identify potential issues and mitigate losses by supplementing traditional control-based approaches to operational risk with risk measures, tools and disciplines that are risk-specific, consistently applied and utilized group-wide. Key themes are transparency of information, escalation of key issues and accountability for issue resolution. The Group has a process for monitoring operational risk event data, which permits analysis of errors and losses as well as trends. Such analysis, performed both at a line of business level and by risk-event type, enables identification of the causes associated with risk events faced by the businesses.

Internal Audit utilizes a risk-based program of audit coverage to provide an independent assessment of the design and effectiveness of key controls over the Group's operations, regulatory compliance and reporting. This includes reviewing the operational risk framework, the effectiveness of the internal control environment, and the loss data-collection and reporting activities.

Business and Strategic risks are governed by the group executive committee - which is ultimately responsible for managing the costs and revenues of the Group, and the board.

2 Financial crime control

Financial crime includes fraud, money laundering, violent crime and misconduct by staff, customers, suppliers, business partners, stakeholders and third parties. The Group will not condone any instance of financial crime and where these instances arise, the Group takes timely and appropriate remedial action.

OPERATIONAL RISK MANAGEMENT

Financial crime control is defined as the prevention and detection of, and response to, all financial crime in order to mitigate economic loss, reputational risk and regulatory sanction. This function is anchored by the Group's compliance, operations, internal control and internal audit functions.

3 Reputational Risk

Reputational risk results from damage to the Group's image which may impair its ability to retain and generate business. Such damage may result in a breakdown of trust, confidence or business relationships.

Safeguarding the Group's reputation is of utmost importance. Each business line, legal entity or support function executive is responsible for identifying, assessing and determining all reputational risks that may arise within their respective areas of business. The impact of such risks is considered alongside financial or other impacts.

Matters identified as a reputational risk to the Group are reported to the group chief executive officer and head, audit and business assurance; if required, the matter will be escalated to group executive committee.

Should a risk event occur, the Group's crisis management processes are designed to minimize the reputational impact of the event. This includes ensuring that the Group's perspective is fairly represented.

4 Capital Management

The Group's capital management approach is driven by its strategic and organizational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. Capital management practices are designed to ensure that the group and its legal entities are capitalized in line with the risk profile, economic capital needs and target ratios approved by the board. Capital is managed under a seven-year sustainability framework which ensures the adequacy of regulatory capital despite seven consecutive years of allocated economic capital depletion.

Through its corporate governance processes, the Group maintains discipline over its investment decisions and where it allocates its capital, seeking to ensure that returns on investment are appropriate after taking account of capital costs.

The Group's strategy is to allocate capital to businesses based on their economic profit generation and, within this process, regulatory and economic capital requirements and the cost of capital are key factors.

The Group's capital is divided into two tiers:

- Tier 1 capital: core equity tier one capital including ordinary shares, statutory reserve, share premium and general reserve.
- Tier 2 capital: qualifying subordinated loan capital, preference shares, collective impairment allowances, and unrealized gains arising on the fair valuation of equity instruments through OCI.

	December 2022 N'000	December 2021 N'000
Tier 1 capital		
Share capital	3,000,000	3,000,000
Share premium	683,611	683,611
Retained earnings	29,313,563	28,660,538
Total qualifying for Tier 1 capital	32,997,174	32,344,149
Tier 2 capital		
Fair value reserve	(9,884)	(1,797,356)
Other borrowings	100,454,344	60,747,188
Total qualifying for Tier 2 capital	100,444,460	58,949,832
Total regulatory capital	133,441,634	91,293,981

LEGAL AND REGULATORY RISK MANAGEMENT**(a) Regulatory Provision**

Regulatory risk is the risk arising from a change in regulation in any legal, taxation and accounting pronouncement or specific industry regulations that pertain to the business of the Company and the Group. The Securities Business is subject to the extensive regulation which includes the SEC 2007 Rules and other Guidelines issued by the regulator. Violation of applicable laws or regulations could result in fines, temporary permanent prohibition of the engagement in certain activities, reputational harm and related client termination, suspension of personal or revocation of their licenses, or other sanctions, which could have material adverse effect of the Company's reputation, business, result of operations or financial condition and cause a decline in earnings. In order to actively manage these risks, the Company via its internal control and compliance unit engages in periodic assessments and review ensuring adherence to regulatory provisions at all times.

Regulatory Capital Risk

Regulatory capital risk is the risk that the entities within the United Capital Group will not have sufficient capital to meet either minimum regulatory or internal amount. The Securities and Exchange Commission sets and monitors capital requirement for all Investment, Registrar, Trust and Security Management Companies in Nigeria. The Securities and Exchange Commission prescribes the minimum capital requirement for asset management companies operating within Nigeria at N152m. Trustees business has a minimum capital of N300m Securities Business has a minimum capital base of N300m and Investment banking business has N200m as the minimum capital. As at the reporting date, the minimum capital requirement as set by the regulators have been met and the shareholders' funds are far in excess of the minimum capital requirement.

(b) Legal Risk Assessment

Legal risk is defined as the risk of loss due to defensive contractual arrangement, legal liability (both criminal and Civil) incurred during operations by the inability of the organization to enforce its rights, or by failure to address identified concerns to the appropriate authorities where changes in the law are proposed. The Company manages this risk by monitoring new legislation, creation of awareness of legislation amongst employee, identification of significant legal risks as well as assessing the potential impact of theses. Legal risk management in the Company is also being enhanced by appropriate product risk review and management of contractual obligations via well documented Service Level Agreement and other contractual documents. The Company's legal matters are handled by the Company's secretary and legal department.



Independent auditor's report

To the Members of United Capital Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of United Capital Plc ("the company") and its subsidiaries (together "the group") as at 31 December 2022, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

United Capital Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2022
- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
<p><i>Impairment allowance on financial assets measured at amortised cost (see notes 2.2.4, 2.11(b) and 16.1)</i></p> <p>The estimation of expected credit losses on financial assets at amortised cost is considered to be a key audit matter because it is significant to the consolidated and separate financial statements and requires a high level of judgement.</p> <p>The gross balance of financial assets at amortised cost as at 31 December 2022 for the Group was N172.16 billion (Company: N76.84 billion) and the associated impairment was N7.46 billion (Company: N1.37 billion).</p> <p>The measurement of the impairment allowance is highly subjective and entails exercise of significant judgement and the use of complex models and assumptions. The areas of significant judgement in the calculation include:</p> <ul style="list-style-type: none"> determination of default and significant increase in credit risk (SICR). methodology and assumptions used by management in estimating Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD), which are key variables in the ECL model; and incorporation of macro-economic inputs into the ECL model and the probability weightings applied to them. <p>This is considered a key audit matter in both the consolidated and separate financial statements.</p>	<p>We adopted a substantive approach to the audit of expected credit loss allowance. Specifically we:</p> <ul style="list-style-type: none"> checked the reasonableness of management's definition of default and significant increase in credit risk; inspected contracts, deal slips and evidence of repayment (where applicable) to assess management's conclusion relating to whether or not there has been a default or SICR; Reviewed IFRS 9 impairment model and calculation tool for reasonableness and compliance with the requirement of the reporting standards; Reviewed the probability of default methodology and computations for reasonableness and accuracy; assessed the validity of the assumptions used in estimation of the LGD based on available information for compliance with the requirements of IFRS 9; reviewed the EAD computations for accuracy and consistency with the provision of the standard; and checked the reasonableness of forward-looking information and multiple economic scenarios considered. <p>We assessed the adequacy of the disclosure in the consolidated and separate financial statements in accordance with IFRS 9.</p>



Other information

The directors are responsible for the other information. The other information comprises Corporate Information, Directors' Report, Statement of Directors' responsibilities, Report of the Statutory Audit Committee, Operational Risk Management, Legal and Regulatory Risk Management, Value Added Statement and 5-year Financial Summary, but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the other sections of the United Capital Plc 2022 Annual Report, which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the United Capital Plc 2022 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
 - iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.
-

A handwritten signature in blue ink, reading 'Chidi Ojechi'.

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Chidi Ojechi
FRC/2017/ICAN/00000015955



1 March 2023

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2022

	Notes	Group		Company	
		31 December 2022 =N=' 000	31 December 2021 =N=' 000	31 December 2022 =N=' 000	31 December 2021 =N=' 000
Gross Earnings		26,896,411	18,065,183	13,981,324	8,238,600
Investment income	4	13,819,670	8,900,513	3,130,219	1,555,507
Fee and commission income	5	8,123,215	6,159,572	2,500,953	1,362,743
Net trading income	6	2,443,423	1,181,877	250,193	189,863
Net operating income		24,386,308	16,241,962	5,881,365	3,108,113
Other income	7	2,531,952	1,585,936	838,804	187,170
Dividend income from subsidiaries		-	-	7,218,000	4,828,500
Net (loss)/gain on financial assets at fair value through profit or loss	8	(21,849)	237,285	43,155	114,817
Total Revenue		26,896,411	18,065,183	13,981,324	8,238,600
Personnel expenses	9	(2,339,058)	(1,588,410)	(591,000)	(262,727)
Other operating expenses	10	(4,899,778)	(3,603,030)	(1,105,814)	(778,977)
Depreciation of properties and equipment	11	(197,595)	(204,408)	(166,868)	(171,513)
Amortisation of intangible & right of use assets	11	(108,005)	(91,871)	(104,019)	(87,032)
Impairment for credit losses	12	(6,172,694)	(453,451)	(607,707)	(147,155)
Total Expenses		(13,717,130)	(5,941,170)	(2,575,408)	(1,447,404)
Operating profit before income tax		13,179,281	12,124,013	11,405,916	6,791,196
Share of accumulated profit/(loss) of associates	22	321,107	(206,412)	-	-
Profit before income tax		13,500,388	11,917,601	11,405,916	6,791,196
Taxation	13	(3,847,363)	(658,863)	(2,058,261)	(67,805)
Profit for the period		9,653,025	11,258,738	9,347,655	6,723,392
Other comprehensive income, net of income tax					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Fair value gain on investments in equity instruments measured at FVTOCI (net of tax)	32.1	985,402	11,839	176,502	-
<i>Items that may be reclassified subsequently to profit or loss</i>					
Fair value gain/(loss) on investments in debt instruments measured at FVTOCI (net of tax)	32.2	802,070	(950,262)	870,965	62,525
Other comprehensive income/(loss) for the period, net of taxes		1,787,472	(938,423)	1,047,467	62,525
Total comprehensive income for the period		11,440,497	10,320,315	10,395,122	6,785,916
Profit for the period attributable to:					
Equity holders of the Company		9,653,025	11,258,738	9,347,655	6,723,392
Total comprehensive income attributable to:					
Equity holders of the Company		11,440,497	10,320,315	10,395,122	6,785,916
Earnings per share-basic (kobo)	14	161	188	156	112
Earnings per share-diluted (kobo)	14	161	188	156	112

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION




31 December 2022

AS AT 31 December 2022

		Group		Company	
Notes	31 December 2022 =N=' 000	31 December 2021 =N=' 000	31 December 2022 =N=' 000	31 December 2021 =N=' 000	
ASSETS					
Cash and cash equivalents	15	149,867,038	53,661,848	22,907,336	6,951,413
Investment securities	16	386,544,095	363,647,252	85,387,058	58,599,896
Trade and other receivables	17	58,943,091	30,919,246	47,812,682	29,889,598
Dividend receivable from subsidiaries	18	-	-	7,218,000	4,828,500
Right of use assets	19	141,944	212,819	141,944	212,819
Intangible assets	20	179,301	78,595	169,617	68,151
Investments in subsidiaries	21	-	-	901,000	901,000
Investments in associates	22	4,614,694	4,293,587	4,500,000	4,500,000
Property and equipment	23	386,555	471,852	343,876	414,185
Deferred tax assets	24.1	1,238,493	312,755	-	-
TOTAL ASSETS		601,915,211	453,597,954	169,381,513	106,365,562
LIABILITIES					
Managed funds	25	413,698,697	327,249,024	-	-
Borrowed funds	26	100,454,344	79,737,577	100,849,650	83,721,469
Other liabilities	27	48,649,198	14,178,849	47,671,635	5,136,428
Current tax liabilities	28	5,292,648	1,803,211	1,902,059	649,566
Deferred tax liabilities	24.2	833,034	82,500	787,448	82,500
TOTAL LIABILITIES		568,927,921	423,051,161	151,210,792	89,589,963
SHAREHOLDERS FUND					
Share capital	29	3,000,000	3,000,000	3,000,000	3,000,000
Share premium	30	683,611	683,611	683,611	683,611
Retained earnings	31	29,313,563	28,660,538	13,305,941	12,958,286
Fair value reserves	32	(9,884)	(1,797,356)	1,181,169	133,702
TOTAL SHAREHOLDERS FUND		32,987,290	30,546,793	18,170,721	16,775,599
TOTAL LIABILITIES AND SHAREHOLDERS FUND		601,915,211	453,597,954	169,381,513	106,365,562

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 24th February 2023 and signed on its behalf by:

 CHIKA MORDI (Chairman) FRC/2014/IODN/00000006667	 PETER ASHADE (Group Chief Executive Officer) FRC/2013/ICAN/00000002719
 SHEDRACK ONAKPOMA (Group Chief Finance Officer) FRC/2013/ICAN/00000001643	

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

AS AT 31 December 2022

2022

Group

	Share capital =N=' 000	Retained earnings =N=' 000	Share premium =N=' 000	Fair value reserves =N=' 000	Shareholders' funds =N=' 000
At 1 January 2022	3,000,000	28,660,538	683,611	(1,797,356)	30,546,793
Transfer from profit or loss account	-	9,653,025	-	-	9,653,025
Net change in fair value on equity instruments at FVTOCI	-	-	-	985,402	985,402
Net change in fair value on debt instruments at FVTOCI	-	-	-	802,070	802,070
Total comprehensive income	-	9,653,025	-	1,787,472	11,440,497

Transactions with owners in their capacity as owners

Dividend paid	-	(9,000,000)	-	-	(9,000,000)
---------------	---	-------------	---	---	-------------

AS AT 31 December 2022

3,000,000	29,313,563	683,611	(9,884)	32,987,290
------------------	-------------------	----------------	----------------	-------------------

Company

At 1 January 2022

At 1 January 2022	3,000,000	12,958,286	683,611	133,702	16,775,599
Transfer from profit or loss account	-	9,347,655	-	-	9,347,655
Net change in fair value on debt instruments at FVTOCI	-	-	-	176,502	176,502
Total comprehensive income	-	9,347,655	-	1,047,467	10,395,122

Transactions with owners in their capacity as owners

Dividend paid	-	(9,000,000)	-	-	(9,000,000)
---------------	---	-------------	---	---	-------------

AS AT 31 December 2022

3,000,000	13,305,941	683,611	1,181,169	18,170,721
------------------	-------------------	----------------	------------------	-------------------

2021

Group

	Share capital =N=' 000	Retained earnings =N=' 000	Share premium =N=' 000	Fair value reserves =N=' 000	Shareholders' funds =N=' 000
At 1 January 2021	3,000,000	21,601,800	683,611	(858,932)	24,426,479
Transfer from profit or loss account	-	11,258,738	-	-	11,258,738
Net change in fair value on equity instruments at FVTOCI	-	-	-	11,839	11,839
Net change in fair value on debt instruments at FVTOCI	-	-	-	(950,263)	(950,263)
Total comprehensive income	-	11,258,738	-	(938,424)	10,320,314

Transactions with owners in their capacity as owners

Dividend paid	-	(4,200,000)	-	-	(4,200,000)
---------------	---	-------------	---	---	-------------

At 31 December 2021

3,000,000	28,660,538	683,611	(1,797,356)	30,546,793
------------------	-------------------	----------------	--------------------	-------------------

Company

At 1 January 2021

At 1 January 2021	3,000,000	10,434,895	683,611	71,177	14,189,683
Transfer from profit or loss account	-	6,723,391	-	-	6,723,391
Net change in fair value on debt instruments at FVTOCI	-	-	-	62,525	62,525
Total comprehensive income	-	6,723,391	-	62,525	6,785,915

Transactions with owners in their capacity as owners

Dividend paid	-	(4,200,000)	-	-	(4,200,000)
---------------	---	-------------	---	---	-------------

At 31 December 2021

3,000,000	12,958,286	683,611	133,702	16,775,599
------------------	-------------------	----------------	----------------	-------------------

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

AS AT 31 December 2022

		Group		Company	
		31 December 2022 N' 000	31 December 2021 N' 000	31 December 2022 N' 000	31 December 2021 N' 000
Profit before tax		13,179,281	12,124,013	11,405,916	6,791,196
Adjustments for:					
Amortisation of Intangibles	11	37,130	20,996	33,144	16,157
Depreciation of property and equipment	11	197,595	204,408	166,868	171,513
Depreciation of right of use	11	70,875	70,875	70,875	70,875
Foreign exchange revaluation	7	(1,883,105)	(1,366,640)	(487,472)	(157,622)
Loss/(gain) on disposal of property and equipment	7	4	(34)	4	(34)
Net interest income	4	(12,803,600)	(7,193,943)	(3,011,103)	(1,461,848)
Dividend income	4	(1,016,070)	(1,706,570)	(7,337,116)	(4,922,159)
Fair value changes on financial instruments at fair value through profit or loss	8	4,020	(237,285)	(43,155)	(114,816)
Impairment charge on other financial assets	12	6,172,694	492,051	607,707	147,155
		3,958,824	2,407,871	1,405,668	540,418
Changes in working capital					
Trade receivables		(28,539,414)	(2,594,717)	(17,880,974)	(2,572,895)
Managed funds		86,449,673	211,229,947	-	-
Other liabilities		34,470,349	6,542,002	42,535,207	2,878,076
		96,339,432	217,585,103	26,059,901	845,598
Cash generated from/(used in) operations					
Interest received		52,890,397	13,376,206	8,897,951	5,950,754
Interest paid		(39,070,727)	(14,733,433)	(5,767,732)	(2,199,205)
Income tax paid		(533,130)	(728,957)	(100,819)	(462,218)
		109,625,972	215,498,919	29,089,301	4,134,928
Net cash generated by operating activities					
Cash flows from investing activities					
Purchase of investment securities		(78,430,720)	(355,171,645)	(40,384,454)	(77,959,265)
Proceeds from investment securities		57,574,866	153,195,483	15,765,345	65,431,343
Purchase of property and equipment	23	(110,868)	(110,449)	(95,129)	(98,254)
Purchase of intangible assets	20	(137,835)	(57,576)	(134,610)	(45,276)
Proceeds from property and equipment		491	47	491	47
Dividends received	4 & 18	1,016,070	1,706,570	4,947,616	3,763,659
		(20,087,996)	(200,437,570)	(19,900,742)	(8,907,747)
Net cash (used in) investing activities					
Cash flows from financing activities					
Dividend paid to owners of equity capital		(9,000,000)	(4,200,000)	(9,000,000)	(4,200,000)
Proceeds from borrowings		36,026,042	17,564,403	36,026,042	21,912,107
Repayment of borrowings		(18,990,389)	(18,184,345)	(18,990,389)	(18,184,345)
		8,035,653	(4,819,942)	8,035,653	(472,238)
Net cash generated/(used) in financing activities					
Net increase/(decrease) in cash and cash equivalents		97,573,629	10,241,406	17,224,212	(5,245,057)
Effect of foreign exchange changes on cash		(1,513,322)	(42,658)	(1,360,817)	(3,560)
Cash and cash equivalents at beginning of year		53,615,387	43,416,639	6,947,852	12,196,469
		149,675,694	53,615,387	22,811,247	6,947,852
Cash and cash equivalents at end of period					

The accompanying notes form an integral part of these financial statements.

