# FCMB Group Plc

## Annual Report and Financial Statements

## Year ended 31 December 2024

**FCMB Group Plc**
**FINANCIAL STATEMENTS - 31 DECEMBER 2024**

**Contents**

**Report of Consultant to the Board of Directors of FCMB Group PLC. on their Appraisal for the Year Ended 31 December 2024.**

In compliance with the guidelines of Section 10.1 of the Central Bank of Nigeria (CBN) Corporate Governance Guidelines for Commercial, Merchant, Non-interest And Payment Service Banks in Nigeria ("the CBN Guidelines") and Section 14.1 of the Nigerian Code of Corporate Governance 2018 ("NCCG"), FCMB Group Plc. ("the Group") engaged KPMG Advisory Services to carry out an appraisal of the Board of Directors ("the Board") for the year ended 31 December 2024. The CBN Guidelines mandates an annual appraisal of the Board with specific focus on the Board's structure and composition, responsibilities, processes and relationships.

We have performed the procedures agreed with the Company in respect of the appraisal of the Board and evaluation of its compliance with corporate governance requirements in accordance with the provisions of the CBN Code and the NCCG. These procedures, which are limited in scope but sufficient for the Board's objectives in line with the Codes, are different in scope from an external audit. Consequently, no opinion is expressed by us on the activities reported upon.

Our approach to the appraisal of the Board and evaluation of the Board's corporate governance practices involved a review of the Group's Board papers and minutes, key corporate governance structures, policies and practices as well as the Company's compliance with applicable codes of corporate governance. This included the review of the corporate governance framework, representations obtained from questionnaires and interviews with the members of the Board and senior management.

On the basis of our review, the Group's corporate governance practices are largely in compliance with the key provisions of the Codes of Corporate Governance mentioned above. Specific recommendations for further improving the Group's governance practices are included in our detailed report to the Board.

Bimpe Afolabi
Partner, Internal Audit & Governance, Risk and Compliance Services
FRC/2012/ICAN/00000000437
KPMG Advisory Services
March 2025

## CORPORATE GOVERNANCE

### Commitment to Corporate Governance

FCMB Group Plc (the Group) remains committed to institutionalizing corporate governance principles. It continues to adhere to the implementation of Corporate Governance Rules of the Central Bank of Nigeria, The Nigerian Exchange Group, the Securities and Exchange Commission and the Financial Reporting Council of Nigeria.

The Group's Board (the Board) operates in line with its responsibilities as contained in Regulatory Codes of Corporate Governance, the Company's Articles of Association and the Companies and Allied Matters Act. Its oversight of the operations and activities of the Company are carried out transparently without undue influence.

The Group has undertaken to create an institutional framework conducive to defending the integrity of our Directors, and is convinced that on account of this, the Group's Board is functioning in a highly effective manner. It is intended that we continue to challenge ourselves to improve in areas where the need for improvement is identified.

### Board Composition and Independence

The Board is composed of ten Directors made up of seven Non-Executive Directors and three Executive Directors, in line with international best practice which requires the number of Non-Executive Directors to be more than the Executive Directors.

The appointment of Board members is in line with the Companies and Allied Matters Act 2020, CBN Code of Corporate Governance, and the Company's selection criteria for Directors.

The Group's Board, led by a Non-Executive Chairman, is composed of individuals with enviable records of achievement in their respective fields and who bring on board high levels of competencies and experience. The Board meets regularly to set broad policies for the Group's business and operations and ensures that an objective and professional relationship is maintained with the Group's internal and external auditors in order to promote transparency in financial and non-financial reporting.

Directors' emoluments, as well as their shareholding information, are disclosed in the Company's Annual Report and Accounts.

The Directors are guided by the Code of Conduct of the Central Bank of Nigeria for Directors and the Securities and Exchange Commission Code of Corporate Governance for Public Companies in Nigeria as well as the Nigerian Code of Corporate Governance.

### Board Selection and Appointment Process

The Board of the Company ensures a formal and transparent process for the selection and appointment of Directors to the Board. The Board Governance and Remuneration Committee plays a major role in the selection of candidates for appointment to the Board.

Appointed candidates must:

- be analytically strong.
- be financially savvy.
- contribute to a gender-diverse Board.
- be experienced in asset management.
- be suitably educated and professionally qualified.
- hold extensive relevant experience.
- be able to support business generation.
- have a good relationship with the regulatory authority.
- be well respected in society.
- demonstrate very high levels of integrity.
- pass the fit and proper person test.

The process involves:

- a careful analysis of the existing Board's strengths and weaknesses, its skills, experience gaps and diversity considering the Company's current business priorities and future plans;
- identification, shortlisting and interviewing candidates with the appropriate expertise and experience;
- conducting formal and informal background checks to ensure they are fit and proper persons to sit on the Board of the Company;
- discussing formally with prospective candidates the Board's expectations and the nominee's ability to make the necessary commitment;
- the appointment process is communicated to Board members and filed by the Company Secretary;
- external consultants may be engaged as appropriate to obtain an independent view and input into the appointment process;
- once the nomination is approved by the Board, the Company Secretary notifies the CBN in writing, seeking the CBN's approval to the appointment;
- upon approval by the CBN, the appointment and approval is communicated to the new Director in writing; and
- other required regulatory authorities are notified of the appointment in writing.

## CORPORATE GOVERNANCE

Existing CBN guidelines on appointment to the Board of Non-Financial Holding Companies in Nigeria shall continue to be applied.

The Guiding Principles of the Group's Code of Corporate Governance are as follows:

- all power belongs to the shareholders;
- delegation of authority by the owners to the Board and subsequently to Board Committees and executives is clearly defined and agreed;
- institutionalised individual accountability and responsibility through empowerment and relevant authority;
- clear terms of reference and accountability for committees at Board and executive levels;
- effective communication and information sharing outside of meetings;
- actions are taken on a fully informed basis, in good faith with due diligence and care and in the best interest of the Group and shareholders;
- enhancing compliance with applicable laws and regulations and the interest of the stakeholders; where there is any conflict between the Group's rules, the local laws and legislation supersede;
- conformity with overall Group strategy and direction; and
- transparency and full disclosure of accurate, adequate and timely information regarding the personal interest of Directors in any area of potential conflict regarding Group business.

**Role of the Board**

- Investment and capital management, investor relations, Group financial and statutory reporting, articulation and approval of Group policies, setting overall Group strategic direction, monitoring and coordinating Group performance, succession planning for key positions on the Boards of the Group and operating companies.
- Reviewing alignment of goals, major plans of action, annual budgets and business plans with overall strategy; setting performance objectives; monitoring implementation and corporate performance and overseeing major capital expenditure in line with the approved budget.
- Ensuring the integrity of the Group's accounting and financial reporting systems (including the independence of Internal Audit, and that appropriate systems are in place for monitoring risk, financial control and compliance with the law).
- Selecting, compensating, monitoring and when necessary, replacing key executives and overseeing succession planning.
- Interfacing with the management of the Group to ensure harmony in implementing Group strategy.
- Performing all statutory roles as required by law.
- Through the establishment of Board Committees, making recommendations and taking decisions on behalf of the Board on issues of expenditure that may arise outside the normal meeting schedule of the Board.
- Ratifying duly approved recommendations and decisions of the Board Committees.
- Ensuring that the Company has an effective internal audit and risk management system in place.

## CORPORATE GOVERNANCE

**Board of Directors Meetings in 2024.**

| NAMES | 23 February | 25 April | 19 July | 25 October | 29 November |
|---|---|---|---|---|---|
| Mr. Oladipupo Jadesimi | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Ladi Balogun | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Gbolahan Joshua | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Olufemi Badeji | ✓ | ✓ | ✓ | ✓ | ✓ |
| Alhaji Mustapha Damcida | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dr. (Engr) Gregory Ero | ✓ | ✓ | ✓ | X | ✓ |
| Professor Oluwatoyin Ashiru OON | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. Olapeju Sofowora | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. 'Tokunboh Ishmael | ✓ | X | ✓ | ✓ | ✓ |
| Ms. Muibat Ijaiya | ✓ | ✓ | X | ✓ | ✓ |

### Board Induction and training

One of the focuses of the Group is to ensure capacity building at all levels. To this end, irrespective of the existing knowledge and experience of Board members, the Company ensures that training programmes are organised for Directors to improve their decision-making capacity and overall Board effectiveness. The Company Secretary is responsible for overseeing the induction of new Board members as well as overseeing the continuous training of Board members.