1 Company information

These financial statements are the consolidated and separate financial statements of United Capital Plc, a Company incorporated in Nigeria and its subsidiaries (hereafter referred to as 'the Group').

United Capital Plc (previously called UBA Capital Plc) was incorporated and domiciled in Nigeria, as a Public liability company, on 3 August, 2012, to act as the ultimate holding company for the United Capital Group. The Company was listed on the Nigerian Stock exchange on 17 January, 2013. The Company changed its name to United Capital Plc following the approval of the resolution by shareholders on the 16th December, 2014.

The principal activities of the Group are mainly the provision of investment banking services, portfolio management services, securities trading and trusteeship.

2 Summary of significant accounting policies

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

2.1 Going concern

These financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the Group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the Group is carried out by the Group to ensure that there are no going concern threats to the operation of the Group.

2.2 Basis of preparation and measurement

The Group's consolidated and separate financial statements for the period ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as issued by the IASB. Additional information required by national regulations is included where appropriate.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. 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 to the financial statements.

2.2.1 Basis of measurement

The Group's consolidated and separate financial statements for the period ended 31 December 2022 have been prepared on the historical cost basis except for the following item in the statement of financial position.

- Financial instruments at fair value through profit or loss are measured at fair value
- Financial instrument at amortised cost are measured at amortised cost
- Financial instruments at fair value through other comprehensive income are measure at fair value through equity

The Group applies accrual accounting for recognition of its income and expenses.

The financial statements are presented and rounded to the nearest thousands of Naira.

2.2.2 Statement of Compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria.

The consolidated and separate financial statements comply with the requirement of the International Financial Reporting Standard, Companies and Allied Matters Act, Investment and Securities Act, the Financial Reporting Council Act, to the extent that they are not in conflict with the International Financial Reporting Standards (IFRS).

2.2.2 Use of estimates and judgement

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these consolidated and separate annual financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

2.2.3 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the note below;

2.2.4 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 31 December 2022 is included in the following notes.

Impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Determination of the fair value of financial instruments with significant unobservable inputs. (note 3.7)

Recognition of deferred tax assets: - availability of future taxable profit against which carry-forward tax losses can be used (see note 24) as well as the likelihood and uncertainties of the extension of the tax exempt status of income on Government securities which we have assumed to be highly likely.

The Group applies accrual accounting for recognition of its income and expenses.

The consolidated and separate financial statements have been prepared on the basis that the Group and Company will continue to operate as a going concern.

2.3 Changes in accounting policies

Except as described below, the Group has consistently applied the accounting policies as set out in note 2.3.1 to all periods presented in these annual financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3.1 New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements

In the current period, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022.

New or amended standards	Summary of the requirements	Impact on financial statements
Reference to the Conceptual Framework: Amendments to IFRS 3	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.	This amendment does not have an impact on the Group's financial statement.
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	The amendment seeks to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling 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 cost of producing those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022.	This amendment had no significant impact on the Group's financial statements.
The changes in Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments are effective for annual periods beginning on or after 1 January 2022.	This amendment had no significant impact on the Group's financial statements.

2.3.2 Standards issued but not yet effective

The following standards and interpretations had been issued but were not mandatory for the reporting period ended 31 December 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New or amended standards	Summary of the requirements	Possible impact on financial
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	This amendment seeks to clarify the requirements for classifying liabilities as current or non-current. Including the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management expectations about events after the balance sheet date, and the situations that are considered settlement of a liability. The amendments will be applied retrospectively. This standard becomes effective 1st January 2023 and early adoption is permitted.	This standard is not expected to have significant impact on the financial statements. The Group has opted not to early adopt.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	This standard is effective for annual periods beginning on or after 1 January 2023. In determining the tax base of assets and liabilities, the amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. Also, in respect of changes to the initial recognition exception under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.	The impact of this standard on the Group's financial statements is currently under assessment.
Definition of Accounting Estimates (Amendments to IAS 8)	The amendments replace 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 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. The effective date of this amendment is from periods beginning on or after 1 January 2023	This standard is not expected to have significant impact on the financial statements. The Group has opted not to early adopt.
Amendment to IAS 1	This amendment relates to classification of Liabilities as Current or Non-current which will provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the balance sheet date. The amendment only affect the presentation of liabilities in the statement of financial position and not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. The amendment will - clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the balance sheet date, - clarify that 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.	This standard is not expected to have significant impact on the financial statements. The Group has opted not to early adopt.
IFRS 17 - Insurance Contracts	IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. It also requires similar principles for reinsurance contracts held and issued investment contracts with discretionary participation features. The standard brings a greater degree of comparability and transparency about an insurer's financial health and the profitability of new and in-force insurance business. IFRS 17 introduces a general measurement model that measures groups of insurance contracts based on fulfilment cash flows (comprising probability-weighted current estimates of future cash flows and an explicit entity-specific adjustment for risk) and a contractual service margin. The premium allocation approach (PAA) is a simplified measurement model that may be applied when certain conditions are fulfilled. Under the PAA approach, the liability for remaining coverage will be initially recognised as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. The general measurement model has specific modifications applicable to accounting for reinsurance contracts, direct participating contracts and investment contracts with discretionary participation features.	This standard does not impact the Group as it is not into an insurance business. However, the Company recently participated in the set up of a startup insurance company where it owns a 25% equity stake. The investment would be treated as investment in associates and will not be consolidated.

All other amendment had no significant impact on the Group.

2.4 Consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the previous year.

2.4.1 Subsidiaries

The consolidated and separate financial statements incorporate the financial statements of the Company and all its subsidiaries where it is determined that there is a capacity to control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Control is assessed on a continuous basis.

All the facts of a particular situation are considered when determining whether control exists. Control is usually present when an entity has:

- power over more than one-half of the voting rights of the other entity;
- power to govern the financial and operating policies of the other entity;
- power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body of the entity.

a. Separate financial statements

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell and value in use.

b. Consolidated financial statements

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Consistent accounting policies are used throughout the Group for the purposes of consolidation.

i. Acquisition

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred is measured as the sum of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The consideration includes any asset, liability or equity resulting from a contingent consideration arrangement. The obligation to pay contingent consideration is classified as either a liability or equity based on the terms of the arrangement. The right to a return of previously transferred consideration is classified as an asset. Transaction costs are recognised within profit or loss as and when they are incurred. Where the initial accounting is incomplete by the end of the reporting year in which the business combination occurs (but no later than 12 months since the acquisition date), the Group reports provisional amounts.

Where applicable, the Group adjusts retrospectively the provisional amounts to reflect new information obtained about facts and circumstances that existed at the acquisition date and affected the measurement of the provisional amounts. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any NCI. The excess (shortage) of the sum of the consideration transferred (including contingent consideration), the value of NCI recognised and the acquisition date fair value of any previously held equity interest in the subsidiary over the fair value of identifiable net assets acquired is recorded as goodwill in the statement of financial position (gain on bargain purchase, which is recognised directly in profit or loss).

When a business combination occurs in stages, the previously held equity interest is remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in profit or loss.

Increases in the Group's interest in a subsidiary, when the Group already has control, are accounted for as transactions with equity holders of the Group. The difference between the purchase consideration and the Group's proportionate share of the subsidiary's additional net asset value acquired is accounted for directly in equity.

ii. Loss of Control

The Group could lose control of a subsidiary through the disposal of the subsidiary. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between the fair value of the consideration received (including the fair value of any retained interest in the underlying investee) and the carrying amount of the assets and liabilities and any non-controlling interest. Any gains or losses in OCI that relate to the subsidiary are reclassified to profit or loss at the time of the disposal.

iii. Partial Disposal

Where the Group partially disposes a subsidiary which gives rise to a reduction in the Group's ownership interest in an investee that is not a disposal (i.e. a reduction in the group's interest in a subsidiary whilst retaining control). Decreases in the Group's interest in a subsidiary, where the Group retains control, are accounted for as transactions with equity holders of the Group. Gains or losses on the partial disposal of the Group's interest in a subsidiary are computed as the difference between the sales consideration and the Group's proportionate share of the investee's net asset value disposed of, and are accounted for directly in equity.

iv Initial measurement of Non-Controlling Interest (NCI)

The Group elects on each acquisition to initially measure NCI on the acquisition date at either fair value or at the NCI's proportionate share of the investees' identifiable net assets.

2.4.2 Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over these policies. Significant influence is generally demonstrated by the Group holding in excess of 20%, but less than 50%, of the voting rights.

The Group's share of results of the associate entity is included in the consolidated income statement. Investments in associates are carried in the statement of financial position at cost plus the Group's share of post-acquisition changes in the net assets of the associate. Investments in associates are reviewed for any indication of impairment at least at each reporting date. The carrying amount of the investment is tested for impairment, where there is an indication that the investment may be impaired.

When the Group's share of losses or other reductions in equity in an associate equals or exceeds the recorded interest, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

The Group's share of the results of associates is based on financial statements made up to a date not earlier than three months before the balance sheet date, adjusted to conform with the accounting policies of the Group. Unrealised gains and losses on transactions are eliminated to the extent of the Group's interest in the investee. Losses may provide evidence of impairment of the asset transferred in which case appropriate allowance is made for impairment.

In the separate financial statements of the Company, investments in associates are initially recognised at cost and subsequently adjusted for by the post-acquisition changes in the investor's share of net assets of the investees. The Group uses the equity method in accounting for investments in associates.

2.5 Common control transactions

A business combination involving entities or businesses under common control is excluded from the scope of IFRS 3: Business Combinations. The exemption is applicable where the combining entities or businesses are controlled by the same party both before and after the combination. Where such transactions occur, the Group, in accordance with IAS 8, uses its judgement in developing and applying an accounting policy that is relevant and reliable. In making this judgement, the Directors consider the requirements of IFRS dealing with similar and related issues and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework. The Directors also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or interpretation.

The Group incorporates the results of the acquired businesses only from the date on which the business combination occurs.

2.6 Foreign currency translation**(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Monetary items denominated in foreign currencies are retranslated at the rate prevailing on the statement of financial position date. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in profit or loss within other income.

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 assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial instruments 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 measured at fair value through other comprehensive income are included in the fair value reserve in other comprehensive income. Non-monetary items that are measured under the historical cost basis are not retranslated.

2.7 Revenue recognition**(a) Investment income**

Interest income for all interest-bearing financial instruments are recognised within 'investment income' in the income statement using the effective interest on the gross carrying amount of the financial assets. However, when a financial asset is classified as Stage 3 impaired, interest income is calculated on the impaired value (gross carrying value less specific impairment) based on the original effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

(b) Fees and commission income

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised over time based on the applicable service contracts. The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

The Group recognises fees and commission from management of mutual funds over time on a monthly basis as fees are accrued as a percentage of net asset value (NAV). Arranger and issuing house services fees are recognised over time as milestones of performance obligations are delivered to clients. Other fees and commission income are recognised at point in time when performance obligation on contracts are delivered to clients as brokerage fees and commission.

(c) Dividend income

Dividends are recognised in the income statement as "Dividend income" under investment income when the entity's right to receive payment is established.

2.8 Income taxation**(a) Current income tax**

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

(b) Deferred income tax

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

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The tax effects of carry-forwards of unused losses, unused tax credits and other deferred tax assets are recognised when it is probable that future taxable profit will be available against which these losses and other 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 and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Earnings per share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of shares outstanding during the period.

2.10 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 from the date of acquisition that are subject to an insignificant risk of changes in their fair values and are readily convertible to known amount of cash. Cash and cash equivalents includes balances and placements with banks and other short term investments including bank overdrafts. Bank overdrafts are shown separately as current liabilities in the statement of financial position.

2.11 Financial assets & liabilities**a) Classification and subsequent measurement**

For the purpose of measuring a financial asset after initial recognition, the Group classifies financial assets into the following categories: at fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. For debt financial assets, the classification is based on the results of the Group's business model test and the contractual cashflow characteristics of the financial assets. At initial recognition, all assets are measured at fair value plus transaction costs that are incremental and directly attributable to the acquisition of the financial assets in the case of financial asset not at fair value through profit or loss.

i. Financial assets at fair value through profit or loss

Debt instruments at fair value through profit or loss are financial assets held for trading and those designated by the Group as at fair value through profit or loss upon initial recognition. Financial assets classified as fair value through profit or loss are those that have been acquired principally for the purpose of selling in the short term or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/(losses) on financial assets classified as fair value through profit or loss'. Interest income and expense and dividend income on financial assets fair valued through profit or loss are included in 'Interest income, interest expense and dividend income', respectively and reported under investment income.

ii. Amortised Cost

Except for debt financial assets that are designated at initial recognition as at fair value through profit or loss, a debt financial asset is measured at amortised cost only if both of the following conditions are met:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (the business model test) and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

If a financial asset satisfies both of these conditions, it is required to be measured at amortised cost unless it is designated as at fair value through profit or loss (FVTPL) on initial recognition.

iii. Fair Value through other comprehensive income (FVTOCI)

Except for debt financial assets that are designated at initial recognition as at fair value through profit or loss, a financial asset is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

- a. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the business model test); and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduces exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.

All equity financial assets are measured at fair value through profit or loss, however, equity financial assets which are not held for trading may be irrevocably elected (on an asset-by-asset basis) to be measured at fair value through OCI.

b) Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, the Group always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

For financial assets that are debt instruments, trade receivables, Loan and advances to customers, Other receivables, and money market placements; The Group measures expected credit losses and recognizes interest income on risk assets based on the following stages:

Stage 1: Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, the Group recognize a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

Stage 2: Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the Group measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the effective interest rate (EIR) multiplied by the gross carrying amount. Exposures which are overdue for more than 30days are considered to have significantly increased in credit risk.

Stage 3: A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. For debt instruments that have observable evidence of impairment. Exposure which are overdue for more than 90 days are considered to be in default.

Default

The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower)
- a breach of contract, such as default or delinquency in interest and/or principal payments
- disappearance of active market due to financial difficulties
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation
- where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider.

Exposures which are overdue for more than 90 days are also considered to be in default.

The Group's process to assess changes in credit risk is multi-factor and has three main elements;

- I. Quantitative element - A quantitative comparison of PD at the reporting date and PD at initial recognition

II. Qualitative elements

III. Backstop indicators

For individually significant exposures such as corporate and commercial risk assets, the assessment is driven by the internal credit rating of the exposure and a combination of forward-looking information that is specific to the individual borrower and forward-looking information on the macro economy, commercial sector (to the extent such information has not been already reflected in the rating process).

For other exposures, significant increases in credit risk is made on a collective basis that incorporates all relevant credit information, including forward-looking macroeconomic information and factors which are expected to have significant impact on the portfolio or individual counterparty exposures. For this purpose, the Group categorises its exposures on the basis of shared credit risk characteristics.

Applicable forward looking macroeconomic information used in the impairment model includes;

- a. GDP information
- b. Inflation rate
- c. exchange rates
- d. Oil price fluctuation

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

Based on advice from the Group research team and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios and scenario weightings. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities where the Group operates, supranational organisations such as the International Monetary Fund, and selected private-sector and academic forecasters. The base case represents a most-likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

Significant increase in credit risk (SICR)

The Group's decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. This forms the basis of stage 1, 2 and 3 classification and subsequent migration.

The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded.

Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative and qualitative factors. Using its expert credit judgement and where possible relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Company has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition. The number of days past due is determined by counting the number of days since the date the full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews

i) Assets carried at amortised cost

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in income statement. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from disposal less costs for obtaining and selling the collateral, whether or not disposal is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets are reflected and directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks, loans and advances to customers and investment securities are classified in 'Impairment writeback /(charge) for credit losses'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

The Group applies the simplified approach and recognises lifetime ECL for trade receivables using a provision matrix. The provision matrix is based on the historical observed default rates, adjusted for forward looking estimates. At each reporting date, the historical observed default rates are updated.

ii) Assets classified as fair value through other comprehensive income

The Group can choose to make an irrevocable election at initial recognition for investments in equity instruments that do not meet the definition of held for trading, which would otherwise be measured at fair value through profit or loss, to present changes in fair value in other comprehensive income.