Induction for new Board members is essential in order to provide important information about the Company, Directors' roles and responsibilities and to help a new Director settle smoothly into the new role. This is to also ensure that Directors are adequately acquainted with the Board's purpose, responsibilities, practices, strategy and operations.

Furthermore, the induction programme is aimed at deepening Directors' understanding of the Company, and the environment and markets in which it operates. The programme may include formal and informal discussions with executive management, provision of reading materials or workshops.

The Company Secretary oversees the provision of additional training to Directors on a continuous basis to enable them to gain a broader understanding and knowledge of the Company and the regulatory and competitive environment in which the Group operates.

The Company encourages and supports other informal training programmes for Directors, such as subscriptions to industry journals towards building relevant skills and interactive sessions at Board meetings whereby an external facilitator or a specialist from the Group facilitates sessions in specific areas of interest.

Notwithstanding the Company's responsibilities, each Director has a personal responsibility to ensure that he or she remains current and up to date regarding the strategies and businesses of the Company, as well as the industry and macroeconomic environment in which it operates.

**CORPORATE GOVERNANCE**

| S/N | NAMES OF DIRECTORS | TRAINING TITLE | FACILITATING FACULTY (COURSE VENDOR) | DATE(S) |
|---|---|---|---|---|
| | | BOARD ESG AND CLIMATE RISK TRAINING | IBIS Consulting Limited | 19, April 2024' |
| | | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Beyond Allocation of Resources to the Compliance Function: What next in an ever-changing and challenging regulatory environment | PricewaterhouseCoopers International Limited | July 12 2024 |
| 1 | Mr. Oladipupo Jadesimi | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Understanding Emerging Trends in Financial Intelligence for FCMB | Nigeria Financial Intelligence Unit (NFIU) | 18, October 2024 |
| | | CYBERSECURITY AWARENESS SESSION | Ernst & Young | 22, November 2024 |
| | | BOARD ESG AND CLIMATE RISK TRAINING | IBIS Consulting Limited | 19, April 2024' |
| | | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Beyond Allocation of Resources to the Compliance Function: What next in an ever-changing and challenging regulatory environment | PricewaterhouseCoopers International Limited | July 12 2024 |
| 2 | Mr. Ladi Balogun | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Understanding Emerging Trends in Financial Intelligence for FCMB | Nigeria Financial Intelligence Unit (NFIU) | 18, October 2024 |
| | | CYBERSECURITY AWARENESS SESSION | Ernst & Young | 22, November 2024 |
| | | BOARD ESG AND CLIMATE RISK TRAINING | IBIS Consulting Limited | 19, April 2024' |

## CORPORATE GOVERNANCE

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|---|---|---|---|---|
| | | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Beyond Allocation of Resources to the Compliance Function: What next in an ever-changing and challenging regulatory environment | PricewaterhouseCoopers International Limited | July 12 2024 |
| 3 | Mr. Olufemi Badeji | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Understanding Emerging Trends in Financial Intelligence for FCMB | Nigeria Financial Intelligence Unit (NFIU) | 18, October 2024 |
| | | CYBERSECURITY AWARENESS SESSION | Ernst & Young | 22, November 2024 |
| | | BOARD ESG AND CLIMATE RISK TRAINING | IBIS Consulting Limited | 19, April 2024' |
| | | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Beyond Allocation of Resources to the Compliance Function: What next in an ever-changing and challenging regulatory environment | PricewaterhouseCoopers International Limited | July 12 2024 |
| 4 | Mr. Gbolahan Joshua | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Understanding Emerging Trends in Financial Intelligence for FCMB | Nigeria Financial Intelligence Unit (NFIU) | 18, October 2024 |
| | | CYBERSECURITY AWARENESS SESSION | Ernst & Young | 22, November 2024 |

| S/N | NAMES OF DIRECTORS | TRAINING TITLE | FACILITATING FACULTY (COURSE VENDOR) | DATE(S) |
|---|---|---|---|---|
| | | BOARD ESG AND CLIMATE RISK TRAINING | IBIS Consulting Limited | 19, April 2024' |
| | | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Beyond Allocation of Resources to the Compliance Function: What next in an ever-changing and challenging regulatory environment | PricewaterhouseCoopers International Limited | July 12 2024 |

**CORPORATE GOVERNANCE**

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|---|---|---|---|---|
| | | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Understanding Emerging Trends in Financial Intelligence for FCMB | Nigeria Financial Intelligence Unit (NFIU) | 18, October 2024 |
| 5 | Professor Oluwatoyin Ashiru OON | CYBERSECURITY AWARENESS SESSION | Ernst & Young | 22, November 2024 |
| | | BOARD ESG AND CLIMATE RISK TRAINING | IBIS Consulting Limited | 19, April 2024' |
| | | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Beyond Allocation of Resources to the Compliance Function: What next in an ever-changing and challenging regulatory environment | PricewaterhouseCoopers International Limited | July 12 2024 |
| 6 | Alhaji Mustapha Damcida | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Understanding Emerging Trends in Financial Intelligence for FCMB | Nigeria Financial Intelligence Unit (NFIU) | 18, October 2024 |
| | | CYBERSECURITY AWARENESS SESSION | Ernst & Young | 22, November 2024 |
| | | BOARD ESG AND CLIMATE RISK TRAINING | IBIS Consulting Limited | 19, April 2024' |
| 7 | | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Beyond Allocation of Resources to the Compliance Function: What next in an ever-changing and challenging regulatory environment | PricewaterhouseCoopers International Limited | July 12 2024 |

## CORPORATE GOVERNANCE

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| | | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Understanding Emerging Trends in Financial Intelligence for FCMB | Nigeria Financial Intelligence Unit (NFIU) | 18, October 2024 |
| | Mrs Olapeju Shofowora | CYBERSECURITY AWARENESS SESSION | Ernst & Young | 22, November 2024 |
| | | BOARD ESG AND CLIMATE RISK TRAINING | IBIS Consulting Limited | 19, April 2024' |
| 8 | Mrs 'Tokuboh Ishmael | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Beyond Allocation of Resources to the Compliance Function: What next in an ever-changing and challenging regulatory environment | PricewaterhouseCoopers International Limited | July 12 2024 |
| | | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Understanding Emerging Trends in Financial Intelligence for FCMB | Nigeria Financial Intelligence Unit (NFIU) | 18, October 2024 |
| | | CYBERSECURITY AWARENESS SESSION | Ernst & Young | 22, November 2024 |
| | | BOARD ESG AND CLIMATE RISK TRAINING | IBIS Consulting Limited | 19, April 2024' |
| | | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Beyond Allocation of Resources to the Compliance Function: What next in an ever-changing and challenging regulatory environment | PricewaterhouseCoopers International Limited | July 12 2024 |
| 9 | Ms Muibat Ijaiya | ANTI MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM: Understanding Emerging Trends in Financial Intelligence for FCMB | Nigeria Financial Intelligence Unit (NFIU) | 18, October 2024 |
| | | CYBERSECURITY AWARENESS SESSION | Ernst & Young | 22, November 2024 |

The Executive Directors were also enrolled for e-learning courses covering:

- Health and Safety at Workplace 2024
- FCMB Quality Management System 2024
- Digital Mindset in the Age of AI and
- FCMB Code of Conduct 2024.

**Re-Election of Directors by Rotation**

Pursuant to Section 285 (1) and (3) of the Companies and Allied Matters Act, 2020, three of the Directors are due for retirement by rotation and have offered themselves for re-election by the Annual General Meeting.

The Director offering herself for re-election is Ms. Muibat Ijaiya whose profile is on page 42.

**Board Committees**

The Board approved the constitution of the four Board Committees, listed below, with their respective responsibilities and roles clearly defined. Each of the Committees has a charter which guides the discharge of its duties.

## CORPORATE GOVERNANCE

### Board Audit Committee (BAC)
The primary purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibility as it relates to audit, finance and budget matters as well as ascertaining the integrity of the financial statements and financial reporting process of the Group, independence and the performance of external and internal audit functions.

**Membership**
The Committee comprised four Non-Executive Directors. The Group Chief Executive and the Chief Operating Officer shall be in attendance as may be required.

**Committee composition**
Mrs. Olapeju Sofowora (Chairperson), Dr. (Engr.) Gregory Ero, Mrs. 'Tokunboh Ishmael and Ms. Muibat Ijaiya.