Reclassification of amounts recognised in other comprehensive income and accumulated in equity to profit or loss is not done. This applies throughout the life of the instrument and also at derecognition; such investments will not be subject to the impairment requirements.

Dividends on investments in equity instruments with gains and losses irrevocably presented in other comprehensive income are recognised in profit or loss if the dividend is not a return on investment (like dividends on any other holdings of equity instrument) when:

- a. the Group's right to receive payment of the dividend is established;
- b. it is probable that the economic benefits associated with the dividend will flow to the Group; and
- c. the amount of the dividend can be measured reliably.

For debt instruments measured at FVTOCI, changes in fair value is recognised in other comprehensive income, except for: interest calculated using the effective interest rate method, foreign exchange gains or losses and; impairment gains or losses until the financial asset is derecognised or reclassified.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Also, when a debt instrument asset is measured at fair value through other comprehensive income, the amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if the financial asset had been measured at amortised cost.

c) Reclassification of financial assets

Reclassification of financial assets is determined by the Group's senior management, and is done as a result of external or internal changes which are significant to the Group's operations and demonstrable to external parties.

Reclassification of debt instruments occurs when the Group changes its business model for managing financial assets.

Investments in equity instruments that are designated as at FVTOCI at initial recognition cannot be reclassified because the election to designate as at FVTOCI is irrevocable.

d) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability

In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. Any cumulative gain/loss recognised in OCI in respect of equity investments designated at FVOCI is not recognised in profit or loss on derecognition of such assets.

e) Modification of financial assets and liabilities

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value and recalculates a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

If the terms are not substantially different for financial assets or financial liabilities, the group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new carrying gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or gains and losses on financial instruments within non-interest revenue (for all other modifications).

f) Write off

Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

2.12 Financial liabilities**Classification and subsequent measurement**

The Group's holding in financial liabilities represents mainly 'borrowings', 'managed funds' and 'other liabilities'. These are all classified as financial liabilities measured at amortised cost. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Fees paid on the establishment of the liabilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities are derecognised when the obligation of the financial liabilities are extinguished, that is, when the obligation is discharged, cancelled or expires.

2.13 Property and Equipment

All property and equipment used by the Group is measured at historical cost less depreciation and impairment. 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 within the income statement during the financial period in which they are incurred.

Depreciation of other assets is calculated using the straight-line method to allocate their cost net of their residual values over their estimated useful lives, as follows:

Asset Class	Useful lives
Motor vehicles	4 years
Furniture, fittings & equipment	5 years
Computer equipment	5 years
Building	40 years
Leasehold improvements	over shorter of the useful life of item or lease period

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

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

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

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 "Trade and other receivables" and upon delivery are reclassified as additions in the appropriate category of property and equipment.

Property and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.

2.14 Intangible assets

(a) Computer software

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

- 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 the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.
- Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis over 5 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds its recoverable amount.

(b) Impairment of tangible and intangible assets

At each reporting date, or more frequently where events or changes in circumstances dictate, tangible and intangible assets, are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount: the higher of the asset's or the cash-generating unit's net selling price and its value in use. Net selling price is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets.

Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

The carrying values of tangible and intangible assets are written down by the amount of any impairment and this loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a tangible or intangible asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the tangible or intangible asset's recoverable amount. The carrying amount of the tangible or intangible asset will only be increased up to the amount that it would have been had the original impairment not been recognised. For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which the Directors monitor the return on investment on assets.

2.15 Leased assets

For any new contracts entered into on or after 1 January 2019, United Capital Plc considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the United Capital Limited ('United Capital') assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to United Capital.
- United Capital has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- United Capital has the right to direct the use of the identified asset throughout the period of use. United Capital assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

(a) Lease liabilities

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

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

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

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

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

The Group has elected not to separate lease and non-lease components.
There were no lease liability during the period.

(b) Right of use assets

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

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

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

(c) Short term leases and leases of low-value-assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than N5,000,000.00 (Five million naira only) when new, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term.

(d) Extension and termination options - Determining the lease term

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

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

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

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

(d) Termination of leases:

On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancellation costs in profit or loss. Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.

(e) Lease Modification:

When the Group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Group accounts for these modifications as a separate new lease. All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease. These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.

(f) Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:

When the Group reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability, is recognised in profit or loss.

2.16 Investment Properties

Investment properties are properties held to earn rentals and/or capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.17 Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as fair value through profit or loss or through other comprehensive income or those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Transaction costs that are integral to the effective rate are capitalised to the value of the receivables and amortised through interest income using the effective interest rate method. The Group's trade and other receivables include prepayments, WHT receivables, accrued income, other receivables, trade debtors as well as deposits for investments.

2.18 Provisions and Contingent Liabilities

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

Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

2.19 Issued debt and equity securities

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

2.20 Share capital

Ordinary shares are classified as 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) Dividend on ordinary shares

Dividend on ordinary shares are recognised in equity in the period in which they are approved by the company's shareholders.

Dividend for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note.

Dividend 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.

2.21 Employee benefits***Defined contribution plan***

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

The Company operates a contributory pension plan in line with the Pension Reform Act 2014. Employees and the Company contribute 8% and 10% respectively of each of the qualifying staff salary in line with the provisions of the Pension Reforms Act 2014.

Short term obligation

Short-term benefits consist of wages and salaries, accumulated leave payments, 13th month, profit share, bonuses and any non-monetary benefits such as medical allowances that are expected to be wholly settled within twelve (12) months after the end of the period in which the employee rendered the related service.

A liability is recognised for the amount to be paid for accumulated leave days, long services awards and under short-term cash bonus plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

2.22 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions.

2.23 Related party transactions

Transactions with related parties are conducted and recorded at arms' length and disclosed in accordance with IAS 24 "Related party disclosures".

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3 Financial Risk Management**3.1 Introduction and Overview**

Three Lines of Defence model

The Group adopts the 3 lines of defence model. Reporting lines reinforce the segregation of duties and independence within the model:

	Functions	Responsibilities
1 st Line of Defence	Business Line and Legal Entity Management	As the point of contact, they have primary responsibility for risk management. The process of assessing, measuring and controlling risks is ongoing and integrated in the day-to-day activities of the business through business and risk frameworks set by the second line of defence.
2 nd Line of Defence	Consists of specialist roles: Finance function; Risk Management function; Legal function; the governance and assurance functions (excluding Internal Audit)	The second line of defence functions are responsible for setting frameworks within the parameters set by the Board; and report to the Board Governance Committees. They implement the Group's risk management framework and policies, approve risk within specific mandates and provide an independent overview of the effectiveness of risk management by the first line of defence.
3 rd Line of Defence	Internal Audit	They set the internal audit framework and provide an independent assessment of the adequacy and effectiveness of the overall risk management framework and risk governance structures, and reports to the board through the Audit & Governance committee.

3.2 Risk Categories

The risk types that the Group is exposed to within its business operations are defined below. The definitions are consistent with the Group's risk culture and language

3.21 Credit Risk

Credit risk is the risk of loss from obligor or counterparty default on financial or contractual obligations. Credit risk comprises counterparty risk, settlement risk and concentration risk. These risk types are defined as follows:

Counterparty risk: The risk of credit loss to the Group as a result of the failure by a counterparty to meet its financial and/or contractual obligations to the Group as they fall due. This risk type has three components:

- i. **Primary credit risk:** The exposure at default arising from lending and related investment product activities (including their underwriting).
- ii. **Pre-settlement credit risk:** The exposure at default arising from unsettled forward and derivative transactions. This risk arises from the default of the counterparty to the transaction and is measured as the cost of replacing the transaction at current market rates.
- iii. **Issuer risk:** The exposure at default arising from traded credit and equity products (including the primary market issue underwriting of these products).
Settlement risk: Settlement is the exchange of two payments or the exchange of an asset for a payment. Settlement risk represents the risk of loss to the Group from settling a transaction where value is exchanged, but where the Group may not receive all or part of the counter value.

Credit concentration risk: The risk of loss to the Group as a result of excessive build-up of exposure to, among others, a single counterparty or counterparty segment, an industry, a market, a product, a financial instrument or type of security, a country or geography, or a maturity. This concentration typically exists where a number of counterparties are engaged in similar activities and have similar characteristics, which could result in their ability to meet contractual obligations being similarly affected by changes in economic or other conditions

3.22 Country Risk

The Group defines country risk to include cross-border risk. Country risk is the risk of loss arising where political or economic conditions or events in a particular country inhibit the ability of counterparties resident in that country to meet their financial obligations. Country risk events may include sovereign defaults, banking or currency crises, social instability and governmental policy changes or interventions such as expropriation, nationalization and asset confiscation. Transfer and convertibility risk (such as exchange controls and foreign debt moratoria) represent an important element of cross-border country risk.

3.23 Liquidity Risk

Liquidity risk arises when the Group, despite being solvent, is unable to maintain or generate sufficient cash resources to meet its payment obligations as they fall due, and/or can only do so on materially disadvantageous terms. This may arise when counterparties who provide the Group with funding withdraw or do not roll over that funding, or as a result of a general disruption in asset markets that renders normally liquid assets illiquid

Liquidity risk encompasses both funding liquidity risk and asset liquidity risk:

- i. Funding liquidity risk (also referred to as cash-flow risk) is defined as the risk that a financial institution will be unable to raise the cash necessary to roll over its debt; to fulfil the cash, margin, or collateral requirements of counterparties; or to meet capital withdrawals.

Financial Risk Management

- ii. Asset liquidity risk (also referred to as market or trading liquidity risk) results from a large position size forcing transactions to influence the price of securities. This is managed by establishing position limits on assets (especially assets that are not heavily traded).

3.24 Market Risk

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Market risk is the exposure to an adverse change in the market value, earnings (actual or effective) or future cash flows of a portfolio of financial instruments (including commodities) caused by adverse movements in market variables such as equity, bond and commodity prices; currency exchange and interest rates; credit spreads; recovery rates and correlations; as well as implied volatilities in these variables.

3.25 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes business risk, information and legal risk; but excludes reputational risk.

Business risk: is the risk of loss, due to operating revenues not covering operating costs and is usually caused by:

- inflexible cost structures;
- market-driven pressures, such as decreased demand, increased competition or cost increases;
- group-specific causes, such as a poor choice of strategy, reputational damage or the decision to absorb costs or losses to preserve reputation.

It includes strategic risk, which is the risk that the Group's future business plans and strategies may be inadequate to prevent financial loss or protect the Group's competitive position and shareholder value.

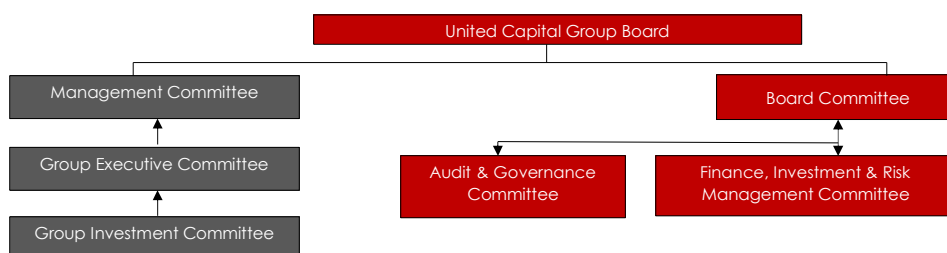
3.26 Reputational Risk

Reputational risk results from damage to the Group's image among stakeholders, which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships.

3.3 Risk Management Framework**3.31 Governance Structure**

Strong independent oversight is in place at all levels throughout the Group. The risk governance structure is based on the principle that each line of business is responsible for managing the risks inherent in its business, albeit with appropriate corporate oversight. In support of this framework, business risk policies are approved to guide each line of business for decisions regarding the business' risk strategy, policies as appropriate and controls.

Risk management reports independently of the lines of business to provide oversight of Group-wide risk management and controls, and is viewed as a partner in achieving appropriate business risk and reward objectives. Risk Management coordinates and communicates with each line of business through the Group executive committee and business line governance committees. The chief risk officer (Head, Risk Management) is a member of the business line governance committees (which also has the business line chief executive officer as a member).

**3.32 Risk Governance Process**

The Group has established a practical risk governance process that relies on both individual responsibility and collective oversight, supported by comprehensive and independent reporting. This approach balances strong corporate oversight at Group level with participation by the senior executives of the Group in all significant risk matters. This also supports the effectiveness of the three lines of defense system as business line managers are kept abreast of inherent and emerging risks related to their respective business lines.

The governance committees are a key component of the risk management framework. They have clearly defined mandates and authorities, which are reviewed regularly. Board committees meet at least quarterly to review business strategies and ongoing achievement of risk and business objectives. This is achieved by means of formal reporting by respective business and governance units within the Group; as well as interviews/testimonials from key senior business and support executives.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Financial Risk Management

Management committees meet at least monthly to review the business environment, execute strategy revalidation, and are focused on measuring, monitoring and managing risk. The Group Investment Committee is charged with the asset/liability management, as well as ongoing capital and liquidity risk management of the Group and individual business entities; as well as the review and risk analysis of investment and/or new product/business proposals from business units (either due to the type of product/investment or the size/risk profile of the transaction). All approvals are executed in line with clearly defined authority levels (e.g. new business product/service lines must be approved by the Board on recommendation of the Finance, Investments and Risk Management committee).

Business line governance committees are constituted in line with the nature and risk of specific business activities. Business (line) risk framework/policies defined by the Group Risk Management function may prescribe the establishment of a business line governance committee to guide the strategy/operation of specific business lines (for instance: proprietary trading activities). Business line governance committees typically have membership from independent research, risk management, internal control and business line managers. These committees typically meet weekly (or as otherwise defined in specific business risk policy). Business risk frameworks define the risk appetite for the specific business lines amidst capital allocated for the business operation. In aggregate, the Group seeks to maintain a low-moderate risk appetite.

The board establishes and maintains oversight of the Group's risk appetite by:

- i. Providing strategic leadership and guidance;
- ii. Reviewing and approving annual budgets and forecasts, under both normal and stressed conditions, for the Group and each business unit; and
- iii. Regularly reviewing and monitoring the Group's risk performance through quarterly board reports.

The Group's ERM framework stipulates the following terms which have specific meaning within the Group and guide risk management considerations:

- i. Residual risk: the leftover risk exposure after implementation of mitigation efforts and controls
- ii. Risk appetite: the amount or type of residual risk that the Group is prepared to accept to deliver on its financial/business objectives. It reflects the capacity to sustain losses and continue to meet obligations as they fall due, under both normal and a range of stress conditions.
- iii. Risk tolerance: the maximum amount or type of risk the Group is prepared to tolerate above stipulated risk appetite levels for short periods of time (based on the understanding that management action is taken to get back within risk appetite).
- iv. Risk capacity: the maximum amount of risk the Group is able to support within its available financial resources
- v. Risk profile: the amount or type of risk the Group holds at a specific point in time
- vi. Risk tendency: is defined as a forward-looking view of the anticipated change in the Group's risk profile as a result of portfolio effects and/or changes in economic conditions. Changes in economic conditions may either be in the form of formally approved macroeconomic stress scenarios or ad-hoc stress scenarios models

The Group runs a Group Shared Service operations process supported by an Enterprise Resource Platform system. Risk Management is supported by risk technology and operations functions that are responsible for building the information technology infrastructure used to monitor and manage risk Group-wide and at respective business line and entity levels. Risk Management has oversight of all risk types (excluding Legal risk which is managed by the Legal and Compliance; and Reputational risk which is under the oversight of the Group Chief Operating Officer)

3.4 Credit Risk Management

Credit risk is the risk of loss from obligor or counterparty default on financial or contractual obligations. The Group may be exposed to credit risk arising primarily from trading activities (including debt securities), settlement balances with market counterparties, fair value through other comprehensive income (FVTOCI) and reverse repurchase lending agreements. Other sources include wholesale credit to large corporate and institutional clients (on a restrictive basis)

Credit risk management is overseen by the group risk management function and implemented within the lines of business; with oversight by the management and board committees. The Group's credit risk management governance consists of the following objectives:

- Establish a robust risk policy and control framework
- Maintain a strong culture of responsible investing
- Identify, assess and measure credit risk across the Group, from the level of individual securities and counterparties; up to aggregate portfolio holdings
- Define, implement and continually re-evaluate business risk appetite under actual and scenario conditions
- Monitoring and managing credit risk across individual exposures and all portfolio segments
- Assigning and ensuring adherence to agreed controls
- Ensure there is independent, expert analysis of credit risks; and their mitigation

Financial Risk Management**3.41 Risk Identification and Measurement**

The Group is exposed to credit risk through its capital and money market activities and advisory services businesses. Risk Management works in partnership with the business segments in identifying and aggregating exposures across all lines of business.

The Group dedicates considerable resources to gaining a clear and accurate understanding of credit risk across the business and ensuring that its balance sheet correctly reflects the value of the assets in accordance with IFRS.

To measure credit risk, the Group employs several methodologies for estimating the likelihood of obligor or counterparty default. In the year under review, credit risk exposure was quantified on the basis of both adjusted exposure and absolute exposure. External credit ratings are considered in evaluating probability of default. The enterprise risk management framework recognizes credit ratings from Basel recognized External Credit Assessment Institutions (ECAI) and Augusto & Co. Ltd. External ratings are often internally adjusted for prudence. The Group regularly validates the performance of ratings and their predictive power with regard to default events.

Primary credit risk arising from debt exposure is measured in accordance with the accounting value for outstanding exposure, including applicable accrued interest and gross of any specific credit impairments, and a measure of the expectation of additional exposure which may arise at default. Debt portfolios are structured to have an investment grade profile.

Wholesale credit risk exposure, where it exists, is monitored regularly at an aggregate portfolio, industry and individual counterparty basis with established concentration limits that are reviewed and revised, as deemed appropriate by Group investment committee, at least on an annual basis. Industry and counterparty limits, as measured in terms of exposure and economic credit risk capital, are subject to stress-based loss constraints. Management of the Group's wholesale credit risk exposure is accomplished through a number of means including: stringent loan underwriting and credit approval process; as well as collateral and other risk-reduction techniques. Wholesale credit exposure are at a minimum reviewed and approved at the level of the Group investment committee

Pre-settlement risk is measured on a potential future exposure basis, taking into account implicitly the liquidity and explicitly the volatility of the reference asset or price of the instrument or product and the tenor of the exposure. Instruments that give rise to issuer credit risk are measured as primary credit risk

Settlement risk is measured on a notional basis, assuming that the counter value will not be received. The daily settlement profile for the counterparty concerned is the aggregate of all settlements due by the counterparty on that date, either on a gross or net basis, depending on whether the underlying transaction agreements include netting or not.

3.42 Maximum exposure to credit risk

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Cash and cash equivalents	149,867,038	53,661,848	22,907,336	6,951,413
Financial assets:				
Amortised cost	167,662,848	169,041,801	75,477,029	54,332,003
Fair value through OCI (FVOCI)	12,197,078	4,325,629	4,952,770	-
Trade and other receivables	17,557,032	4,109,128	4,576,637	3,079,649
	347,283,996	231,138,406	107,913,771	64,363,065

Balances included in Trade and other receivables above are those subject to credit risks. Items not subject to credit risk, which include prepayment, deposit for shares and WHT receivable have been excluded.

Financial Risk Management

3.43 Credit risk analysis as at 31 December, 2022

Group

	AAA to A- N'000	BBB+ to B- N'000	CCC+ to CCC- N'000	Not rated N'000	Gross amount N'000
Cash and cash equivalents	-	149,867,038	-	-	149,867,038
Financial assets:					
Amortised cost	-	13,812,301	128,197,303	25,653,244	167,662,848
Long term placements	-	-	41,604,619	-	41,604,619
Loans to customers	-	-	-	25,653,244	25,653,244
Commercial paper	-	-	21,752,655	-	21,752,655
Treasury bills	-	11,930,948	-	-	11,930,948
Federal government bonds	-	1,881,353	15,256,775	-	17,138,128
State government bonds	-	-	22,759,507	-	22,759,507
Corporate bonds	-	-	26,823,747	-	26,823,747
Fair value through OCI (FVOCI)	-	12,197,077	-	-	12,197,077
Bonds	-	5,076,346	-	-	5,076,346
Mutual funds	-	7,120,731	-	-	7,120,731
Trade and other receivables	-	-	-	17,557,032	17,557,032
Total	-	175,876,416	128,197,303	43,210,276	347,283,995

Company

	AAA to A- N'000	BBB+ to B- N'000	CCC+ to CCC- N'000	Not rated N'000	Gross amount N'000
Cash and cash equivalents	-	22,907,336	-	-	22,907,336
Financial assets:					
Amortised cost	-	477,685	38,892,831	36,106,513	75,477,029
Long term placements	-	-	27,057,497	-	27,057,497
Loans to customers	-	-	-	36,106,513	36,106,513
Treasury bills	-	-	-	-	-
Federal government bonds	-	477,685	-	-	477,685
State government bonds	-	-	10,370,100	-	10,370,100
Corporate bonds	-	-	1,465,234	-	1,465,234
Fair value through OCI (FVOCI)	-	4,952,770	-	-	4,952,770
Mutual funds	-	4,952,770	-	-	4,952,770
Trade and other receivables	-	-	-	4,576,637	4,576,637
Total	-	28,337,790	38,892,831	40,683,151	107,913,772

Credit risk analysis as at 31 December, 2021

Group	AAA to A- N'000	BBB+ to B- N'000	CCC+ to CCC- N'000	Not rated N'000	Gross amount N'000
Cash and cash equivalents	-	53,661,848	-	-	53,661,848
Financial assets:					
Amortised cost	44,624,220	93,824,585	-	30,592,996	169,041,801
Long term placements	-	81,594,785	-	-	81,594,785
Loans to customers	-	-	-	30,592,996	30,592,996
Treasury bills	8,842,628	-	-	-	8,842,628
Federal government bonds	8,057,445	-	-	-	8,057,445
State government bonds	12,572,777	12,229,800	-	-	24,802,577
Corporate bonds	15,151,370	-	-	-	15,151,370
Fair value through OCI (FVOCI)	4,325,629	-	-	-	4,325,629
Bonds	730,435	-	-	-	730,435
Mutual funds	3,595,194	-	-	-	3,595,194
Trade and other receivables	-	-	-	4,109,128	4,109,128
Total	48,949,849	147,486,434	-	34,702,124	231,138,406

Financial Risk Management**Company**

	AAA to A-	BBB+ to B-	CCC+ to CCC-	Not rated	Gross amount
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	-	-	6,947,852	-	6,947,852
Financial assets:					
Amortised cost	15,750,821	11,461,200	-	27,119,982	54,332,003
Long term placements	-	11,461,200	-	-	11,461,200
Loans to customers	-	-	-	27,119,982	27,119,982
State government bonds	12,572,777	-	-	-	12,572,777
Corporate bonds	3,178,044	-	-	-	3,178,044
Mutual funds	-	-	-	-	-
Fair value through OCI (FVOCI)	-	-	-	-	-
Trade and other receivables	-	-	-	3,079,649	3,079,649
Total	15,750,821	11,461,200	6,947,852	30,199,631	64,359,504

Geographical sectors**2022**

	Group		Company	
	Nigeria N'000	Other Countries N'000	Nigeria N'000	Other Countries N'000
Cash and cash equivalents (excluding cash in hand)	149,867,038	-	22,907,336	-
Financial assets:				
Amortised cost	167,662,848	-	75,477,029	-
Fair value through OCI (FVOCI)	12,197,078	-	4,952,770	-
Trade and other receivables	17,557,032	-	4,576,637	-
	347,283,996	-	107,913,771	-

2021

	Group		Company	
	Nigeria N'000	Other Countries N'000	Nigeria N'000	Other Countries N'000
Cash and cash equivalents	53,661,848	-	6,951,413	-
Financial assets:				
Amortised cost	169,041,801	-	54,332,003	-
Fair value through OCI (FVOCI)	4,325,629	-	-	-
Trade and other receivables	4,109,128	-	3,079,649	-
	231,138,406	-	64,363,065	-

Credit Quality

Some financial assets are past due and impaired during the year with N7.46b (2021: N1.80b) impairment on amortised cost financial assets and N1.55b for trade receivables (2021: N1.09b).

3.44 Risk Monitoring and Management

The Group employs the use of internal exposure limits to its counterparties. Money market counterparties are selected on using a set of criteria that includes an investment grade credit rating and a systemic risk relevance based on a benchmark hurdle rate. Exposure limits are assigned on the basis of the counterparty assessment based on these selection criteria.

The Group has developed policies and practices that are designed to preserve the independence and integrity of the approval and business decision-making process to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels.

The framework establishes credit approval authorities, concentration limits, risk-rating methodologies, and portfolio review parameters. The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries, geographies and countries.

Impairment allowances are recognized for financial reporting purposes only for losses that have been incurred at the date of the consolidated statement of financial position based on objective evidence of impairment.

Financial Risk Management**3.45 Risk reporting**

To enable monitoring of credit risk and effective decision making, aggregate credit exposure, credit quality forecasts, concentration levels and risk profile changes are reported regularly to the management committees; and board committee at least quarterly. Stress testing is important in measuring and managing credit risk in the Group's business portfolios. The process assesses the potential impact of alternative economic and business scenarios on estimated credit losses for the Group. In conjunction with independent research, the risk management function considers economic scenarios (and parameters underlying those scenarios) which may lead to credit migration, changes in counterparty liquidity and/or solvency states and the potential losses from credit exposures. During the period under review, credit exposures are considered on the basis of absolute loss exposure impact.

3.5 Country Risk Management

Country risk is the risk that a political, economic or sovereign event or action alters the value or terms of contractual obligations of obligors, counterparties and issuers related to a country.

The Financial Investment and Risk Management (F.I.R.M) committee is responsible for the management of country risk across the Group. The F.I.R.M committee delegates the functional oversight of country risk management to the Group executive committee. The Group risk management function maintains oversight of country risk exposures and reports to the Group executive committee monthly and the F.I.R.M committee on a quarterly basis.

Risk Identification and Measurement

The Group country risk governance standards incorporate the use of external ratings from qualifying External Credit Assessment Institutions (ECAIs). Country risk exposure management is based on country, sovereign and business environment risk assessment. Exposure in countries qualifying as medium and high risk countries is subject to increased analysis and monitoring.

Country exposures are generally measured by considering the Group's risk to an immediate default of the counterparty or obligor, with zero recovery. Where required, the group seeks to incorporate country risk mitigation via methods like co-financing with multilateral institutions; political and commercial risk insurance; transaction structures to mitigate transferability and convertibility risk (such as collateral, collection and margining deposits outside the jurisdiction in question)

Risk Monitoring and Control

Group risk management in conjunction with independent research employs the use of surveillance tools for early identification of potential country risk concerns. Country ratings and exposures are actively monitored and reported on a regular basis based on an assessment of potential risk of loss associated with a significant sovereign, political, social, or economic crisis

3.5 Liquidity Risk Management

Liquidity risk management is intended to ensure that the Group has the appropriate amount, composition and tenor of funding and liquidity to support its assets.

The primary objectives of effective liquidity management are to ensure that the Group's legal entities are able to operate in support of client needs and meet contractual and contingent obligations under both normal and stressed market conditions; as well as to maintain debt ratings that enable the Group to optimize its funding mix and liquidity sources at minimal cost.

United Capital manages liquidity and funding using a centralized Treasury approach in order to actively manage liquidity for the Group as a whole, monitor exposure and identify constraints on the transfer of liquidity within the Group; and maintain the appropriate amount of surplus liquidity as part of the Group's overall balance sheet management strategy.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Financial Risk Management**Risk Identification and Measurement**

In the context of the Group's liquidity management, Treasury is responsible for:

- Measuring, managing, monitoring and reporting the Firm's current and projected liquidity sources and uses;
- Managing funding mix and deployment of excess short term cash

In addition, in conjunction with the Group risk management function, Treasury is also responsible for:

- Understanding the liquidity characteristics of the Firm's assets and liabilities;
- Defining and monitoring Group-wide and legal entity liquidity strategies and contingency funding plans;
- Liquidity stress testing under a variety of adverse scenarios;
- Defining and addressing the impact of regulatory changes on funding and liquidity.

The Group adopts a three pronged approach to its liquidity risk management process which aligns strategies to liquidity risk categories. The Group recognizes three categories of liquidity risk - short-term, structural, and contingent liquidity risk. These three liquidity risk management categories are governed by a comprehensive internal governance framework to identify, measure and manage exposure to liquidity risk

Treasury, in conjunction with the Group risk management, is responsible for business activities governing the implementation of the Group's liquidity management process:

Category	Activities
Short term liquidity risk management	<ul style="list-style-type: none"> • Monitor daily cash flow requirements • Manage intra-day liquidity positions • Monitor repo and bank funding shortage levels • Manage short term cash flows • Manage daily foreign currency liquidity • Provide guidance on fund taking rates in conformity with longer term and contingent liquidity requirements (as informed by the management committees)
Structural liquidity risk management	<ul style="list-style-type: none"> • Identify and manage medium to long term liquidity mismatches • Ensure a structurally sound balance sheet • Manage long term cash flows • Determine and apply behavioural profiling to investor portfolios (in • Preserve a diversified funding base • Assess foreign currency liquidity exposures • Establish liquidity risk appetite
Contingency liquidity risk management	<ul style="list-style-type: none"> • Establish and maintain contingency funding plans • Monitor and manage early warning liquidity indicators • Ensure regular liquidity stress tests and scenario analysis • Establish liquidity buffer levels in conformity with anticipated stress events • Convene liquidity crisis management committees (as required) • Ensure diversification of liquidity buffer portfolios

Risk Monitoring and Control

Monitoring and reporting entails cash flow measurement and forecasting for the next day, week, biweekly, month, quarter, half-year and yearly as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected receivable date of the financial assets.

Foreign currency liquidity risk management

The Group maintains active monitoring and management of foreign currency assets and liabilities using suitable indicators to consistently track changes in market liquidity and/or exchange rates. In general, uncovered or unmatched or un-hedged FX positions is restricted.

Funding

The Group is funded primarily by a well-diversified mix of retail, corporate and public sector funds. This funding base ensures stability and low funding cost with minimal reliance on more expensive tenured deposit and loan markets. The Group places considerable importance on the Sinking fund portfolio and other managed funds from both Trusteeship and wealth management business.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Financial Risk Management

The Group employs a diversified funding strategy to fund its balance sheet which incorporates a coordinated approach to accessing capital and loan markets (where necessary). Funding markets are evaluated on an ongoing basis to ensure appropriate Group funding strategies are executed depending on the market, competitive and regulatory environment.

Concentration risk limits are used within the Group to ensure that funding diversification is maintained across products, sectors, geography and counterparties.

Non-derivative financial liabilities and assets held for managing liquidity risk

Presented in the table below are the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in the table below, are the contractual undiscounted cash flow and the assets held for managing liquidity risk.

Group – 31 December, 2022	< 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1-3 years years	> 3 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Cash and cash equivalents	10,336,587	139,530,451	-	-	-	-	149,867,038
Bond	-	-	15,342,567	33,208,121	2,031,874	13,751,235	64,333,797
Treasury bills	-	-	4,356,235	7,574,713	-	-	11,930,948
Mutual funds	40,321,720	1,299,234	5,765,234	39,354,125	15,636,730	22,615,398	124,992,441
Quoted equities	-	-	-	-	-	13,937,794	13,937,794
Unquoted equities	-	-	-	-	-	11,720,243	11,720,243
Trade and other receivables	-	-	1,115,547	5,104,912	-	40,285,112	46,505,571
Loans and receivables	-	-	-	-	41,604,619	33,117,175	74,721,794
Total	50,658,307	140,829,685	26,579,583	85,241,871	59,273,223	135,426,957	498,009,626
Liabilities							
Borrowings	-	-	3,160,905	5,176,693	-	92,116,746	100,454,344
Managed funds	13,893,215	148,555,138	14,345,142	80,150,323	140,332,145	16,422,735	413,698,697
Other Liabilities	43,054,260	-	5,594,938	-	-	-	48,649,198
Total	56,947,475	148,555,138	23,100,985	85,327,016	140,332,145	108,539,481	562,802,239
Assets	50,658,307	140,829,685	26,579,583	85,241,871	59,273,223	135,426,957	498,009,626
Liabilities	56,947,475	148,555,138	23,100,985	85,327,016	140,332,145	108,539,481	562,802,239
Liquidity gap	(6,289,168)	(7,725,453)	3,478,598	(85,145)	(81,058,922)	26,887,476	(64,792,613)

Company – 31 December, 2022	< 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1-3 years years	> 3 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Cash and cash equivalents	2,501,903	20,405,433	-	-	-	-	22,907,336
Long-term investments	-	5,558,458	21,499,039	-	-	-	27,057,497
Bond	-	-	-	-	2,031,874	10,281,144	12,313,018
Treasury bills	-	-	-	-	-	-	-
Mutual funds	-	-	-	4,952,770	-	-	4,952,770
Quoted equities	2,134,639	-	-	-	-	-	2,134,639
Trade and other receivables	-	-	1,449,830	3,497,122	-	39,754,128	44,701,080
Dividend receivable	-	7,218,000	-	-	-	-	7,218,000
Loans and receivables	-	-	-	3,187,772	9,563,317	24,722,900	37,473,989
Total	4,636,541	33,181,891	22,948,869	11,637,664	11,595,191	74,758,172	158,758,329
Liabilities							
Borrowings	1,882,177	7,716,114	3,160,905	5,176,693	27,771,310	55,142,451	100,849,650
Other liabilities	-	47,671,635	-	-	-	-	47,671,635
Total	1,882,177	55,387,749	3,160,905	5,176,693	27,771,310	55,142,451	148,521,285
Assets	4,636,541	33,181,891	22,948,869	11,637,664	11,595,191	74,758,172	158,758,329
Liabilities	1,882,177	55,387,749	3,160,905	5,176,693	27,771,310	55,142,451	148,521,285
Liquidity gap	2,754,364	(22,205,858)	19,787,964	6,460,971	(16,176,119)	19,615,721	10,237,044

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Financial Risk Management

Group – 31 December, 2021

	< 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1-3 years years	> 3 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Cash and cash equivalents	1,940,710	51,721,138	-	-	-	-	53,661,848
Bond	-	3,500,000	17,466,781	19,156,600	33,314	6,785,840	46,942,536
Treasury bills	-	-	365,493	8,477,135	-	-	8,842,628
Mutual funds	25,321,720	1,299,234	5,765,234	94,354,125	15,636,730	2,874,162	145,251,205
Quoted equities	-	-	-	-	-	6,565,673	6,565,673
Unquoted equities	-	-	-	-	-	46,496,769	46,496,769
Trade and other receivables	-	-	1,888,653	1,345,057	-	25,715,827	28,949,537
Loans and receivables	-	-	-	-	83,394,077	30,592,996	113,987,074
Total	27,262,430	56,520,372	25,486,160	123,332,918	99,064,121	119,031,267	450,697,269
Liabilities							
Borrowings	-	-	1,000,818	18,088,112	-	60,602,186	79,691,116
Managed funds	3,893,215	50,008,721	14,345,142	171,247,066	40,332,145	47,422,735	327,249,024
Other liabilities	988,973	7,594,938	5,594,938	-	-	-	14,178,849
Total	4,882,188	57,603,659	20,940,898	189,335,179	40,332,145	108,024,921	421,118,989
Assets	27,262,430	56,520,372	25,486,160	123,332,918	99,064,121	119,031,267	450,697,269
Liabilities	4,882,188	57,603,659	20,940,898	189,335,179	40,332,145	108,024,921	421,118,989
Liquidity gap	22,380,242	(1,083,287)	4,545,263	(66,002,261)	58,731,976	11,006,347	29,578,280

Company – 31 December, 2021

	< 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1-3 years years	> 3 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Cash and cash equivalents	85,372	6,866,041	-	-	-	-	6,951,413
Bond	-	-	-	14,401,757	33,314	1,315,749	15,750,820
Mutual funds	-	-	-	2,176,409	-	-	2,176,409
Quoted equities	2,091,484	-	-	-	-	-	2,091,484
Unquoted equities	-	-	-	-	-	4,500,000	4,500,000
Trade and other receivables	-	-	985,050	2,238,207	-	25,142,732	28,365,989
Dividend receivable	-	4,828,500	-	-	-	-	4,828,500
Loans and receivables	-	-	-	-	11,461,200	27,837,640	39,298,841
Total	2,176,855	11,694,541	985,050	18,816,373	11,494,515	58,796,121	103,963,456
Liabilities							
Borrowings	-	-	1,000,818	18,088,112	-	64,628,978	83,717,908
Other liabilities	-	5,136,428	-	-	-	-	5,136,428
Total	-	5,136,428	1,000,818	18,088,112	-	64,628,978	88,854,336
Assets	2,176,855	11,694,541	985,050	18,816,373	11,494,515	58,796,121	103,963,456
Liabilities	-	5,136,428	1,000,818	18,088,112	-	64,628,978	88,854,336
Liquidity gap	2,176,855	6,558,113	(15,768)	728,261	11,494,515	(5,832,857)	15,109,119

Stress Testing

Liquidity stress tests are intended to ensure sufficient liquidity for the Group under adverse scenarios. Stress tests are considered in the formulation of the Group's funding plan and assessment of its liquidity position. Liquidity outflow assumptions are modelled across a range of time horizons and market and idiosyncratic stress.