**Board Audit Committee Meetings held in 2024**

| NAMES | 23 FEB. | 22 APR. | 16 JUL. | 17 OCT. | 28 NOV. |
|---|---|---|---|---|---|
| Mrs. Olapeju Sofowora | √ | √ | √ | √ | √ |
| Dr. (Engr) Gregory Ero | X | √ | x | X | √ |
| Mrs. 'Tokunboh Ishmael | √ | √ | √ | √ | √ |
| Ms. Muibat Ijaiya | √ | √ | √ | √ | √ |

### BOARD INVESTMENT COMMITTEE (BIC)
Purpose of the Committee- The primary purpose of the Investment Committee is to assist the Board in fulfilling its oversight responsibility as it relates to Investment implementation, capital and portfolio management, liquidity planning and ensuring that that the overall Investments align with the Group's goals.

**Membership**
The Committee comprised three Non-Executive Directors and three Executive Directors.

**Committee composition**
Mrs. 'Tokunboh Ishmael (Chairperson), Mrs. Olapeju Sofowora, Ms. Muibat Ijaiya, Mr. Ladi Balogun, Mr. Femi Badeji and Mr. Gbolahan Joshua

Board Investment Committee Meetings held in 2024

| NAMES | 23 APR. | 21 OCT. |
|---|---|---|
| Mrs. 'Tokunboh Ishmael | X | √ |
| Mrs. Olapeju Sofowora | √ | √ |
| Ms. Muibat Ijaiya | √ | √ |
| Mr. Ladi Balogun | √ | √ |
| Mr. Femi Badeji | √ | √ |
| Mr. Gbolahan Joshua | √ | √ |

### BOARD RISK MANAGEMENT COMMITTEE (BRMC)

**Purpose of the Committee-** The primary purpose of the Risk Management Committee is to assist the Board in fulfilling its oversight responsibility as it relates to risk management, strategy, and compliance, as well as overseeing the establishment of policies, standards and guidelines for monitoring and managing risks, compliance, and strategy. As part of its risk management oversight functions, the Committee will also ensure corporate oversight and guidance for compliance activities and strategic initiatives.

**Membership**
The Committee comprised three Non-Executive Directors and two Executive Directors.

**Committee composition**
Ms. Muibat Ijaiya (Chairperson), Mrs. 'Tokunboh Ishmael, Mrs. Olapeju Sofowora. Mr. Ladi Balogun and Mr. Gbolahan Joshua

Board Risk Management Committee Meetings held in 2024

| NAMES | 22 APR. | 16 JUL. | 22 OCT | 45,987 |
|---|---|---|---|---|
| Ms. Muibat Ijaiya | √ | √ | √ | √ |
| Mrs. Olapeju Sofowora | √ | √ | √ | √ |
| Mrs. 'Tokunboh Ishmael | √ | √ | √ | √ |
| Mr. Ladi Balogun | √ | √ | √ | √ |
| Mr. Gbolahan Joshua | √ | √ | √ | √ |

**Board Governance and Remuneration Committee (BGRC)**
Its functions include nominating new Directors to the Board, recommending the remuneration policy for the Group, overseeing Board performance and evaluation within the Group and succession planning for key positions on the Boards of the Group and subsidiaries.

**Membership**

The Committee comprises only Non-Executive Directors. The Group Chief Executive shall be in attendance as may be required.

**Committee Composition**
Professor Oluwatoyin Ashiru OON (Chairman), Alhaji Mustapha Damcida, Mrs. Olapeju Sofowora and Mrs. 'Tokunboh Ishmael.

Board Governance and Remuneration Committee Meetings held in 2024

| NAMES | 18 APR. | 24 JUL. | 16 OCT. | 27 NOV. |
|---|---|---|---|---|
| Professor Oluwatoyin Ashiru OON | √ | √ | √ | √ |
| Alhaji Mustapha Damcida | √ | √ | √ | √ |
| Mrs. Olapeju Sofowora | √ | √ | √ | √ |
| Mrs. 'Tokunboh Ishmael | √ | √ | X | √ |

**Statutory Audit Committee (SAC)**
Section 404 (2) of the Companies and Allied Matters Act 2020 requires a public company to establish an Audit Committee.

Subject to such other additional functions and powers that the Company's Articles may stipulate, the objectives and functions of the audit committee are to:

- ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- review the scope and planning of audit requirements;
- review the findings on management matters in conjunction with the external auditor and departmental responses therein;
- keep under review the effectiveness of the Company's system of accounting and internal control;
- make recommendations to the Board with regard to the appointment of, removal and remuneration of the external auditors of the Company;
- authorise the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee; and examine the Auditors' Report and make recommendations thereon to the Annual General Meeting as it may deem fit.

## CORPORATE GOVERNANCE

**Membership**
According to Section 404 (3) of the Companies and Allied Matters Act 2020

- The Audit Committee shall consist of five members comprising three members and two Non-Executive Directors. The members of the Audit Committee are not entitled to remuneration and are subject to election annually.
- All members of the audit committee shall be financially literate, and at least one member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly.
- Any member may nominate another member of the Company to the audit committee by giving written notice of such nomination to the Company Secretary at least 21 days before the annual general meeting and any nomination not received prior to the meeting as stipulated is invalid.

In the 2024 financial year, the Audit Committee was chaired by Evangelist Akinola Soares.

Statutory Audit Committee Meetings held in 2024

| NAMES | 22 FEB. | 24 APR. | 17 JUL. | 23 OCT. |
|---|---|---|---|---|
| Evangelist P. A. Soares | √ | √ | √ | √ |
| Alhaji S. B. Daranijo | √ | √ | √ | √ |
| Mr. Hakeem Batula | √ | √ | √ | √ |
| Professor Oluwatoyin Ashiru | √ | √ | √ | √ |
| Mrs. Olapeju Sofowora | √ | √ | √ | √ |

**Management Committees**
The Board is supported by the Executive Management Committee (EMC) and the Group Executive Committee (GEC).

**Executive Management Committee (EMC)**
The EMC, usually chaired by the Group Chief Executive, comprises all the Executive Directors and departmental heads. Representatives of the operating companies may be invited if required. The EMC deliberates and makes decisions, as necessary, to optimise the resources of the Company and ensure the effective and efficient management of the Company. The EMC also articulates issues to be discussed by the Board. Ad hoc meetings may be held from time to time.

The Group Chief Executive is responsible for the daily running and performance of the Company.

**Group Executive Committee (GEC)**
The GEC is usually chaired by the Group Chief Executive, while other members are the Chief Operating Officer, the Executive Director, and the Chief Executive Officers of the operating companies in the Group as well as the Group Chief Financial Officer. The Company Secretary, who is also a member, serves as Secretary to the Committee. The GEC, from time to time, invites to its meetings any other person as may be required.

**Board Evaluation and Assessment**
In compliance with Section 12.2 of the CBN Corporate Governance Guidelines for Financial Holding Companies in Nigeria, which provides that there shall be an annual appraisal of the Board by an independent external consultant with adequate experience, knowledge and competence in corporate governance and performance, KPMG Professional Services conducted the Board and Corporate Governance evaluation for the financial year 2024.

**Shareholder Participation**
In recognition of the importance of the provision of adequate information to shareholders and the Board's commitment to maintain high standards of corporate disclosure, meetings of shareholders are convened and held regularly as required by statutory and regulatory regimes. The Annual General Meeting allows for the interaction between Board, Management and Shareholders.

The Group also has a dedicated Investors Relations Department that facilitates communication with shareholders, stakeholders and analysts on a regular basis to address their queries and concerns.

Investors and stakeholders are frequently provided with information about the Group through Quarterly Investors Conference Calls.

The Group's website is updated regularly to keep Shareholders abreast of information on the Company.

The Group leverages the significant experience, contributions and advice of shareholder members of the Audit Committee.

## CORPORATE GOVERNANCE

The Group continues to take necessary steps to promote shareholder rights.

All stakeholders are invited to report any concern about a threatened or suspected breach of any corporate governance requirement to the office of the Company Secretary.

**Remuneration Policy**
The Board, either by itself or through the Board Governance and Remuneration Committee, has the responsibility to review and approve the remuneration of Directors. While performing this responsibility, the Board is to ensure that Non-Executive Directors' remuneration is in line with the Central Bank of Nigeria (CBN) Code of Corporate Governance.

The Non-Executive members of the Board shall be entitled to a sitting allowance and Directors' fee as may be agreed by the Board from time to time and in line with the CBN Code of Corporate Governance. Additionally, they are entitled to be reimbursed for expenses incurred while carrying out their duties as Directors of the Company.

The Board's Non-Executive members, either directly or through the Board Governance and Remuneration Committee shall consider the remuneration payable to Executive Directors. The Executive members of the Board are not entitled to sitting allowances or Directors' fees paid to the Non-Executive Directors.

The level and make-up of Director remuneration should be sufficient to attract and retain the right calibre of members needed to run the Company successfully.
The Company does not grant share options as part of the remuneration to Directors. Where this is to be done, it shall be tied to performance with the limits set in any given financial year, and subject to the approval of the shareholders at the Annual General Meeting.

**Share trading Policy**
The Company has a Share Trading Policy which provides a basic explanation of what constitutes insider trading and the Company's policy to prevent it, including:

- a description of what conduct may constitute insider trading;
- a description of the acceptable times for persons who fall within the definition of insiders to trade in the Company's securities to minimise the risk of insider trading; and
- the steps for insiders and their connected persons to take when trading the Company's securities.
- The detailed policy document is hosted on the Company's website.

**Whistleblowing Procedures**
The Board has a duty to conduct the Group's affairs in a responsible and transparent manner and to take into account legal and regulatory requirements under which the Group operates. The Board is also committed to the principle of sound Corporate Governance and behaviour as enunciated in the CBN Code of Corporate Governance for banks and other financial institutions in Nigeria. One of the several ways a breach of regulatory requirements and Management and staff misconduct can be addressed is through a Whistleblowing programme.

As such, the Whistleblowing Policy and Procedures of the Group are designed to encourage stakeholders to bring unethical conduct and illegal violations to the attention of an internal and/or supervising authority so that action can be taken to resolve the problem. All stakeholders are provided with the details of the Ethics Line facilities via the Group's website. The Ethics Line facilities include 0703-000-0026, 0703-000-0027, 0708-060-1222 and 0808-822-8888.

Statement of Compliance with the CBN Corporate Governance Guidelines

Following the release of the new Corporate Governance Guidelines for Financial Holding Companies in Nigeria (the CBN Guidelines) by the Central Bank of Nigeria (CBN) on July 13, 2023, the Board at the meeting held on October 20, 2023, approved the reconstitution of Board Committees effective January 1, 2024. The changes approved by the Board are as follows:

i. Constitution of a Board Investment Committee.

ii. Separation of the Board Risk Management Committee (BRMC) from the Board Audit Committee (BAC).

iii. Re-composition of the Board Risk Management Committee.

The Board affirms that it is committed to ensuring full compliance with the new Guidelines.

**Statement of Compliance with SEC Code of Corporate Governance**
In compliance with Section 34.7 of the Securities and Exchange Commission (SEC) Code of Corporate Governance for Public Companies in Nigeria (the Code) which governs the operations of FCMB Group Plc, the Board confirms compliance with the Code as disclosed in the Annual Report and Accounts.

## CORPORATE GOVERNANCE

**Statement of Compliance with the Nigerian Code of Corporate Governance 2018 (NCCG Code)**
In compliance with Section 28.5 of the NCCG Code, the Board confirms compliance with the NCCG Code as disclosed in the Board Evaluation Report and the Annual Report and Accounts.

Disclosure to the Shareholders

**Directors' Fees**
The Directors' fees for the financial year ending 31 December 2025 shall be maintained at N280,000,000.00 only.

**Years of Service of Deloitte & Touche**
Deloitte and Touche, the external auditors have served for four years as at the end of the reporting period.

**Mrs. Olufunmilayo Adedibu**
Company Secretary
FRC/2014/PRO/NBA/002/00000005887

**BOARD OF DIRECTORS, OFFICERS AND PROFESSIONAL ADVISORS**
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**Directors**

1. Mr. Oladipupo Jadesimi (Chairman)
2. Mr Ladi O. Balogun (Group Chief Executive)
3. Mr Gbolahan Joshua (Chief Operating Officer)
4. Mr Olufemi Badeji (Executive Director)
5. Alhaji Mustapha Damcida (Non-Executive Director)
6. Professor Oluwatoyin Ashiru (Non Executive Director)
7. Dr (Engr) Gregory O. Ero (Non-Executive Director)
8. Mrs. Olapeju Eniola Sofowora (Non-Executive Independent Director)
9. Mrs. Tokunboh Ishmael (Non Executive Director)
10. Ms. Muibat Ijaiya (Non-Executive Independent Director)

**Company Secretary**

Mrs. Olufunmilayo Adedibu

**Registered office**

FCMB Group Plc
First City Plaza
44, Marina
Lagos Island,
Lagos

**Auditors**

Deloitte & Touche Nigeria
Civic Towers
Ozumba Mbadiwe Avenue
Victoria Island
Lagos

**Board Appraiser**

KPMG Advisory Services
KPMG Towers
Bishop Aboyade Cole Street
Victoria Island
Lagos

**DIRECTORS' REPORT**
**FOR THE YEAR ENDED 31 DECEMBER 2024**

The Directors present their annual report on the affairs of FCMB Group Plc ("the Company") and its subsidiaries ("the Group"), together with the financial statements and independent auditor's report for the year ended 31 December 2024.

**a. *Legal Form***

FCMB Group Plc was incorporated in Nigeria as a financial holding company on 20 November, 2012, under the Companies and Allied Matters Act, Cap C.20, Laws of Federation of Nigeria 2004.

**b. *Principal Activity and Business Review***

The Company is a non-operating financial holding company, regulated by the Central Bank of Nigeria (CBN). The principal activity of the Group continues to be the provision of comprehensive banking and financial services to its wholesale and retail customers. Such services include cash management, trade, loans and advances, corporate finance, investment banking, securities brokerage, money market activities and foreign exchange operations.

Through ownership of FCMB Group Plc, shareholders own 100% of the following subsidiaries; FCMB Capital Markets Limited, FCMB Trustees Limited (formerly CSL Trustees Limited), FCMB Microfinance Bank Limited, Credit Direct Finance Company Limited, CSL Stockbrokers Limited (including its subsidiary FCMB Asset Management Limited) and First City Monument Bank Limited (and its subsidiaries - FCMB (UK) Limited and FCMB Financing SPV Plc) and 91.71% of FCMB Pensions Limited.

The Group does not have any unconsolidated structured entity.

**c. *Operating Results***

The gross earnings and profit after income tax recorded by the Group for the year ended 31 December 2024 was N794.43billion and N73.34billion respectively. The Directors affirm that the Group is strategically poised for continued growth and development. Highlights of the Group's operating results for the period under review are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **In thousands of naira** | **31 DEC 2024** | 31 DEC 2023 | **31 DEC 2024** | 31 DEC 2023 |
| Gross earnings | **794,430,083** | 516,355,140 | **43,507,278** | 24,300,090 |
| Profit before minimum tax and income tax | **111,895,170** | 104,431,449 | **38,175,230** | 21,355,337 |
| Minimum tax | **(3,289,172)** | (2,218,204) | **-** | - |
| Taxation charge | **(17,597,088)** | (9,195,626) | **(7,772,543)** | (2,195,918) |
| Windfall tax | **(17,671,442)** | - | **-** | - |
| Profit after tax | **73,337,468** | 93,017,619 | **30,402,687** | 19,159,419 |
| **Appropriations:** | | | | |
| Transfer to statutory reserve | **8,811,864** | 11,485,486 | **-** | - |
| Transfer to retained earnings | **64,525,604** | 81,532,133 | **30,402,687** | 19,159,419 |
| | **73,337,468** | 93,017,619 | **30,402,687** | 19,159,419 |
| Basic and diluted earnings per share (Naira) | **2.46** | 4.48 | **0.86** | 0.94 |
| Total non-performing loans and advances | **147,979,386** | 83,530,838 | **-** | - |
| Total non-performing loans to total gross loans and advances (%) | **5.95%** | **4.33%** | **-** | - |

***Proposed dividend***

The Board of Directors recommended a cash dividend of 55 kobo per issued and paid up ordinary share for the year ended 31 December 2024 (2023:50kobo). This is subject to approval at the Annual General Meeting.