Liquidity stress tests assume all of the Group's contractual obligations, as well as estimates of potential non-contractual and contingent outflows are met and also take into consideration varying levels of access to unsecured and secured funding markets.

Financial Risk Management**Credit Ratings**

The cost and availability of financing are influenced by the Group's credit ratings. Reductions in these ratings could have an adverse effect on the Group's access to liquidity sources, increase the cost of funds, trigger additional collateral or funding requirements and decrease the number of investors and counterparties willing to lend to the Group. Accordingly, the Group places due emphasis on maintaining and improving its credit rating.

Credit ratings are dependent on multiple factors including the sovereign rating, capital adequacy levels, quality of earnings, credit exposure, our risk management framework and funding diversification. The Group's F.I.R.M committee ensures proper monitoring of these parameters and their possible impact on our credit rating as part of the Group's liquidity risk management and contingency planning considerations.

3.6 Market Risk Management

Market risk is the exposure to an adverse change in the market value of portfolios and financial instruments caused by a change in their market prices

The Group's exposure to market risks is categorized as follows:

- Market risk in trading activities: trading activities which may comprise market making, arbitrage and proprietary trading. These activities are primarily carried out within the Group's securities trading business
- Interest rate risk on the balance sheet: this refers to risks inherent in the different re-pricing characteristics of balance sheet assets and liabilities. These may include re-pricing risk, basis risk, yield curve risk, and optionality risk.
- Equity investments on the balance sheet: this refers to risks resulting from price changes in listed and unlisted equity investments carried on the group's balance sheet. These investments are typically classified as fair value through other comprehensive income (FVTOCI).
- Foreign currency risk: The Group may be exposed to foreign currency risk as a result of foreign-denominated cash exposures and accruals.

In managing market risks, the Group risk management function works in close partnership with the lines of business, including Treasury, to identify and monitor market risks throughout the Group. The Group's market risk management practices seek to control risk, facilitate efficient risk/return decisions, reduce volatility in operating performance, and provide transparency of the Group's market risk profile to executive management and the board of directors. This involves:

- Independent measurement, monitoring and control of business line and Group wide market risk in accordance to approved risk limits
- Qualitative risk assessments and stress tests

Risk Identification and Measurement

The risk management function articulates market risk management framework and specific business (line) risk frameworks that guide each line of business in the management of the market risks within its unit. The risk management function also responsible for independent oversight of each line of business to ensure that all material market risks are appropriately identified, measured, monitored and managed in accordance with framework guidelines approved.

The Group risk management function uses various metrics, both statistical and non-statistical, to measure and manage market risks including: value-at-risk; stop-loss triggers; stress tests; back-testing; and specific business unit portfolio and product controls.

Value-at-risk, a statistical risk measure, is used to measure the potential loss from adverse market moves under normal market conditions. Historical VaR simulation is used specifically for market risk under normal conditions. Where adopted historical VaR is based on un-weighted historical data for the previous 12 months, a holding period of one day and a 99% confidence level. Daily VaR estimates are converted to a ten-day holding period. Expected shortfall is quantified to counteract the limitations of VaR.

Stop-loss triggers are used to protect the profitability of trading desks, and refer to cumulative or daily trading losses that prompt a review or close-out of positions in trading portfolios.

Specific business unit portfolio and product controls are market risk controls applied to specific business units. These may include permissible instruments, concentration of exposures, gap limits, maximum tenor, stop loss triggers, price validation and balance sheet substantiation. In addition, only approved products that can be independently priced and properly processed are permitted to be traded.

In recognition of the unpredictability of markets, stress testing is adopted to provide an indication of the potential losses that could occur under extreme market conditions and where longer holding periods may be required to exit positions.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Financial Risk Management

Stress tests carried out by the Group include individual market risk factor testing, combination of market risk factor testing, combination of market factors per trading desk and combinations of trading desks. The testing considers both historical market events and hypothetical forward-looking scenarios. A consistent stress-testing methodology is applied to trading and non-trading books. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

Interest rate risks in trading and non-trading portfolios are quantified using both earnings- and valuation-based measurement techniques. This is monitored at least on a monthly basis by the Group investment committee.

Interest rate sensitivity analysis as at 31 December, 2022

Group

	Value as at 2022	1% higher	1% lower
	N'000	N'000	N'000
Financial asset FVTOCI	5,076,346	5,127,109	5,025,583
	5,076,346	5,127,109	5,025,583

Interest rate sensitivity analysis as at 31 December, 2021

Group

	Value as at 2021	1% higher	1% lower
	N'000	N'000	N'000
Financial asset FVTOCI	730,435	737,739	723,130
	730,435	737,739	723,130

Foreign currency risk exposure may arise as a result of foreign-denominated cash exposures, foreign-denominated accruals, and foreign-denominated debt. The finance/treasury function maintains oversight of aggregate foreign currency risk exposure, taking into account naturally offsetting risk positions and managing the Group's residual risk. In general, the Group's policy is not to ordinarily hold significant open FX exposures on the balance sheet. The risk management function conducts foreign currency sensitivity tests to monitor potential impact from rate movements in the FX markets. The table below shows the impact on the Group's and Company's profit before tax if foreign exchange rates on financial instruments held at amortised cost or at fair value had increased by 5 percent (5%), with all other variables held constant.

Foreign currency sensitivity analysis

	Group		Company	
	31 December 2022	31 December 2022	31 December 2022	31 December 2021
	=N=' 000	=N=' 000	=N=' 000	=N=' 000
Assets	852,014	689,890	758,687	614,322
Liabilities	699,484	566,384	699,484	566,384
Impact on profit	152,530	123,506	59,203	47,938

The Group's market risk management process ensures disciplined risk-taking within a framework of well-defined risk appetite that enables the group to boost shareholders value while maintaining competitive advantage through effective utilization of risk capital.

3.7 Equity risk

The Group holds investments in listed and unlisted securities. Listed equity securities (quoted on the Nigerian Stock Exchange) is exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Group.

Sensitivity analysis assuming a 5% increase/decrease in value of equities.

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	=N=' 000	=N=' 000	=N=' 000	=N=' 000
Investment securities at FVTPL	1,971,040	1,927,885	878,831	835,676
Investment securities at FVOCI	12,688,332	12,665,456	1,255,808	1,232,932
Impact on Profit for the period				
Favourable change @ 5% increase in prices	98,552	96,394	43,942	41,784
Unfavourable change @ 5% reduction in prices	(98,552)	(96,394)	(43,942)	(41,784)
Impact on Other Comprehensive Income				
Favourable change @ 5% increase in prices	634,417	633,273	62,790	61,647
Unfavourable change @ 5% reduction in prices	(634,417)	(633,273)	(62,790)	(61,647)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Financial Risk Management

Risk Monitoring and Control

Market risk is controlled primarily through a series of limits set in the context of the market environment and business strategy. In setting limits, the Group takes into consideration factors such as market volatility, asset liquidity and accommodation of client business and management experience.

Limits may also be allocated within the lines of business, as well at portfolio level. Limits are established by risk management. Limits are reviewed regularly and updated as appropriate, with any changes approved by appropriate governance committees and risk management.

3.7.1 Fair value estimation

a) Financial instruments measured at fair value

IFRS 7 requires disclosures for all financial instruments measured at fair value.

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Group 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	N'000	N'000	N'000	N'000
Bonds	72,730,768	-	-	72,730,768
Equity- quoted	14,140,008	-	-	14,140,008
Equity- unquoted	-	7,018,029	-	7,018,029
Mutual funds	124,992,441	-	-	124,992,441
	211,863,217	7,018,029	-	218,881,246

Company 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	N'000	N'000	N'000	N'000
Bonds	-	-	-	-
Equity- quoted	3,315,807	-	-	3,315,807
Equity- unquoted	-	-	-	-
Mutual funds	6,594,222	-	-	6,594,222
	9,910,030	-	-	9,910,030

Group 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	N'000	N'000	N'000	N'000
Bonds	29,148,641	-	-	29,148,641
Equity- quoted	14,017,973	-	-	14,017,973
Equity- unquoted	-	6,187,633	-	6,187,633
Mutual funds	145,251,205	-	-	145,251,205
	188,417,818	6,187,633	-	194,605,452

Company 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	N'000	N'000	N'000	N'000
Bonds	-	-	-	-
Equity- quoted	2,225,186	-	-	2,225,186
Mutual funds	0	2,042,707	-	2,042,707
	2,225,186	2,042,707	-	4,267,893

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily NSE equity investments, treasury bills and bonds classified as trading securities or financial asset through OCI.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- a) Quoted market prices or dealer quotes for similar instruments;
- b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- c) Other techniques, such as discounted cash flow analysis, sales prices of comparable properties in close proximity, are used to determine fair value for the remaining financial instrument.

Financial Risk Management**Financial instruments in level 3**

Inputs for the asset or liability in this fair value hierarchy are not based on observable market data (unobservable inputs). This level includes equity investments with significant unobservable components.

Description of valuation methodology and inputs:

The steps involved in estimating the fair value of the company's unquoted equity investments are as follows:

Step 1: The most appropriate valuation methodology was selected to value each of the unquoted equity investment.

Step 2: Comparative multiples were sourced from S & P Capital IQ based on available comparable companies in Sub-Saharan Africa and Emerging Asia and an average multiple was computed.

Step 3: The enterprise value was derived by multiplying the average multiple to the relevant financial metric.

Step 4: Equity value of the firm was derived by deducting the value of the debt of the company and adding the closing cash balance.

Step 5: A lack of marketability discount of 14.9% was applied to the equity value.

Step 6: The equity value was derived by multiplying the company's equity value by Roger Miller equity stake.

Step 7: The latest transaction price was adopted to estimate the fair value of unquoted equity investment in Brozi Leisures Limited.

There was no transfer of securities between levels in 2022 (2021: nil).

Information about the fair value measurements using significant unobservable inputs (Level 3) are given below:

31 December 2022

Description	Fair value at 31 Dec. 2022	Valuation technique	Unobservable input	Reasonable possible shift +/- (absolute value)	Change in valuation +/- N'million
FSDH (Naira - million)	2,351	DDM	-Discounted factor -Cashflow estimate	1%	24
AFC ('Naira - million)	4,665	DDM	-Discounted factor -Cashflow estimate	1%	46.65

31 December 2021

Description	Fair value at 31 Dec. 2021	Valuation technique	Unobservable input	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/- N'million
AFC ('Naira - million)	3,556	DDM	-Discounted factor -Cashflow estimate		1%	85

The change in valuation disclosed in the table shows the direction an increase or decrease in the respective input variables would have on the valuation result. For equity securities, increase in the EBITDA multiple would lead to an increase in estimated value. However, an increase in the discount for lack of marketability would lead to a decrease in value.

The valuation of FSDH unquoted equity was based on the recent sales price of the shares. A 5% increase/(decrease) in the share price of the equities at the reporting date would have increased/(decreased) the profit before tax by N128million

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Financial Risk Management

**(b) Financial instruments not measured at fair value
Group**

	At 31 December 2022		At 31 December 2021	
	Carrying value N'000	Fair value N'000	Carrying value N'000	Fair value N'000
Financial assets				
Cash and bank	149,867,038	149,867,038	53,661,848	53,661,848
Investment securities at amortised cost	175,126,779	173,338,626	170,841,093	169,052,940
Trade and other receivables*	56,733,019	56,733,019	28,949,536	28,949,536
	381,726,837	379,938,684	253,452,478	251,664,325
Financial liabilities				
Trade and other payables*	48,649,198	48,649,198	47,671,635	47,671,635
Managed funds*	413,698,697	413,698,697	327,249,024	327,249,024
Borrowings	100,454,344	100,454,344	79,737,577	79,737,577
	562,802,239	562,802,239	454,658,237	454,658,237

Company

	At 31 December 2022		At 31 December 2021	
	Carrying value N'000	Fair value N'000	Carrying value N'000	Fair value N'000
Financial assets				
Cash and cash equivalents	22,907,336	22,907,336	6,951,413	6,951,413
Investment securities at amortised cost	76,844,505	75,056,352	55,049,661	53,261,508
Trade and other receivables	47,812,682	46,289,075	28,365,991	28,386,513
	147,564,522	144,252,762	90,367,065	88,599,434
Financial liabilities				
Trade and other payables	47,812,682	47,812,682	29,889,598	29,889,598
Borrowings	100,849,650	100,849,650	83,721,469	83,382,853
	148,662,333	148,662,333	113,611,067	113,272,451

*The carrying values of these assets and liabilities approximates their fair values.

Cash and bank balances have been designated as level 2 while loans, managed funds, long term placements as well as trade and other payables have been designated as level 3 within the fair value hierarchy. State and corporate bonds are designated as level 1 within the fair value hierarchy.