Payment of dividends is subject to withholding tax at a rate of 10% in the hand of recipients.

**DIRECTORS' REPORT**
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**d. *Directors' shareholding***

The direct and indirect interests of Directors in the issued share capital of the Company as recorded in the register of Directors shareholding and / or as notified by the Directors for the purposes of sections 301 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2020 and listing requirements of the Nigerian Stock Exchange are nil (2023 : nil)

| | Shareholding as at 31-12-2024 | | Shareholding as at 31-12-2023 | |
|---|---|---|---|---|
| | Number of 50k Ordinary Shares Held | | Number of 50k Ordinary Shares Held | |
| | Direct holdings | Indirect holdings | Direct holdings | Indirect holdings |
| Mr. Oladipupo Jadesimi (Chairman) | 197,312,000 | - | 190,463,000 | - |
| Mr. Ladi O Balogun (Group Chief Executive) | 205,166,756 | 438,839,000 | 205,166,756 | - |
| Mr Gbolahan Joshua (Chief Operating Officer) | 23,300,000 | - | 7,500,000 | - |
| Mr. Olufemi Badeji (Executive Director) | 22,100,000 | - | 7,500,000 | - |
| Alhaji Mustapha Damcida (Non-Executive Director) | - | - | - | - |
| Professor Oluwatoyin Ashiru (Non Executive Director) | 3,055,187 | - | 2,055,187 | - |
| Dr (Engr) Gregory Omosigho Ero (Non-Executive Director) | - | - | - | - |
| Mrs. Olapeju Eniola Sofowora (Nee Olashore) (Non-Executive Independent | 1,100,000 | - | 100,000 | - |
| Mrs. Tokunboh Oluyomi Ishmael (Non Executive Director) | 4,150,000 | - | - | - |
| Ms. Muibat Ijaiya (Non-Executive Independent Director) | 2,748,000 | - | 8,000 | - |

**e. Directors' interests in contracts**

For the purpose of section 303 of the Companies and Allied Matters Act 2020, none of the Directors had any direct or indirect interest in contracts or proposed contracts with the Bank during the period.

***f. Property and Equipment***

Information relating to changes in property and equipment is given in Note 30 to the financial statements. In the Directors’ opinion, the market value of the Group’s properties is not less than the carrying value in the financial statements.

**g. *Shareholding Analysis***

The shareholding pattern of FCMB Group Plc as at 31 December 2024 is as stated below:

| Share Range | No. Of Shareholders | % Of Shareholders | No. Of Holdings | % Of Shareholdings |
|---|---|---|---|---|
| 1–10,000 | 519,007 | 91.74 | 510,050,716 | 1.29 |
| 10,001–50,000 | 33,024 | 5.84 | 706,004,798 | 1.78 |
| 50,001–100,000 | 5,985 | 1.06 | 448,123,523 | 1.13 |
| 100,001–500,000 | 5,934 | 1.05 | 1,189,156,403 | 3.00 |
| 500,001–1,000,000 | 839 | 0.15 | 637,107,659 | 1.61 |
| 1,000,001–5,000,000 | 702 | 0.12 | 1,413,170,708 | 3.57 |
| 5,000,001–10,000,000 | 88 | 0.02 | 644,793,656 | 1.63 |
| 10,000,001–50,000,000 | 114 | 0.02 | 2,393,954,884 | 6.04 |
| 50,000,001–100,000,000 | 20 | 0.00 | 1,485,696,104 | 3.75 |
| 100,000,001–500,000,000 | 30 | 0.01 | 5,831,107,994 | 14.72 |
| 500,000,001–1,000,000,000 | 10 | 0.00 | 7,207,403,828 | 18.20 |
| 1,000,000,001–39,605,421,562 | 11 | 0.00 | 17,138,851,289 | 43.27 |
| **TOTAL** | **565,764** | **100** | **39,605,421,562** | **100** |

**31 DECEMBER 2023**

| Share Range | No. Of Shareholders | % Of Shareholders | No. Of Holdings | % Of Shareholdings |
|---|---|---|---|---|
| 1–10,000 | 483,570 | 94.11 | 385,064,497 | 1.94 |
| 10,001–50,000 | 22,981 | 4.47 | 463,094,525 | 2.34 |
| 50,001–100,000 | 3,176 | 0.62 | 221,895,753 | 1.12 |
| 100,001–500,000 | 3,141 | 0.61 | 612,111,996 | 3.09 |
| 500,001–1,000,000 | 404 | 0.08 | 289,682,530 | 1.46 |
| 1,000,001–5,000,000 | 407 | 0.08 | 831,062,162 | 4.20 |
| 5,000,001–10,000,000 | 55 | 0.01 | 387,046,113 | 1.95 |
| 10,000,001–50,000,000 | 68 | 0.01 | 1,333,716,917 | 6.74 |
| 50,000,001–100,000,000 | 10 | 0.00 | 815,467,555 | 4.12 |
| 100,000,001–500,000,000 | 17 | 0.00 | 3,534,149,242 | 17.85 |
| 500,000,001–1,000,000,000 | 8 | 0.00 | 5,375,147,376 | 27.14 |
| 1,000,000,001–19,802,710,781 | 4 | 0.00 | 5,554,272,115 | 28.05 |
| | **513,841** | **100** | **19,802,710,781** | **100** |

**DIRECTORS' REPORT**
**FOR THE YEAR ENDED 31 DECEMBER 2024**

The shareholding analysis by shareholders of the Bank are stated below:

**31 DECEMBER 2024**

| Share Holder Category | No. Of Shareholders | % Of Shareholders | No. Of Holdings | % Of Shareholdings |
|---|---|---|---|---|
| Domestic shareholders | 565,358 | 99.93 | 38,621,939,674 | 97.52 |
| Foreign shareholders | 406 | 0.07 | 983,481,888 | 2.48 |
| **Total** | 565,764 | 100 | 39,605,421,562 | 100 |

**31 DECEMBER 2023**

| Share Holder Category | No. Of Shareholders | % Of Shareholders | No. Of Holdings | % Of Shareholdings |
|---|---|---|---|---|
| Domestic shareholders | 513,435 | 99.92 | 18,819,304,167 | 95.03 |
| Foreign shareholders | 406 | 0.08 | 983,406,614 | 4.97 |
| **Total** | 513,841 | 100 | 19,802,710,781 | 95.03 |

**h.** ***Substantial interest in Shares***

The Company's share capital is N19,802,710,781 divided into 39,605,421,562 ordinary shares of 50 kobo each which are issued and fully paid. In the current year, the Holding Company issued additional 19,802,710,781 (nineteen billion) units of ordinary shares of 50kobo each. The additional shares did change the Holding Company's shareholding structure. However, according to the register of members, no shareholder other than the under-mentioned held more than 5% of the share capital of the Company as at 31 December 2024:

| | **31 DEC 2024** | | 31 DEC 2023 | |
|---|---|---|---|---|
| **Shareholder** | **Number of shares** | **% Holding** | Number of shares | % Holding |
| 1.OLATUNDE INTERNATIONAL LIMITED | 3,313,541,731 | 8.37 | - | - |
| 2.SHORELINE GROUP HOLDING COMPANY | 2,050,950,642 | 5.18 | - | - |
| 3.FCMB NOMINEES CAPITA IRG TRUSTEES LTD | 2,041,172,788 | 5.15 | 2,041,172,788 | 10.31 |
| 4.PRIMROSE INVESTMENTS LIMITED | 1,070,145,152 | 2.70 | 1,070,145,152 | 5.40 |
| 5.BLUECHIP HOLDINGS LIMITED | 1,000,050,000 | 2.53 | 1,000,050,000 | 5.05 |
| 6.STANBIC NOMINEES NIG. LIMITED - CUSTODY | 879,128,103 | 2.22 | 1,266,597,769 | 6.40 |

**DIRECTORS' REPORT**
**FOR THE YEAR ENDED 31 DECEMBER 2024**

***i. Donations and Charitable Gifts***

The Group made contributions to charitable and non-political organisations amounting to N495,244,897 (31 December 2023: N221,325,257) during the year.

| 31 DECEMBER 2024 | | |
|---|---|---|
| **REQUESTING/BENEFIARY ORGANISATION** | **DONATION DESCRIPTIONS** | **AMOUNT (NAIRA)** |
| Lagos State Security Trust Fund | Finance Support To Lagos State Security Trust Fund | 100,000,000 |
| Kwara State Commissioner of Finance | Donation to renovate the conference room & office of Finance, Kwara State | 38,475,000 |
| Central Bank of Nigeria (CBN) | Funds for Financial Literacy and Public Enlightenment awareness campaign | 35,886,583 |
| The Chartered Institute of Bankers of Nigeria (CIBN) | Sponsorship of the 17th Annual Banking & Finance Conference of CIBN, 2024 | 32,000,000 |
| The Chartered Institute of Bankers of Nigeria (CIBN) | Provision of non-monetary relief materials to victims of blood disasters in Born | 20,000,000 |
| The Chartered Institute of Bankers of Nigeria (CIBN) | 2024 Corporate Membership Subscription/Annual Development Fund | 20,000,000 |
| Financial Institutions Training Centre (FITC) | FITC Contribution to the year 2024 | 20,000,000 |
| Heave Innovation Ltd | Agritech Startups | 16,000,000 |
| Tulsi Chanrai Foundation | Donation towards priceless gift of sight. | 15,000,000 |
| Youth Empowerment Foundation | Donation To Youth Empowerment Foundation For 2024 Youth Activities. | 10,157,840 |
| The Noble Warrior (Eni Ogun) | Donation to partner with Adubiifa Network Company | 10,000,000 |
| Belverdere Nig Ltd | Donation to support Agric Summit & Expo Magazine 2024 Edition | 10,000,000 |
| Taide Foundation Sponsorship | Support for education, healthcare, well baing in rural & deprived communities | 10,000,000 |
| Bethesda Child Support Foundation | Sponsorship Of 50 Out Of School Children | 10,000,000 |
| Taide Foundation | Sponsorship of charity activities | 10,000,000 |
| School of Art Nigeria | Training and empowering of young people with animation Skill | 7,920,000 |
| Heave Innovation Limited | Donation and grants to three Agritech Startups | 7,000,000 |
| Institute of Chartered Accountant of Nigeria (ICAN) | Donation to sponsor 54th ICAN annual Accountant conference | 5,000,000 |
| Federal Nigeria Society For The Blind (FNSB) | Trainees' welfare and support for the federal Nigeria society for the blind | 5,000,000 |
| The Guardian Newspaper | Donation to sponsor the guardian woman festival 2024 | 5,000,000 |
| Awujale 90th Birthday Anniversary Committee | Donation to support the awujale 90th birthday celebration | 5,000,000 |
| Rotary Club Of Lagos | Donation to support rotary club | 5,000,000 |
| Youth Empowerment Foundation | Sponsorship of Graduation And Business Development Training | 9,353,360 |
| Wiscar | 2024 Wiscar Annual Leadership And Mentoring Conference | 5,000,000 |
| Nigerian Fencing Federation | 2024 Fencing World Cup Tournament | 5,000,000 |
| PFCAfrica Communication Limited | Media Sponsorship To World Bank/IMF Annual Meeting | 4,873,000 |
| West African Bankers Association (WABA) | WABA Subscription for the year 2024 | 4,836,926 |
| Ecole De Dessin | Donation for household Items and provision to Schools In Lagos | 3,680,000 |
| Special Equipment Centre | Donation to purchase white canes durable folds for School of the blind. | 3,475,000 |
| Healthy Living Communication Ltd | Partnership of 105th Regular Meetings Of Committee Of Chief Medical Directo | 3,000,000 |
| Evercare Hospital Lekki Limited | Donation To Sponsor The Kidney World Day | 3,000,000 |
| Edniesal Consulting Limited | Support For CIO Awards Africa & Other Key CIO Club Events | 3,000,000 |
| Lucent Consulting Company | Memoir Of A Brand Manager Live With Lampe Omoyele | 3,000,000 |
| Slum Art Foundation | Community Educational Material Support for 'Out Of School Children' in Lagos | 2,800,000 |
| Gear Partners Ltd (HubOne), Lagos | Donation to support funding for Hercellerate 1.0 | 2,580,625 |
| WIJ Africa Enterprises | Sponsorship of Women in Journalism Summit WIJAFRICA 2024 | 2,500,000 |
| Brian Reuben Advisory | Donation to sponsor the Africa Economic Summit 2024 | 2,500,000 |
| Nigerian Women For Agricultural Progressive And Developi | Support for The Nigerian Women For Agricultural Progressive And Developme | 2,500,000 |
| Electryte Global Concept | Donation Of 3.5 KVA Solar / Inverter Installation In Iyaniwura Children Care Fc | 2,405,000 |
| B To B Events | Sponsorship of Pharma West Africa 2024 Stakeholder Healthsector Meeting | 2,351,562 |
| Nutrition Associates Limited (Salad Master) | Donation To Sponsor Health And Nutrition Workshop 2024 | 2,150,000 |
| The Professional Insurance Ladies Association | Sponsorship of the investiture of the 15th President of Professional Insurance | 2,000,000 |
| School of Art Nigeria, Jakande Estate Lagos | Support Training And Empowering The Young People With Animation Skills | 2,000,000 |
| Alpha Beta Consulting Ltd, Lagos | Donation To Sponsor the launch of Lagos State Revenue Portal Launch | 2,000,000 |
| Lagos Urban Development Initiative | Sponsorship of Greening Lagos Project | 2,000,000 |
| Association Of Professional Women Bankers | Sponsorship of Association Of Professional Women Bankers | 2,000,000 |
| Intermarc Consulting | Sponsorship Of The 2024 General Meeting Of Nigerian Electronic Fraud Foru | 2,000,000 |
| Nigeria Association of the Blind, Lagos. | Donation to support the annual international white cane and safety day (2024) | 1,500,000 |
| Nigerian Conservation Foundation | Sponsorship Of World Environmental Day – 2024 Edition | 1,500,000 |
| Nigerian Union Of Journalists (Ogun State Chapter) | Sponsorship of Ogun NUJ 2024 Press Week | 1,500,000 |
| EMCE Decors & Event Mgt, kebbi Nigeria | Support Priceless Gift Of Sight Community Outreach Program In Birnin-Kebbi. | 2,350,000 |
| Ibironke Aderogba Foundation | Support For Ibironke Aderogba Foundation | 1,200,000 |
| Association of Asset Custodians of Nigeria (AACN), Lagos | Donation to sponsor AACN annual conference 2024 | 1,000,000 |
| Women In Management And Business (Winbiz) | Sponsorship Of Winbiz 2024 Annual Conference | 1,000,000 |
| The Institute of Chartered Accountant of Nigeria (ICAN) | Sponsorship of the 19th Western Zonal Accountant conference in Ibadan Nige | 1,000,000 |
| The Chartered Institute of Bankers of Nigeria (CIBN) | Sponsorship of CIBN graduate induction and prize award day at Bankers hous | 1,000,000 |
| Omo Baba Concert (SOP Records), Lagos | Donation To Support Omo Baba Concert | 1,000,000 |
| Central Security Clearing System | Sponsorship of CSCS 2024 Cybersecurity Conference | 1,000,000 |
| Messers Chinedu Ikem & Company | Sponsorship of Practical Approach To Debt Recovery In Nigeria | 1,000,000 |
| University Of Benin Alumni Association | Sponorship of Uniben Alumni 2023 Award Of Excellence Request For Advertis | 800,000 |
| Lions Club International District 404B3 Nigeria | Support of the presentation of Lion's club district Governor to Public | 500,000 |
| Child Neurology Society Of Nigeria (CNSN), Lagos | Sponsorship Of Child Neurology Society Of Nigeria (CNSN) Conference [Eko | 500,000 |
| Women Entrepreneurs Nigeria (WEN), Yola | Sponsorship of Women Entrepreneur Nigeria Fair programme-WENFAIR 2024 | 500,000 |
| Institute of Entrepreneurship, Clarity & Mentorship | Donation to support entrepreneurs platform initiative annual women conferenc | 450,000 |
| **TOTAL** | | **495,244,897** |

**DIRECTORS' REPORT**
**FOR THE YEAR ENDED 31 DECEMBER 2024**

***j. Events after the Reporting Period***

There were no significant events after the reporting period which could have a material effect on the financial position of the Group as at 31 December 2024 and its operating results for the period then ended which have not been adequately adjusted for or disclosed in these financial statements.