	Group		Company	
	31 December 2022 =N= ' 000	31 December 2021 =N= ' 000	31 December 2022 =N= ' 000	31 December 2021 =N= ' 000
4 Net investment income				
Interest from placements and bonds	1,331,351	5,112,064	4,045,913	4,598,656
Income from loans	5,547,480	7,034,000	4,323,870	6,573,810
Dividend income from securities investments	1,016,070	1,706,570	119,116	93,659
Profit on disposal of investment	1,477,751	80,013	-	-
Income from managed Funds	43,517,745	18,791,743	409,052	-
	<u>52,890,397</u>	<u>32,724,390</u>	<u>8,897,951</u>	<u>11,266,125</u>
Interest expense on managed funds and other borrowings	<u>(39,070,727)</u>	<u>(23,823,877)</u>	<u>(5,767,732)</u>	<u>(9,710,618)</u>
	<u>13,819,670</u>	<u>8,900,513</u>	<u>3,130,219</u>	<u>1,555,507</u>
Investment income from items measured at amortised cost	10,330,147	7,054,656	3,097,273	1,322,561
Investment income from items carried at fair value through OCI	<u>3,489,523</u>	<u>1,845,857</u>	<u>32,946</u>	<u>232,946</u>
	<u>13,819,670</u>	<u>8,900,513</u>	<u>3,130,219</u>	<u>1,555,507</u>
5 Fees and commission income				
Financial advisory fees	2,500,953	1,362,743	2,500,953	1,362,743
Management fees and commissions	<u>5,622,262</u>	<u>4,796,829</u>	<u>-</u>	<u>-</u>
	<u>8,123,215</u>	<u>6,159,572</u>	<u>2,500,953</u>	<u>1,362,743</u>
Fees recognised at point in time	4,316,641	2,637,340	2,500,953	1,362,743
Fees recognised over time	<u>3,806,574</u>	<u>3,522,232</u>	<u>-</u>	<u>-</u>
	<u>8,123,215</u>	<u>6,159,572</u>	<u>2,500,953</u>	<u>1,362,743</u>
Management fees and commission income include brokerage fee of N1.79b, Management fee of N3.15b and trustees fees of N563m which are recognised at point in time. Management fees and transaction sign-on fees which are recognised at point in time the mandate is consummated. Management fee accrues monthly as a percentage of the net asset value (NAV) at each point in time.				
6 Net Trading Income.				
Net trading income includes gains and losses arising both on the purchase and sale of financial instruments at FVTPL	<u>2,443,423</u>	<u>1,181,877</u>	<u>250,193</u>	<u>189,863</u>
7 Other income				
Exchange gains/(loss)	1,883,105	1,366,640	487,472	157,622
Interest on staff loans	2,105	4,025	-	2,435
Gain on Disposal of PPE	(4)	34	(4)	34
Other income	<u>646,746</u>	<u>215,237</u>	<u>351,336</u>	<u>27,079</u>
	<u>2,531,952</u>	<u>1,585,936</u>	<u>838,804</u>	<u>187,170</u>
Other income includes income from trade from our treasury desk(351m) and (N24.2m) realised by the Wealth Management desk.				
8 Net (loss)/gain from financial assets at fair valued through profit or loss				
Net gain/(loss) on equity instruments at FVTPL	<u>(21,849)</u>	<u>237,285</u>	<u>43,155</u>	<u>114,817</u>
	<u>(21,849)</u>	<u>237,285</u>	<u>43,155</u>	<u>114,817</u>
9 Personnel expenses				
Staff cost	2,289,049	1,549,930	569,751	255,020
Contributions to defined contribution plans	<u>50,009</u>	<u>38,480</u>	<u>21,249</u>	<u>7,707</u>
	<u>2,339,058</u>	<u>1,588,410</u>	<u>591,000</u>	<u>262,727</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Company	
	31 December 2022 =N= '000	31 December 2021 =N= '000	31 December 2022 =N= '000	31 December 2021 =N= '000
10 Other operating expenses				
Premises and equipment costs	427,761	105,451	19,052	4,980
Auditors remuneration	62,370	37,625	18,240	11,825
Professional fees	711,815	738,952	284,725	186,323
Travel and accommodation	131,416	55,156	44,610	11,458
Rent and rates (See note a)	115,634	80,104	55,181	23,233
AGM/Dividend processing expenses	60,737	35,558	12,495	5,643
Donations	424,897	158,953	166,001	43,714
Subscription	47,849	56,637	25,360	24,109
Insurance	60,757	76,707	21,010	8,253
Statutory expenses	81,710	26,110	-	7,271
General administrative expenses	558,432	454,998	190,406	147,277
Advertisement and branding	551,545	517,078	24,265	18,928
Share register fee	31,921	25,818	13,294	4,691
Directors fees and other allowances	57,030	69,695	11,585	11,061
Printing and stationeries	7,579	8,719	2,061	2,485
Office running expenses	429,480	317,779	-	-
Business entertainment	109,640	112,909	42,446	20,139
Fines and penalties	12,180	3,000	5,805	-
Business development	791,821	633,303	12,270	218,651
IT license and maintenance fee	72,366	37,963	24,741	19,710
Training and conference bad debt	36,636	50,515	16,067	9,226
	116,201	-	116,201	-
	4,899,778	3,603,030	1,105,814	778,977
The Group incurred a non-audit fees paid to the Auditors. The service rendered was for data analytics project and the Group paid N20m.				
a	This represent payment for short tem and low value leases			
11 Depreciation & amortisation				
11.1 Depreciation of property and equipments (note 23)	197,595	204,408	166,868	171,513
11.2 Amortisation				
Amortisation of intangible assets (note 20)	37,130	20,996	33,144	16,157
Amortisation of right of use assets (note 19)	70,875	70,875	70,875	70,875
	108,005	91,871	104,019	87,032
12 Impairment charge/(writeback) for credit losses				
Loss allowance on cash and cash equivalents (note 15a)	-	(38,600)	-	-
write back on financial assets at amortised cost (note 16.1a)	-	(18,521)	-	(13,052)
Loss allowance on financial assets at amortised cost (note 16.1a)	5,657,125	362,360	649,818	-
Loss allowance on trade receivables (note 17.1)	515,569	148,212	(42,111)	160,206
	6,172,694	453,451	607,707	147,155
12a Impairment Categorisation				
Stage 1	2,310,217	453,451	403,849	147,155
Stage 2	-	-	-	-
Stage 3	3,862,477	-	203,857	-
	6,172,694	453,451	607,707	147,155
The stage 3 impairment have been approved by the Board and the impairments relating to financial assets that are deemed to be bad and doubtful of recovery				
13 Income tax expense				
Recognised in the profit or loss				
Income tax	3,415,506	456,773	1,123,370	32,568
Education tax	409,022	77,145	115,313	-
Information technology tax	197,054	166,605	114,059	66,107
Police trust fund levy	985	833	570	331
	4,022,567	701,356	1,353,312	99,006
Deferred tax	(175,204)	(42,493)	704,949	(31,201)
	3,847,363	658,863	2,058,261	67,805
13.1 Effective tax reconciliation				
The income tax expense for the period can be reconciled to the accounting profit as follows:				
Profit before tax from continuing operations	13,179,281	12,124,013	11,405,916	6,791,196
Income tax expense calculated at 30% of PBT	3,953,784	3,637,204	3,421,775	2,037,359
Effect of Income that is exempt from taxation	(1,263,099)	(3,641,848)	(2,234,455)	(2,146,157)
Effect of expenses that are not deductible in determining taxable profit	1,608,725	256,616	250,772	106,270
Effect of investment allowance	(1,286)	17	(1,183)	(1,357)
Effect of tax adjustment	70,106	328,048	113,692	99,006
Adjustment recognised due to difference in tax rates	(276,951)	48,832	9,529	3,885
Education tax at 2.5% of assessable profits	409,022	72,487	115,313	-
	4,500,302	701,356	1,675,443	99,006
Adjustment recognised in the current period relating to the deferred tax of prior periods	(652,939)	(42,493)	382,818	(31,201)
	3,847,363	658,863	2,058,261	67,805
Recognised in other comprehensive income				
deferred tax recognised in other comprehensive income	18,055	(9,479)	10,580	632
	18,055	(9,479)	10,580	632

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Company	
	31 December 2022 =N= '000	31 December 2021 =N= '000	31 December 2022 =N= '000	31 December 2021 =N= '000
14 Earnings per share				
Basic earnings per share				
Basic earnings attributable to shareholders (N'000)	9,653,025	11,258,738	9,347,655	6,723,392
Weighted number of ordinary shares in issue for basic ('000)	6,000,000	6,000,000	6,000,000	6,000,000
Weighted number of ordinary shares in issue on conversion of dilutive shares ('000)	6,000,000	6,000,000	6,000,000	6,000,000
Basic earnings per share (kobo)	161	188	156	112
Diluted earnings per share (kobo)	161	188	156	112
There are no dilutive instruments in issue as at the reporting date. Consequently, basic and diluted EPS are same.				
15 Cash and cash equivalents				
Cash and balances with banks	10,336,587	1,940,710	2,501,903	85,372
Money market placements	139,530,451	51,721,138	20,405,433	6,866,041
	149,867,038	53,661,848	22,907,336	6,951,413
Impairment charge	-	-	-	-
	149,867,038	53,661,848	22,907,336	6,951,413
Current	149,867,038	53,661,848	22,907,336	6,951,413
Non-Current	-	-	-	-
	149,867,038	53,661,848	22,907,336	6,951,413
15a Impairment adjustments on Cash				
At 1 January	-	38,600	-	-
Arising during the year	-	(38,600)	-	-
Closing Balance	-	-	-	-
"Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisitions, including cash in hand, deposits held at call with other banks and other short-term highly liquid investments with original maturities less than three months".				
All bank balances and money market placements are assessed as stage 1 credit risk at each reporting date as they are held with reputable financial institutions and in most cases secured by way of Government securities. The identified ECL on cash and cash equivalent for the Company is considered immaterial and has not been recognised				
	Group		Company	
	31 December 2022 =N= '000	31 December 2021 =N= '000	31 December 2022 =N= '000	31 December 2021 =N= '000
15b Cash and cash equivalent for cashflow purposes				
Cash and cash equivalent	149,867,038	53,661,848	22,907,336	6,951,413
Bank overdraft	(191,344)	(46,461)	(96,089)	(3,561)
Closing Balance	149,675,694	53,615,387	22,811,247	6,947,852
16 Investment securities				
Financial assets measured at amortised cost - (note 16.1)	167,662,848	169,041,801	75,477,029	54,332,003
Financial assets at Fair value through other comprehensive income - (note 16.2)	24,031,197	18,129,425	6,208,578	3,432,217
Financial assets at Fair value through profit or loss - (note 16.3)	194,850,049	176,476,026	3,701,452	835,676
	386,544,095	363,647,252	85,387,058	58,599,896
Current	60,481,636	48,996,009	7,087,409	18,669,650
Non-Current	326,062,458	314,651,243	78,299,649	39,930,246
	386,544,094	363,647,252	85,387,058	58,599,896
16.1 Financial assets measured at amortised cost				
Investment in long term placement	41,604,619	81,551,376	27,057,497	11,461,200
Commercial papers	21,752,655	1,842,701	-	-
Loans to customer	33,117,175	30,592,996	37,473,989	27,837,640
Treasury bills	11,930,948	8,842,628	-	-
Federal government bonds	17,138,128	8,057,445	477,685	-
State government bonds	22,759,507	24,802,577	10,370,100	12,572,777
Corporate bonds	26,823,747	15,151,370	1,465,234	3,178,044
	175,126,779	170,841,093	76,844,505	55,049,661
Loss allowance on financial assets at amortised costs (note 16.1a)	(7,463,931)	(1,799,292)	(1,367,476)	(717,658)
	167,662,848	169,041,801	75,477,029	54,332,003
16.1a Loss allowance on financial assets at amortised costs				
At 1 January	1,806,806	1,455,453	717,658	730,710
Charge during the period:				
(Writeback)/allowance on loan to customers	-	(18,521)	-	(13,052)
Loss allowance on other financial assets	5,657,125	362,360	649,818	-
	7,463,931	1,799,292	1,367,476	717,658
16.1b Impairment Stages				
Stage 1	3,367,488	1,799,292	763,619	717,658
Stage 2	-	-	-	-
Stage 3	4,096,443	-	603,857	-
	7,463,931	1,799,292	1,367,476	717,658

The specific impairment have been approved by the Board and the are impairments relating to financial assets that are deemed to be bad and doubtful of recovery. A total of N4.58b was approved as specific provision for impairment on these doubtful financial assets.

FGN bonds measured at amortised cost are assessed to have low credit risk at each reporting date based on their respective external credit ratings. As such, the Group assumes that the credit risk on these financial instruments have not increased significantly since initial recognition as permitted by IFRS 9 and recognises 12 month ECL for these assets. There was additional impairment of N6.14b on financial assets during the period under review.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

		Group		Company	
		31 December 2022 =N=' 000	31 December 2021 =N=' 000	31 December 2022 =N=' 000	31 December 2021 =N=' 000
16.2	Financial assets measure at fair value through other comprehensive income (FVTOCI)				
	Bonds	5,076,346	730,435	-	-
	Equity- quoted	11,834,119	13,803,797	1,255,808	1,255,808
	Mutual funds	7,130,615	5,392,549	3,771,601	2,042,707
		24,041,081	19,926,781	5,027,409	3,298,515
	Fair value adjustments (16.2a)	(9,884)	(1,797,356)	1,181,169	133,702
		24,031,197	18,129,425	6,208,578	3,432,217
16.2a	Changes in fair value reserve				
	At 1 January	(1,797,356)	(858,932)	133,702	71,177
	Arising during the period	1,787,472	(938,424)	1,047,467	62,525
	At 31 December	(9,884)	(1,797,356)	1,181,169	133,702
16.3	Financial asset measured at fair Value Through Profit or Loss (FVTPL)				
	Quoted equity investment	2,103,674	1,795,414	742,027	742,027
	Mutua Funds	117,861,826	139,858,655	2,822,621	-
	Wealth management investments	67,654,422	28,418,206	-	-
	Equity- Unquoted	7,018,029	6,187,633	-	-
		194,637,951	176,259,908	3,564,648	742,027
	Fair value adjustment (note 16.3a)	212,098	216,118	136,804	93,649
		194,850,049	176,476,026	3,701,452	835,676
16.3a	Changes in fair value reserve				
	At 1 January	(216,118)	21,167	(93,649)	21,167
	Arising during the period	4,020	(237,285)	(43,155)	(114,816)
	At 31 December	(212,098)	(216,118)	(136,804)	(93,649)
		Group		Company	
		31 December 2022 =N=' 000	31 December 2021 =N=' 000	31 December 2022 =N=' 000	31 December 2021 =N=' 000
17	Trade receivables & other receivables				
	Trade debtors	479,651	934,451	192,503	161,471
	Prepayments	440,136	214,115	370,315	143,609
	Accrued income	1,745,022	1,829,620	887,012	679,971
	Other receivables	5,104,912	1,345,057	3,497,122	2,238,207
	Due from related parties	-	-	1,368,415	-
	Due from Counter-parties	10,227,448	-	-	-
	WHT Receivable	2,210,072	1,969,710	1,743,187	1,523,608
	Deposit for investment	40,285,112	25,715,827	40,285,112	25,715,827
		60,492,352	32,008,780	48,343,666	30,462,693
	Loss allowance on trade receivables (note 17.1)	(1,549,261)	(1,089,534)	(530,984)	(573,095)
		58,943,091	30,919,246	47,812,682	29,889,598
17.1	Loss allowance on trade receivables				
	At 1 January	1,089,534	1,315,688	573,095	787,255
	Provision no longer required	(55,842)	(374,366)	-	(374,366)
	Arising during the period	515,569	148,212	(42,111)	160,206
	At 31 December	1,549,261	1,089,534	530,984	573,095
	Current	6,220,459	3,233,709	4,946,952	3,223,257
	Non-Current	52,722,632	27,685,537	42,865,730	26,666,341
		58,943,092	30,919,246	47,812,682	29,889,598
The Group applies the simplified approach and recognises lifetime ECL for trade receivables using a provision matrix. The provision matrix is based on the historical observed default rates, adjusted for forward looking estimates. At each reporting date, the historical observed default rates are updated. More information on ECL is disclosed in note 2.11b					
18	Dividend receivable from Subsidiaries				
	At 1 January	-	-	4,828,500	3,670,000
	Arising during the year	-	-	7,218,000	4,828,500
	Receipt during the year	-	-	(4,828,500)	(3,670,000)
		-	-	7,218,000	4,828,500
	Current	-	-	7,218,000	4,828,500
	Non-Current	-	-	-	-
		-	-	7,218,000	4,828,500

19	Right of use assets	Group =N=' 000	Company =N=' 000
	Cost		
	At 1 January 2022	354,375	354,375
	Addition	-	-
	AS AT 31 December 2022	354,375	354,375
	Depreciation		
	At 1 January 2022	141,556	141,556
	Charge for the period	70,875	70,875
	Disposal	-	-
	AS AT 31 December 2022	212,431	212,431
	Carrying amounts		
	AS AT 31 December 2022	141,944	141,944
	At 31 December 2020	212,819	212,819
19.1	Right of use assets	Group =N=' 000	Company =N=' 000
	Cost		
	At 1 January 2021	354,375	354,375
	Addition	-	-
	At 31 December 2021	354,375	354,375
	Depreciation		
	At 1 January 2021	70,681	70,681
	Charge for the period	70,875	70,875
	At 31 December 2021	141,556	141,556
	Carrying amounts		
	At 31 December 2021	212,819	212,819
	At 1 January 2021	283,694	283,694

Right of use asset relate to lease rentals on the head office occupied by the Group. The lease agreement covers a period of five (5) years.

20	Intangible assets	Group =N=' 000	Company =N=' 000
	Cost		
	At 1 January 2022	177,268	154,869
	Addition	137,835	134,610
	AS AT 31 December 2022	315,103	289,479
	Amortisation		
	At 1 January 2022	98,672	86,718
	Charge for the period	37,130	33,144
	AS AT 31 December 2022	135,802	119,862
	Carrying amounts		
	AS AT 31 December 2022	179,301	169,617
	At 31 December 2021	78,596	68,151
20.1	Intangible assets	Group =N=' 000	Company =N=' 000
	Cost		
	At 1 January 2021	119,692	109,593
	Addition	57,576	45,276
	At 31 December 2021	177,268	154,869
	Amortisation		
	At 1 January 2021	77,677	70,561
	Charge for the period	20,996	16,157
	At 31 December 2021	98,673	86,718
	Carrying amounts		
	At 31 December 2021	78,595	68,151
	At 31 December 2020	42,015	39,032

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

21	Investment in subsidiaries	Date of Investment	Holding	Value	Country	
	United Capital Securities Limited	2006	100%	100,000	Nigeria	
	United Capital Assets Management Limited	2013	100%	500,000	Nigeria	
	United Capital Trustees Limited	2013	100%	300,000	Nigeria	
	UC Plus Advance Limited	2019	100%	1,000	Nigeria	
	United Capital Management Limited	2020	100%	1,000	Ghana	
				<u>901,000</u>		
21.1	Other information on subsidiaries					
(i)	United Capital Securities Limited is a dealing member of the Nigerian Stock Exchange (NSE) and registered by the Securities & Exchange Commission (SEC) as a Broker/Dealer. It is also a registered dealing member of NASD OTC Plc and FMDQ OTC Plc. This enables the Company to deal in over-the-counter Equity and Fixed Income Securities. The Company provides services such as securities dealing, receiving agents to new issues, stockbrokers to primary issues, designated adviser to SME's and equity portfolio management services.					
(ii)	United Capital Assets Management Limited is registered and licensed by the Securities and Exchange Commission of Nigeria (SEC) to act as investment advisers, funds and portfolio managers.					
(iii)	United Capital Trustees Limited is a leading provider of Trust services such as debenture trust, bond trusteeship to corporate and sub-sovereign issuers of public debt instruments and trustees to collective investment schemes.					
(iv)	UC Plus Advance Limited is a consumer lending company established by United Capital Plc with the sole objective of enhancing financial inclusion and providing pay day loans to working class individuals and SMEs. UC Plus Advance Limited was licensed by the Lagos State Government in 2019 but and commence operations in 2020.					
21.2	Non-controlling interest of subsidiaries					
	The Group does not have any non-wholly owned subsidiaries that have material non-controlling interest.					
21.3	Significant restrictions					
	The Group does not have significant restrictions on its ability to access or use the assets and settle the liabilities of any member of the Group other than those resulting from the subsidiaries' supervisory frameworks. Disclosures on liquidity, capital adequacy and credit risk were disclosed in the enterprise risk management.					
22	Investment in Associates	Date of Investment	Holding	Country	31 December 2022 =N=' 000	31 December 2021 =N=' 000
	Heirs Insurance Limited	2020	25%	Nigeria	2,500,000	2,500,000
	Heirs Life Assurance Limited	2020	25%	Nigeria	2,000,000	2,000,000
					<u>4,500,000</u>	<u>4,500,000</u>
22.1	Other information on Associates					
(i)	Heirs Insurance Limited was formerly registered as a General Insurance Company by the Nigeria Insurance Commission (NAICOM) in September 2020. The Company fully commence operations in 2021. United Capital Plc currently own 25% stake in the Company.					
(ii)	Heirs Life Assurance Limited was formerly registered as a Life Assurance Company by the Nigeria Insurance Commission (NAICOM) in September 2020. The Company fully commence operations in 2021. United Capital Plc currently own 25% stake in the Company.					