***k. Human Resources***

*Employment of Disabled Persons*

The Group operates a non-discriminatory policy on recruitment. Applications by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with those of other employees. As at the reporting date, the Group has four persons on its staff list with physical disabilities, (31 December 2023: 4).

*Health, Safety and Welfare at Work*

The Group will continue to accord great priority to staff health and welfare. The Group retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Group's expense. A contributory Pension Fund Scheme in line with the Pension Reform Act, 2014, exists for employees of the Group.

*Diversity in Employment*

The number and percentage of men and women employed during the financial year ended 31 December 2024 and the comparative period vis-a-vis total workforce is as follows:

| | 31 DEC 2024 | | | | |
|---|---|---|---|---|---|
| | Number | | | % | |
| | Male | Female | Total | Male | Female |
| **Employees** | 2,199 | 1,597 | 3,796 | 58% | 42% |

| | 31 DEC 2023 | | | | |
|---|---|---|---|---|---|
| | Number | | | % | |
| | Male | Female | Total | Male | Female |
| **Employees** | 2,090 | 1,464 | 3,554 | 59% | 41% |

**Gender analysis of Top Management is as follows:**

| | 31 DEC 2024 | | | | |
|---|---|---|---|---|---|
| | Number | | | % | |
| | Male | Female | Total | Male | Female |
| Assistant General Manager (AGM) | **39** | **12** | **51** | **45%** | **15%** |
| Deputy General Manager (DGM) | **21** | **2** | **23** | **24%** | **2%** |
| General Manager (GM) | **9** | **3** | **12** | **10%** | **3%** |
| **TOTAL** | **69** | **17** | **86** | **79%** | **20%** |

| | 31 DEC 2023 | | | | |
|---|---|---|---|---|---|
| | Number | | | % | |
| | Male | Female | Total | Male | Female |
| Assistant General Manager (AGM) | 37 | 9 | 46 | 50% | 13% |
| Deputy General Manager (DGM) | 16 | 2 | 18 | 22% | 3% |
| General Manager (GM) | 4 | 4 | 8 | 6% | 6% |
| **TOTAL** | 57 | 15 | 72 | 78% | 21% |

**Gender analysis of the Board is as follows:**

| | 31 DEC 2024 | | | | |
|---|---|---|---|---|---|
| | Number | | | % | |
| | Male | Female | Total | Male | Female |
| Executive Director (ED) | 10 | 1 | **11** | **17%** | **2%** |
| Group Managing Director (GMD)/CEO | 4 | 1 | **5** | **7%** | **2%** |
| Non - Executive Directors | 27 | 17 | **44** | **45%** | **28%** |
| **TOTAL** | **41** | **19** | **60** | **68%** | **32%** |

| | 31 DEC 2023 | | | | |
|---|---|---|---|---|---|
| | Number | | | % | |
| | Male | Female | Total | Male | Female |
| Executive Director (ED) | 9 | 1 | 10 | 18% | 2% |
| Group Managing Director (GMD)/CEO | 4 | 1 | 5 | 8% | 2% |
| Non - Executive Directors | 24 | 12 | 36 | 47% | 24% |
| **TOTAL** | 37 | 14 | 51 | 73% | 27% |

**DIRECTORS' REPORT**
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**l. *Employee Involvement and Training***

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the Group. This is achieved through regular meetings between management and staff of the Group.

The Group has in-house training facilities complemented with additional facilities from educational institutions (local and offshore) for the training of its employees.

**m. Customer Complaints**

The Group had pending complaints of 525 at the beginning of the year and received additional 557,180 (31 December 2023: 1,091,118) during the year ended 31 December 2024, of which 555,659 (31 December 2023: 1,097,486) complaints were resolved (inclusive of pending complaints brought forward) and 2,046 (31 December 2023: 525) complaints remained unresolved and pending with the Group as at the end of the year. The total amount resolved was N7.93billion (31 December 2023: N39.46billion) while the total disputed amount in cases which remained unresolved stood at N82.24million (31 December 2023: N11.68million). These unresolved complaints were referred to the Central Bank of Nigeria for intervention. The Directors are of the opinion that these complaints will be resolved without adverse consequences for the Group. No provisions are therefore deemed necessary for these claims.

| | NUMBER | | AMOUNT CLAIMED (N'000) | | AMOUNT REFUNDED (N'000) | |
|---|---|---|---|---|---|---|
| **DESCRIPTION** | **EC 2024** | **31 DEC 2023** | **31 DEC 2024** | **31 DEC 2023** | **31 DEC 2024** | **31 DEC 2023** |
| Pending complaints brought forward | **525** | 6,893 | **11,679** | 783,546 | - | - |
| Received complaints | **557,180** | 1,091,118 | **7,996,391** | 38,685,308 | - | - |
| **Total complaints** | **557,705** | 1,098,011 | **8,008,070** | 39,468,854 | **-** | - |
| Resolved complaints | **555,659** | 1,097,486 | **7,925,829** | 39,457,175 | **7,058,092** | **899,931** |
| Unresolved complaints escalated to CBN for intervention | **3** | 73 | **-** | 7,285 | - | - |
| Unresolved complaints pending with the bank Carry forward | **2,046** | 525 | **82,241** | 11,679 | - | - |

**n. Credit Ratings**

The revised prudential guidelines, as released by the CBN, requires that banks should have themselves credit rated by a credit rating agency on a regular basis. It is also required that the credit rating be updated on a continuous basis from period to period.

Furthermore, it is required that banks should disclose this credit rating prominently in their published annual reports periodically. During the period under review, First City Monument Bank was assigned the credit ratings below by the following rating agencies:

| RATING AGENCY | 31 DECEMBER 2024 | 31 DECEMBER 2023 |
|---|---|---|
| Fitch Ratings | Long-Term = B-<br>Short-Term = B<br>Outlook = Stable | Long-Term = B-<br>Short-Term = B<br>Outlook = Stable |
| Standard & Poor (S&P) | Long-Term = B-<br>Short-Term = B<br>Outlook = Negative | Long-Term = B-<br>Short-Term = B<br>Outlook = Stable |
| Global Credit Rating Co (GCR) | Long-Term = A- (NG)<br>Short-Term = A2(NG)<br>Outlook = Rating Watch Negative | Long-Term = A- (NG)<br>Short-Term = A2(NG)<br>Outlook = Rating Watch Negative |

Additional information on the ratings can be obtained from the Group's website at https://www.fcmb.com/investor-relations/credit-ratings/

**o. Coupon interest payment for Additional Tier 1 Capital**

The coupon interest payment for Additional Tier 1 Capital holders are due and payable sem-annually on these dates 16 February, 16 August, 24 April and 24 October of each year.

**p. Service and Related Party Contracts**

To efficiently synergize output, avoid unnecessary duplication of functions, and harmonize resources for optimum performance within the Group, and in accordance with the Central Bank of Nigeria's Guidelines for Shared Services Arrangement for Banks and Other Financial Institutions issued in May 2021, the Company has established Shared Services Agreements with all its related entities. These entities include First City Monument Bank Limited, FCMB Capital Markets, CSL Stockbrokers, FCMB Asset Management, FCMB Trustees, FCMB Micro Finance Bank Limited,and Credit Direct Finance Company Limited. The Shared Services Agreements have been approved by the Boards of each related entities.

**DIRECTORS' REPORT**
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**q. Directors' Remuneration**

The Group ensures that remuneration paid to its Directors complies with the provisions of the guidance issued by its regulators.
In compliance with the Nigerian Code of corporate governance, the Bank makes disclosure of the remuneration paid to its directors as follows:

| Type of package Fixed | Description | Timing |
|---|---|---|
| Basic Salary | Part of gross salary package for Executive Directors only. Reflects the banking industry competitive salary package and the extent to which the Company's objectives have been met for the financial year. | Paid monthly during the financial period |
| Other allowances | Part of gross salary package for Executive Directors only. Reflects the banking industry competitive salary package and the extent to which the Company's objectives have been met for the financial year. | Paid at periodic intervals during the financial year. |
| Productivity bonus | Paid to executive directors only and tied to performance of the line report. It is also a function of the extent to which the Company's objectives have been met for the financial year. | Paid annually in arears. |
| Director fees | Paid quarterlly at the beginning of a new quarter to Non-Executive Directors only. | Paid quarterly in advance. |
| Sitting allowances | Allowances paid to Non-Executive Directors only, for attending Board and Board Committee Meetings. | Paid after each Meeting. |

**r. Auditors**

Messers Deloitte & Touche Nigeria, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with section 357 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditor will be re-appointed at the next annual general meeting of the company without any resolution being passed.