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

22.2 Investment in associates	Group		Company	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	N' 000	N' 000	N' 000	N' 000
Heirs Insurance Limited	2,421,894	2,358,404	2,500,000	2,500,000
Heirs Life Assurance Limited	2,192,799	1,935,183	2,000,000	2,000,000
	<u>4,614,693</u>	<u>4,293,587</u>	<u>4,500,000</u>	<u>4,500,000</u>

	Place of business/country of incorporation	% of ownership interest	Nature of relationship	Measurement method
(a) Nature of investment in associates				
Investment in Heirs Insurance Limited	Nigeria	25%	Investee	Equity method
Investment in Heirs Life Assurance Limited	Nigeria	25%	Investee	Equity method

This represents holding in the ordinary share capital of Heirs Insurance Limited and Heirs Life Assurance Limited respectively, companies incorporated and operating in Nigeria (2020: 25%). The holding became an associate at commencement of the investee businesses in 2020.

(b) Summarised financial information for associates

Below are the summarised financial information for investment in associates accounted for using the equity method.

(i) Summarised balance sheet

	Heirs Insurance Limited	Heirs Life Assurance Limited	Heirs Insurance Limited	Heirs Life Assurance Limited
	31 December	31 December	31 December	31 December
	2022	2022	2021	2021
	N' 000	N' 000	N' 000	N' 000
Assets				
Cash and Cash Equivalents	603,923	472,784	4,522,006	833,368
Financial Assets	8,896,241	15,695,353	3,212,322	6,937,773
Receivables and prepayments	1,423,086	404,718	1,605,258	388,368
Right-of-use asset	642,653	681,423	662,710	385,471
Property and equipment	286,434	247,820	205,904	154,631
Intangible asset	220,212	283,263	213,890	201,130
Statutory deposit	1,000,000	800,000	1,000,000	800,000
Total assets	<u>13,072,549</u>	<u>18,585,361</u>	<u>11,422,090</u>	<u>9,700,741</u>
Liabilities				
Financial liabilities	422,210	815,976	1,312,067	224,973
Other liabilities	2,833,827	8,752,009	700,427	1,735,039
Total liabilities	<u>3,256,038</u>	<u>9,567,985</u>	<u>2,012,494</u>	<u>1,960,012</u>
Total equity	<u>9,816,511</u>	<u>9,017,376</u>	<u>9,409,596</u>	<u>7,740,729</u>

(i) Summarised statement of profit or loss and other comprehensive income

	Heirs Insurance Limited	Heirs Life Assurance Limited	Heirs Insurance Limited	Heirs Life Assurance Limited
	31 December	31 December	31 December	31 December
	2022	2022	2021	2021
	N' 000	N' 000	N' 000	N' 000
Underwriting profit/(loss)	1,570,968	2,680,508	(94,425)	647,899
Investment income	941,306	745,609	1,222,084	662,866
	<u>2,512,274</u>	<u>3,426,117</u>	<u>1,127,659</u>	<u>1,310,765</u>
Operating expense	(1,833,661)	(2,130,503)	(1,692,673)	(1,569,408)
Profit/(loss) before tax	<u>678,613</u>	<u>1,295,613</u>	<u>(565,014)</u>	<u>(258,643)</u>
Income tax	(128,936)	(246,167)	(1,370)	(627)
Profit/(loss) after tax	<u>549,677</u>	<u>1,049,447</u>	<u>(566,384)</u>	<u>(259,270)</u>
Adjustment to associates' prior year loss after tax	(295,718)	(18,982)	-	-
Total income	<u>253,959</u>	<u>1,030,465</u>	<u>(566,384)</u>	<u>(259,270)</u>

(c) Movement in investment in associate

Group	31 December 2022	31 December 2021
	N' 000	N' 000
Balance at 1 January 2022	4,293,587	4,500,000
Share of current period profit/(loss)	321,107	(206,412)
Balance at end of period	<u>4,614,694</u>	<u>4,293,587</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

23 (i)	Property and equipment Group	Leasehold	Furniture, fittings	Motor	Computer	Total
		Improvements	& equipment	vehicles	equipment	
		=N=' 000	=N=' 000	=N=' 000	=N=' 000	=N=' 000
Cost						
	At 1 January 2022	258,059	175,461	692,035	263,104	1,388,659
	Additions	-	6,137	63,285	41,446	110,868
	Disposals	-	-	-	962	962
	AS AT 31 December 2022	258,059	181,598	755,320	305,511	1,500,489
Depreciation						
	At 1 January 2022	94,923	69,700	575,438	176,744	916,805
	Charge for the year	54,278	30,193	81,837	31,287	197,595
	Disposals	-	-	-	(467)	(467)
	AS AT 31 December 2022	149,201	99,893	657,275	207,565	1,113,934
Carrying amounts						
	AS AT 31 December 2022	108,858	81,705	98,045	97,947	386,555
	At 31 December 2021	163,135	105,761	116,596	86,360	471,852

	Property and equipment Company	Leasehold	Furniture, fittings	Motor	Computer	Total
		Improvements	& equipment	vehicles	equipment	
Cost						
	At 1 January 2022	258,059	133,869	446,837	182,064	1,020,829
	Addition	-	6,137	51,000	37,992	95,129
	Disposals	-	-	-	962	962
	AS AT 31 December 2022	258,059	140,006	497,837	221,018	1,116,920
Depreciation						
	At 1 January 2022	94,923	41,187	366,498	104,034	606,643
	Charged for the year	54,278	25,834	58,703	28,053	166,868
	Disposals	-	-	-	(467)	(467)
	AS AT 31 December 2022	149,201	67,021	425,201	131,621	773,044
Carrying amounts						
	AS AT 31 December 2022	108,858	72,985	72,636	89,397	343,876
	At 31 December 2021	163,135	92,681	80,339	78,030	414,186

All PPE items are non-current

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

23.1	(i)	Property and equipment Group	Leasehold	Furniture, fittings	Motor	Computer	Total
			Improvements	& Equipment	vehicles	Equipment	
			=N=' 000	=N=' 000	=N=' 000	=N=' 000	=N=' 000
		Cost					
		At 1 January 2021	258,059	122,012	684,035	214,340	1,278,445
		Additions	-	53,449	8,000	49,000	110,449
		Disposals	-	-	-	(236)	(236)
		At 31 December 2021	258,059	175,461	692,035	263,104	1,388,658
		Depreciation					
		At 1 January 2021	40,645	40,508	478,365	153,103	712,621
		Charge for the year	54,278	29,192	97,074	23,864	204,408
		Disposals	-	-	-	(223)	(223)
		At 31 December 2021	94,923	69,700	575,438	176,744	916,806
		Carrying amounts					
		At 31 December 2021	163,135	105,761	116,596	86,360	471,852
		At 31 December 2020	217,413	81,504	205,670	61,237	565,824

(ii)	Company	Leasehold	Furniture, fittings	Motor	Computer	Total
		Improvements	& Equipment	vehicles	Equipment	
		=N=' 000	=N=' 000	=N=' 000	=N=' 000	=N=' 000
	Cost					
	At 1 January 2021	258,059	80,841	446,837	137,074	922,810
	Additions	-	53,028	-	45,226	98,254
	Disposals	-	-	-	(236)	(236)
	At 31 December 2021	258,059	133,869	446,837	182,064	1,020,828
	Depreciation					
	At 1 January 2021	40,645	16,314	293,943	84,450	435,353
	Charge for the year	54,278	24,873	72,555	19,807	171,513
	Disposals	-	-	-	(223)	(223)
	At 31 December 2021	94,923	41,187	366,498	104,034	606,643
	Carrying amounts					
	At 31 December 2021	163,136	92,682	80,339	78,030	414,185
	At 31 December 2020	217,413	64,527	152,894	52,624	487,458

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

		Group		Company	
		31 December 2022 =N=' 000	31 December 2021 =N=' 000	31 December 2022 =N=' 000	31 December 2021 =N=' 000
24	Deferred tax				
24.1	Deferred tax assets:				
	At 1 January	312,755	314,736	-	-
	Charge for the period	925,738	(1,981)	-	-
		<u>1,238,493</u>	<u>312,755</u>	<u>-</u>	<u>-</u>
	The break down of deferred tax assets are as follows:				
	Property and equipment	38,545	26,943	-	-
	Exchange difference	(453,581)	-	-	-
	Losses	915,402	187,557	-	-
	Fair value adjustments	(156,589)	-	-	-
	Provisions	894,716	98,255	-	-
		<u>1,238,493</u>	<u>312,755</u>	<u>-</u>	<u>-</u>
24.2	Deferred tax liabilities:				
	- Deferred tax liability to be recovered after more than 12 months (Writeback)/Charge for the period	82,500	126,974	82,500	113,701
		<u>750,534</u>	<u>(44,474)</u>	<u>704,948</u>	<u>(31,201)</u>
	Total	<u>833,034</u>	<u>82,500</u>	<u>787,448</u>	<u>82,500</u>
	The break down of deferred tax liabilities are as follows:				
	Property and equipment	67,274	753	62,660	753
	Exchange difference	296,447	174,489	296,447	174,489
	Losses	9,499	(92,742)	-	(92,742)
	Fair value adjustments	498,097	-	428,341	-
	Provisions	(38,283)	-	-	-
		<u>833,034</u>	<u>82,500</u>	<u>787,448</u>	<u>82,500</u>
Parent - Deferred tax liabilities					
	1 January 2022	Recognised in P&L	Recognised in OCI	31 Dec 2022	
	N'000	N'000	N'000	N'000	
	Property and equipment	753	61,907	-	62,660
	Exchange difference	174,489	121,959	-	296,447
	Losses	(92,742)	92,742	-	-
	Fair value adjustments	-	-	428,341	428,341
	Provisions	-	-	-	-
		<u>82,500</u>	<u>276,607</u>	<u>428,341</u>	<u>787,448</u>
Group - Deferred tax liabilities					
	1 January 2022	Recognised in P&L	Recognised in OCI	31 Dec 2022	
	N'000	N'000	N'000	N'000	
	Property and equipment	753	66,521	-	67,274
	Exchange difference	174,489	121,959	-	296,447
	Losses	(92,742)	102,241	-	9,499
	Fair value adjustments	-	-	498,097	498,097
	Provisions	-	(38,283)	-	(38,283)
		<u>82,500</u>	<u>252,437</u>	<u>498,097</u>	<u>833,034</u>
Group - Deferred tax asset					
	1 January 2022	Recognised in P&L	Recognised in OCI	31 Dec 2022	
	N'000	N'000	N'000	N'000	
	Property and equipment	26,943	11,602	-	38,545
	Exchange difference	-	(453,581)	-	(453,581)
	Losses	187,557	727,846	-	915,402
	Fair value adjustments	-	(156,589)	-	(156,589)
	Provisions	98,255	796,461	-	894,716
		<u>312,755</u>	<u>925,738</u>	<u>-</u>	<u>1,238,493</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group has not recognised deferred tax assets of about N3.6b arising from tax losses during the period under review as it considers the probability of recovering these losses to be low. This is because the tax exempt status of income realised on Nigerian government securities is one of the major drivers for the negative taxable profit within the Group, which is the largest contributor to the deferred tax asset, through tax losses, in the Group. The uncertainty surrounding the extension or termination of the tax exempt status at the end of 2021 has made management conclude that not all tax losses carried forward should be recorded as deferred tax assets.

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	=N=' 000	=N=' 000	=N=' 000	=N=' 000
25 Managed Funds				
Short term investments	252,972,481	204,940,905	-	-
Ucap Prestige	65,002,813	65,092,136	-	-
Trust funds	77,105,539	34,772,369	-	-
Sinking Funds	16,921,277	19,943,655	-	-
Payable on trust accounts	1,696,587	2,499,959	-	-
	413,698,697	327,249,024	-	-
Current	256,943,817	239,494,144	-	-
Non-Current	156,754,880	87,754,880	-	-
	413,698,697	327,249,024	-	-

Sinking Funds are funds managed by Trustees on behalf of bond issuers. The funds are invested in fixed income instruments for liquidity purposes in order to meet bondholders obligations as they become due.

26 Borrowed funds				
Borrowing from banks and other financial institutions	82,260,716	53,083,376	82,751,277	57,110,168
Bank overdraft	191,344	46,461	96,089	3,561
Issued debt - Bonds	18,002,284	7,617,351	18,002,284	7,617,351
Commercial Papers	-	18,990,389	-	18,990,389
	100,454,344	79,737,577	100,849,650	83,721,469
Current	6,192,105	19,092,491	6,096,851	19,092,491
Non-Current	94,262,239	60,645,086	94,752,799	64,628,978
	100,454,344	79,737,577	100,849,650	83,721,469

Borrowing from bank - Loans from commercial bank represent different facilities with interest rates indexed to money market conditions for a period of ten (10) years maturing in 2030. The loans are collateralised by negative pledge.

Issued debt (Bond) - In 2020, the company successfully issued its 1st bond of series 1, N10b out of its N30b bond issuance programme. The debt is an unsecured, amortising subordinated 5 year bond instrument. The Group has not had any defaulted in payment of principal and interest. The Company also issued its series 2 bond of N10b in 2022 which increased the total outstanding issued bonds to N18b as at 31st December 2022.

Commercial papers - In 2021, the Company issued several series of CPs. Series 5, 6 and 7 matured in H1 2022 and was paid down during the period under review. The Company successfully paid down Series 8 and 9 CP with a face value of N13.53b which was issued in 2022 with different maturity profiles.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Company	
	31 December 2022 =N=' 000	31 December 2021 =N=' 000	31 December 2022 =N=' 000	31 December 2021 =N=' 000
27 Other liabilities				
Creditors and accruals	2,277,520	1,472,846	1,803,656	768,089
Customers deposit	48,396	7,403,221	-	-
Due to counter-parties	45,867,979	-	45,867,979	-
Other current liabilities	455,303	5,302,782	-	4,368,339
Dividend payable	-	-	-	-
	48,649,198	14,178,849	47,671,635	5,136,428
Current	48,649,198	14,178,849	47,671,635	5,136,428
Non-Current	-	-	-	-
	48,649,198	14,178,849	47,671,635	5,136,428
28 Current tax liabilities				
At 1 January	1,803,211	1,830,812	649,566	1,012,778
Charge for the period	4,022,567	701,356	1,353,312	99,006
Tax paid	(533,130)	(728,957)	(100,819)	(462,218)
Closing Balance	5,292,648	1,803,211	1,902,059	649,566
The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act as amended, while Education Tax is based on Education Tax Act. We also have tax charged on information technology levy and police trust fund based on Police trust fund Act.				
	Group		Company	
	31 December 2022 =N=' 000	31 December 2021 =N=' 000	31 December 2022 =N=' 000	31 December 2021 =N=' 000
29 Share capital				
The share capital comprises:				
(i) Authorised - 6,000,000,000 Ordinary shares of N0.5 each	3,000,000	3,000,000	3,000,000	3,000,000
(ii) Issued and fully paid - 6,000,000 Ordinary shares of N0.5 each	3,000,000	3,000,000	3,000,000	3,000,000
30 Share Premium				
Share premium balance	683,611	683,611	683,611	683,611
	Group		Company	
	31 December 2022 =N=' 000	31 December 2021 =N=' 000	31 December 2022 =N=' 000	31 December 2021 =N=' 000
31 Retained earnings				
At 1 January	28,660,538	21,601,800	12,958,286	10,434,895
Transfer from profit or loss account	9,653,025	11,258,738	9,347,655	6,723,391
Dividend paid during the period (2022: N1.50k; 2021: N0.70k)	(9,000,000)	(4,200,000)	(9,000,000)	(4,200,000)
	29,313,563	28,660,538	13,305,941	12,958,286
32 Fair Value Reserves				
At 1 January	(1,797,356)	(858,932)	133,702	71,177
Arising during the period:				
Fair valuation on items that will not be subsequently reclassified to profit or loss (note 32.1)	985,402	11,839	176,502	-
Fair valuation on items that will be subsequently reclassified to profit or loss (note 32.2)	802,070	(950,263)	870,965	62,525
	(9,884)	(1,797,356)	1,181,169	133,702
32.1 Fair valuation on items that will not be subsequently reclassified to profit or loss				
Net fair value (loss)/gain on investments in quoted equity instruments measured at FVTOCI	985,402	11,839	176,502	-
Net fair value gain/(loss) on investments in unquoted equity instruments measured at FVTOCI	-	-	-	-
	985,402	11,839	176,502	-
32.2 Fair valuation on items that may be subsequently reclassified to profit or loss				
Net fair value (loss)/gain on investments in other financial instruments measured at FVTOCI	802,070	(950,263)	870,965	62,525
	802,070	(950,263)	870,965	62,525

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

33 Reconciliation of profit after tax to net cash from operating activities

Profit before tax	13,179,281	12,124,013	11,405,916	6,791,196
Adjustments to reconcile net cash provided:				
Depreciation and amortisation	305,600	296,278	270,886	258,545
Foreign exchange revaluation	(1,883,105)	(1,366,640)	(487,472)	(157,622)
Net interest income	(12,803,600)	(7,193,943)	(3,011,103)	(1,461,848)
Dividend income	(1,016,070)	(1,706,570)	(7,337,116)	(4,922,159)
Fair value changes on financial instruments at fair value through profit or loss	4,020	(237,285)	(43,155)	(114,816)
Gain on disposal of property and equipment	4	(34)	4	(34)
Allowance for impairment - financial assets	5,657,125	305,238	649,818	(13,052)
Allowance for impairment - other assets	515,569	148,212	(42,111)	160,206
	3,958,824	2,369,270	1,405,668	540,417
Net movement in operating assets and liabilities				
Trade receivables and prepayment	(28,539,414)	(2,594,717)	(17,880,973)	(2,572,895)
Managed funds	86,449,673	211,229,947	-	-
Other liabilities	34,470,349	6,495,541	42,535,207	2,874,515
Net cash from operations	96,339,432	217,500,041	26,059,901	842,037
Interest received	52,890,397	13,376,206	8,897,951	5,950,754
Interest paid	(39,070,727)	(14,733,433)	(5,767,732)	(2,199,205)
Tax Paid	(533,130)	(728,957)	(100,819)	(462,218)
Net cash (used in)/provided by operating activities	109,625,972	215,413,857	29,089,301	4,131,367

34 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures as well as key management personnel.

34.1 Identity of related parties

	Relationship	%
United Capital Asset Management Limited	Subsidiary	100
United Capital Trustees Limited	Subsidiary	100
United Capital Securities Limited	Subsidiary	100
UC Plus Advance Limited	Subsidiary	100
United Capital Management Limited Ghana	Subsidiary	100
Heirs Insurance Limited	Associate	25
Heirs Life Assurance Limited	Associate	25

34.2 Key management personnel

Key management personnel constitutes those individuals who have the authority and the responsibility for planning, directing and controlling the activities of United Capital Plc, directly or indirectly, including any director (whether executive or non-executive). The individuals who comprise the key management personnel are the Board of Directors as well as executive management.

34.3 Other information on key management personnel**Emoluments:**

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	=N='000	=N='000	=N='000	=N='000
Chairman	7,725	7,725	1,931	1,931
Highest paid director	134,525	134,525	33,631	33,631
Other Directors	739,291	751,956	182,150	181,627
	747,016	759,681	184,082	183,558
Fees	25,500	25,500	6,375	6,375
Other emoluments	721,516	734,181	177,707	177,183
	747,016	759,681	184,082	183,558
The total number of Directors were:	10	11	10	11

34.4 Transactions with key management personnel

Loan obtained during the year	109,750	100,200	27,438	25,050
Interest income recognised	16,463	15,030	4,116	3,758

34.5 The number of persons employed (excluding directors) in the company during the period was as follows:

103	94	16	10
-----	----	----	----

34.6 The table below shows the number of employees of the company that earned over N1,000,000.00 in the period and which fell within the bands stated below;

	31 December 2022	31 December 2021	31 December 2022	31 December 2021
N2,000,000 - N5,999,999	60	57	5	4
N6,000,000 - N7,999,999	15	12	2	2
N8,000,000 - N9,999,999	12	10	1	2
N10,000,000 and above	16	15	8	2
	103	94	16	10

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

34.7 Transactions with related companies

The following are the transactions and balances arising from dealings with subsidiaries of United Capital Group during the period.

	31 December 2022	31 December 2021
Placements		
United Capital Asset Management Limited	663,157	580,826
United Capital Trustees Ltd	4,634,384	1,541,966
UC Plus Advance Ltd	230,437	542,996
	5,527,978	2,665,788
Account receivables		
United Capital Asset Management Limited	-	1,348,735
United Capital Securities Limited	14,009	236,822
UC Plus Advance Limited	-	72,862
	14,009	1,658,419
Account payable		
United Capital Trustees Limited	54,725	113,799
United Capital Asset Management Limited	-	-
	54,725	113,799
Borrowings		
United Capital Asset Management Ltd	9,215,382	4,372,310
United Capital Trustees Limited	3,032,722	-
United Capital Securities Limited	10,000,000	-
	22,248,104	4,372,310
Interest expense		
United Capital Trustees Limited	162,256	41,254
United Capital Asset Management Ltd	385,196	262,966
United Capital Securities Limited	161,215	-
	708,668	304,220
Interest income		
United Capital Asset Management Ltd	29,556	26,000
United Capital Trustees Ltd	352,036	-
UC Plus Advance Ltd	12,480	3,934
	394,072	29,934

35 Operating Segments

Segment information is presented in respect of the Group's geographic segments which represents the primary segment reporting format and is based on the Group's management and reporting structure. The Board of Directors, reviews the Group's performance along these business segments and resources are allocated accordingly.

Geographical segments

The Group operates in the following geographical regions:

- Nigeria:** This comprise the Head office in Lagos and regional offices in all geo-political zones
- Ghana:** The Group operates in Ghana under the name United Capital Management Limited

Business segments

Investment Banking: This business segment engage in the business of investment banking and provides issuing house, corporate investment advisory services, project finance, debt restructuring, mergers & acquisitions and debt capital markets

Asset Management: The principal activities of this business segment is to carry out the business of fund/portfolio manager and investment adviser.

Wealth Management: The principal activities of this business segment is to carry out wealth management activities that caters to institutions and High Net Worth clients.

Trustees: The principal activity of the Company is the provision of a wide range of quality trusteeship services tailored to meet the varying needs of its customers, such as debenture trust, bond trusteeship, trustees to collective investment scheme, private trusts and security trusts.

Securities Trading: The principal activity of the Company is the provision of a wide range of quality stockbroking services tailored to meet the varying needs of its customers.

Consumer Finance: The principal activity of this business segment is to carry out consumer lending and engage in financing of micro, small and medium scale enterprises under the license of the Lagos State Government.

35.1 Summarised statement of consolidating segments

	Investment banking	Asset Management	Ucap Investment Wealth Management	Trustees	Securities trading	Consumer finance	Eliminating Items	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Income statement								
Gross earnings	13,981,324	10,473,928	1,245,665	5,278,829	2,148,582	986,084	(7,218,000)	26,896,412
Personnel expense	(591,000)	(769,916)	(113,009)	(523,277)	(295,053)	(46,804)	-	(2,339,057)
Other operating expense	(1,376,701)	(1,393,017)	(539,325)	(1,107,014)	(491,573)	(297,748)	-	(5,205,380)
Impairment charge/(writeback)	(607,707)	(1,796,199)	(1,037,368)	(2,733,817)	2,397	-	-	(6,172,694)
Total expense	(2,575,408)	(3,959,132)	(1,689,701)	(4,364,108)	(784,229)	(344,551)	-	(13,717,132)
Operating profit before tax	11,405,916	6,514,795	(444,036)	914,721	1,364,353	641,533	(7,218,000)	13,179,279
Share of (loss)/profit of associate	-	-	-	-	-	-	321,107	321,107
Profit before tax	11,405,916	6,514,795	(444,036)	914,721	1,364,353	641,533	(6,896,893)	13,500,386
Taxation	(2,058,261)	(80,907)	(66,605)	(1,148,329)	(493,260)	-	-	(3,847,362)
Profit after tax	9,347,656	6,433,888	(510,642)	(233,607)	871,093	641,533	(6,896,893)	9,653,024
Financial position								
Total assets	169,381,513	235,990,342	98,218,000	107,224,826	3,992,172	10,123,816	(23,015,458)	601,915,211
Total liabilities	151,210,792	229,359,902	98,218,000	103,090,103	1,577,656	9,126,714	(23,655,249)	568,927,920
Shareholders' fund	18,170,721	6,630,439	-	4,134,723	2,414,516	997,102	639,789	32,987,290

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36 Events after reporting period

The Directors are of the opinion that no event or transaction has occurred since the reporting date which would have had a material effect on the financial statement as at that date.

37 Contingent liabilities

The Group had no contingent liabilities during the period and no provision was made in financial statements during the period under review

38 Capital/financial commitments

The directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the Group have been taken into account in the preparation of the financial statements. There are no commitments for capital expenditure authorised by the Directors which has not been provided for in the financial statements as at 31 December 2022.

39 Contraventions

The Group incurred fines of N12.18m during the year under review (2021: N3). The penalty in 2022 was incurred by the Company in relation to delay in submission of post listing bond issue on behalf of its client with Securities and Exchange Commission.

40 Securities Trading Policy

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

41 Litigation and claims

The Group is involved in cases with claims amounting to N260m (2021: N152m). Directors are of the opinion that the possibility of an outflow of resources embodying economic benefit is remote and as such no provision is required.

42 Impact of COVID 19

Since early 2020, the Coronavirus disease (COVID-19) outbreak across China and beyond caused significant disruption to the society, impacting business operations, employees and customers. It is an evolving situation that the Group monitored closely.

2022 saw significant improvement as there was drastic reduction in incidences of covid-19 reports, businesses continued as normal and there was complete relax in covid-19 restrictions across Nigeria. as a business, we resumed full operations, however, to ensure safty of our people, we continued to maintain covid preventive measures.

The Group has drawn learnings from the experiences since 2020, and we have taken measures to invest more in technology, business automation and Business Continuity Infrastructure.

The Group continue to monitor developments around the world and we continue to communicate and inform our employees, customers, suppliers and other stakeholders on the need to maintain healthv and safetv measures in the work place and at homes.

OTHER NATIONAL DISCLOSURES

VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 December 2022

	Group				Company			
	2022		2021		2022		2021	
	=N=' 000	%	=N=' 000	%	=N=' 000	%	=N=' 000	%
Gross earnings	26,896,411		18,065,183		13,981,324		8,238,600	
Share of (loss)/profit in associates	321,107		(206,412)		-		-	
Operating expenses: Local	(4,899,778)		(3,603,030)		(1,105,814)		(778,977)	
VALUE ADDED	22,317,740	100%	14,255,741	100%	12,875,510	100%	7,459,623	100%
Applied as follows:								
To pay employees:								
Salaries and other benefits	2,339,058	10%	1,588,410	11%	591,000	5%	262,727	4%
To pay Government:								
Taxes	4,022,567	18%	701,356	5%	1,353,312	11%	99,006	1%
Retained for future replacement of assets and expansion of business:								
- Deferred tax	(175,204)	-1%	(42,493)	0%	704,949	5%	(31,201)	0%
- Depreciation	197,595	1%	204,408	1%	166,868	1%	171,513	2%
- Amortisation	108,005	0%	91,871	0.6%	104,019	1%	87,032	1.2%
- Impairment loss	6,172,694	28%	453,451	3%	607,707	5%	147,155	2%
- Retained profit for the year	9,653,025	43%	11,258,738	79%	9,347,655	73%	6,723,392	90%
	22,317,740	100%	14,255,741	100%	12,875,510	100%	7,459,623	100%

Value added represents the additional wealth which the company has been able to create on its own and employees' efforts. The statement shows the allocation of that wealth between the employees, government and that retained by the company for the future creation of more wealth.

OTHER NATIONAL DISCLOSURES

5 YEAR FINANCIAL SUMMARY - GROUP

	December 2022 =N=' 000	December 2021 =N=' 000	December 2020 =N=' 000	December 2019 =N=' 000	December 2018 =N=' 000
ASSETS					
Cash and cash equivalents	149,867,038	53,661,848	43,420,443	30,132,099	35,186,157
Investment in financial assets	386,544,095	363,647,252	145,148,841	94,142,345	88,182,725
Trade and other receivables	58,943,091	30,919,246	28,472,742	25,528,546	24,545,883
Rights of use assets	141,944	212,819	283,694	312	-
Intangible assets	179,301	78,595	42,015	43,771	14,993
Investments in associates	4,614,694	4,293,587	4,500,000	-	-
Property and equipment	386,555	471,852	565,824	357,118	301,351
Deferred tax assets	1,238,493	312,755	314,736	260,184	465,955
TOTAL ASSETS	601,915,211	453,597,954	222,748,295	150,464,375	148,697,064
LIABILITIES					
Managed Funds	413,698,697	327,249,024	116,019,077	72,379,297	75,685,719
Borrowed funds	100,454,344	79,737,577	72,661,645	50,876,737	49,163,296
Other liabilities	48,649,198	14,178,849	7,683,308	5,400,633	4,846,405
Current tax liabilities	5,292,648	1,803,211	1,830,812	1,569,828	1,923,707
Deferred tax liabilities	833,034	82,500	126,974	652,041	1,243,930
TOTAL LIABILITIES	568,927,921	423,051,161	198,321,816	130,878,536	132,863,057
EQUITY					
Share capital	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Share premium	683,611	683,611	683,611	683,611	683,611
Retained earnings	29,313,563	28,660,538	21,601,800	16,790,622	13,817,203
Other reserves	(9,884)	(1,797,356)	(858,932)	(888,394)	(1,666,807)
SHAREHOLDER'S FUND	32,987,290	30,546,793	24,426,479	19,585,839	15,834,007
TOTAL LIABILITIES AND EQUITY	601,915,211	453,597,954	222,748,295	150,464,375	148,697,064

OTHER NATIONAL DISCLOSURES

5 YEAR FINANCIAL SUMMARY - COMPANY

	December 2022 =N=' 000	December 2021 =N=' 000	December 2020 =N=' 000	December 2019 =N=' 000	December 2018 =N=' 000
ASSETS					
Cash and cash equivalents	22,907,336	6,951,413	12,196,469	2,401,282	2,125,972
Investment in financial assets	85,387,058	58,599,896	40,456,026	35,071,034	33,335,015
Trade and other receivables	47,812,682	29,889,598	27,476,909	24,558,776	24,116,058
Dividend receivable from subsidiaries	7,218,000	4,828,500	3,670,000	2,520,000	1,711,111
Rights of use assets	141,944	212,819	283,694	312	-
Intangible assets	169,617	68,151	39,032	38,768	7,970
Investments in subsidiaries	901,000	901,000	901,000	901,000	900,000
Investments in associates	4,500,000	4,500,000	4,500,000	-	-
Property and equipment	343,876	414,185	487,457	269,384	227,207
Deferred tax	-	-	-	-	134,039
TOTAL ASSETS	169,381,514	106,365,562	90,010,587	65,760,556	62,557,372
LIABILITIES					
Borrowed funds	100,849,650	83,721,469	72,432,512	50,876,737	49,163,296
Other liabilities	47,671,635	5,136,428	2,261,913	2,213,132	1,589,507
Current tax liabilities	1,902,059	649,566	1,012,778	729,230	1,068,504
Deferred tax liabilities	787,448	82,500	113,701	343,324	186,906
TOTAL LIABILITIES	151,210,793	89,589,963	75,820,904	54,162,423	52,008,213
EQUITY					
Share capital	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Share premium	683,611	683,611	683,611	683,611	683,611
Retained earnings	13,305,941	12,958,286	10,434,895	7,847,830	6,811,757
Other reserves	1,181,169	133,702	71,177	66,692	53,791
SHAREHOLDER'S FUND	18,170,721	16,775,599	14,189,683	11,598,133	10,549,159
TOTAL LIABILITIES AND EQUITY	169,381,514	106,365,562	90,010,587	65,760,556	62,557,372

OTHER NATIONAL DISCLOSURES

5 YEAR FINANCIAL SUMMARY - GROUP

	FY 2022 =N=' 000	FY 2021 =N=' 000	FY 2020 =N=' 000	FY 2019 =N=' 000	FY 2018 =N=' 000
Gross earnings	26,896,411	18,065,183	12,873,897	8,591,929	9,259,398
Gross operating expenses	(13,717,130)	(5,941,170)	(4,926,227)	(3,642,209)	(3,038,151)
Operating profit before income tax	13,179,282	12,124,013	7,947,670	4,949,720	6,221,247
Share of profit/(loss) in associate companies	321,107	(206,412)	-	-	-
Profit before income tax	13,500,388	11,917,601	7,947,670	4,949,720	6,221,247
Taxation	(3,847,363)	(658,863)	(136,492)	23,699	(1,883,257)
Profit for the year from continuing operations	9,653,025	11,258,738	7,811,178	4,973,419	4,337,990
Other comprehensive income/(loss) for the year	1,787,472	(938,423)	29,462	778,413	23,843
Total comprehensive income for the year	11,440,497	10,320,315	7,840,640	5,751,832	4,361,833
Earnings per share-basic (kobo) - annualised	215	250	130	83	72

5 YEAR FINANCIAL SUMMARY - COMPANY

	FY 2022 =N=' 000	FY 2021 =N=' 000	FY 2020 =N=' 000	FY 2019 =N=' 000	FY 2018 =N=' 000
Gross earnings	13,981,324	8,238,600	7,560,671	4,930,671	3,988,933
Gross operating expenses	(2,575,408)	(1,447,404)	(1,733,601)	(1,494,323)	(696,434)
Operating profit before income tax	11,405,916	6,791,196	5,827,070	3,436,348	3,292,499
Taxation	(2,058,261)	(67,805)	(240,006)	(400,275)	(588,796)
Profit for the year from continuing operations	9,347,655	6,723,392	5,587,064	3,036,073	2,703,703
Other comprehensive income/(loss) for the year	1,047,467	62,525	4,485	12,901	(17,470)
Total comprehensive income for the year	10,395,122	6,785,916	5,591,549	3,048,974	2,686,233
Earnings per share-basic (kobo) - annualised	208	149	93	51	45