BY ORDER OF THE BOARD

**Mrs. Olufunmilayo Adedibu**
Company Secretary
44 Marina
Lagos State
Nigeria
FRC/2014/PRO/NBA/002/00000005887

**28 February 2025.**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**
**FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2024**

The Directors of FCMB Group Plc accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Group as at 31 December 2024, and the results of its operations, cash flows and changes in equity for the period then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

In preparing the financial statements, the Directors are responsible for:
- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern:
The Directors have made an assessment of the Group’s ability to continue as a going concern and have no reason to believe the Group will not remain a going concern in the year ahead.

The financial statements of the group for the year ended 31 December 2024 were approved by the directors on 28 february 2025.

Certification of financial statements
In accordance with section 405 of the Companies and Allied Act the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge the:

(i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;

(b) We state that management and directors:
(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the company and its subsidiaries is made known to the officer by other officers of the group, particularly during the period in which the audited financial statement report is being prepared,

(ii) has evaluated the effectiveness of the group’s internal controls within 90 days prior to the date of its audited financial statements, and

(iii) certifies that the group’s internal controls are effective as of that date;

(c) We have disclosed
(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the company’s ability to record, process, summarise and report financial data, and has identified for the company’s auditors any material weaknesses in internal controls, and

(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the group’s internal control; and

(d) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:**

Oladipupo Jadesimi
**Chairman**
FRC/2014/PRO/DIR/003/00000006637
28 February 2025.

Ladi Balogun
**Group Chief Executive**
FRC/2013/PRO/DIR/003/00000001460
28 February 2025.

## BOARD AUDIT COMMITTEE REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2024

In compliance with section 404(7) of the Companies and Allied Matters Act 2020 and the Central Bank of Nigeria Code of Corporate Governance, we have reviewed the Audit Report for the year ended 31 December 2024 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion;
2. The account and reporting policies of the Group conformed with the statutory requirements and agreed ethical practices;
3. The internal control system was constantly and effectively monitored;
4. The whistle blowing channel run by an external and independent third party was found adequate;
5. The external auditor’s management controls report received satisfactory response from Management; and
6. The gross value of related party loans as at 31 December 2024 was N806.39million (31 December 2023:N606.64million) representing credit facilities to companies in which certain Directors have interests and key management personnel and also these related party loans are performing.

**Chairman, Audit Committee**
FRC/2013/PRO/ANAN/004/00000004356
**28 February 2025.**

The Audit Committee comprises the following Non-Executive Directors and Shareholders' representatives:

1 Evangelist Akinola Soares
**Chairman/Shareholders' representative**

2 Alhaji S B Daranijo
**Shareholders' representative**

3 Mr. Hakeem Batula
**Shareholders' representative**

4 Mrs. Olapeju Eniola Sofowora
**Non-Executive Director**

5 Professor Oluwatoyin Ashiru
**Non-Executive Director**

The Group's Head, Internal Audit, Babajide Odedele (FRC/2014/PRO/ICAN/004/00000006880) acts as secretary to the Committee.

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

In compliance with section 405 of Companies and Allied Matters Act (CAMA) 2020, we have reviewed the audited financial statements of the Group for the year ended 31 Decemeber 2024 and based on our knowledge confirm as follows:

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

2. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Bank as of and for the year ended 31 December 2024;

3. The Group's internal controls have been designed to ensure that all material information relating to the Company and its subsidiaries is received and provided to the Auditors in the course of the audit;

4. The Group's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2024;

5. That we have disclosed to the Company's Auditors and the Audit committee the following information:

(a). there are no significant deficiencies in the design or operation of the group's internal controls which could adversely affect the group's ability to record, process, summarize and report financial data, and have discussed with auditors any weaknesses in internal controls observed in the cause of the Audit.

(b). there is no fraud involving management or other employees which could have any significant role in the Group's internal control.

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

Signed:

| | |
|---|---|
| Ladi Balogun | Deji Fayose |
| **Group Chief Executive** | **Chief Financial Officer** |
| FRC/2013/PRO/DIR/003/00000001460 | FRC/2021/PRO/ICAN/001/00000025061 |
| 28 February 2025. | 28 February 2025. |

**Management's Annual assessment of, and report on, FCMB Group Plc's Internal Control Over Financial Reporting.**

**For the year ended 31 December 2024**

To comply with the provisions of Section 1.3 of SEC Guidance on Implementation of Sections 60-63 of Investments and securities Act 2007, we hereby make the following statements regarding the internal controls of FCMB Group Plc for the year ended 31 December 2024:

**i** FCMB Group Plc's management is responsible for establishing and maintaining a system of internal control over financial reporting ("ICFR") that provides reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

**ii** FCMB Group Plc's management used the Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the entity's ICFR;

**iii** FCMB Group Plc's management has assessed that the entity's ICFR as at the end of 31 December 2024 is effective.

**iv** FCMB Group Plc's external auditor, Messrs Deloitte that audited the financial statements included in the report has issued an attestation report on management's assessment of the entity's internal control over financial reporting. The attestation report of Messrs Deloitte that audited its financial statements will be filed as part of FCMB Group Plc's annual report.

**Signed on behalf of the Directors by:**

**Date: 28 February 2025**

Deji Fayose
**Chief Financial Officer**
FRC/2021/PRO/ICAN/001/00000025061

Ladi Balogun
**Group Chief Executive**
FRC/2013/PRO/DIR/003/00000001460

**Certification of Management's assessment on Internal Control Over Financial Reporting**
**For the year ended 31 December 2024**

To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of investments and securities Act 2007, I hereby make the following statements regarding the internal controls of FCMB Group Plc for the year ended 31 December 2024.

I, **Deji Fayose** , certify that:

(a) I have reviewed this Management's assessment on internal control over financial reporting of FCMB Group Plc;

(b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the year covered in this report.

(c) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of , and for, the periods presented in this report.

(d) The entity's other certifying officer and I:

**i** are responsible for establishing and maintaining internal controls;

**ii** have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity, and its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared.

**iii** have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements to external purposes in accordance with generally accepted accounting principles;

**iv** have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures , as of the end of the period covered by this report based on such evaluation.

(e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and audit committee of the entity's board of directors ( or persons performing the equivalent functions ):

**i** All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information; and

**ii** Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.

**(f)** The entity's other certifying officer(s) and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Deji Fayose
**Chief Financial Officer**
FRC/2021/PRO/ICAN/001/00000025061

**Certification of Management's assessment on Internal Control Over Financial Reporting**
**For the year ended 31 December 2024**

To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of investments and securities Act 2007, I hereby make the following statements regarding the internal controls of FCMB Group Plc for the year ended 31 December 2024.

I, Ladi Balogun , certify that:

(a) have reviewed this Management's assessment on internal control over financial reporting of FCMB Group Plc;

(b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered in this report.

(c) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of , and for, the periods presented in this report.

(d) The entity's other certifying officer and I:

**i** are responsible for establishing and maintaining internal controls;

**ii** have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity, and its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared.

**iii** have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements to external purposes in accordance with generally accepted accounting principles;

**iv** have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures , as of the end of the year covered by this report based on such evaluation.

(e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and audit committee of the entity's board of directors ( or persons performing the equivalent functions ):

**i** All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information; and

**ii** Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.

(f) The entity's other certifying officer(s) and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Ladi Balogun
**Group Chief Executive**
FRC/2013/PRO/DIR/003/00000001460
**Date: 28 February 2025**

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# INDEPENDENT AUDITOR'S REPORT
To the Shareholders of FCMB Group Plc

## Report on the Audit of the Consolidated and Separate Financial Statements

### Opinion

We have audited the consolidated and separate financial statements of FCMB Group Plc and its subsidiaries (the Group and Company) set out on pages 40 to 171, which comprise the consolidated and separate statements of financial position as at 31 December 2024, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of FCMB Group Plc as at 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act 2020 and Financial Reporting Council of Nigeria (Amendment) Act, 2023.

### 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 are independent of the Group and Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated and separate Financial Statements in Nigeria.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

*Description of each key audit matter in accordance with ISA 701.*

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of loans and advances to customers</td></tr>
<tr><td>Loans and advances make up a significant portion of the total assets of the Group. At 31 December 2024, gross loans and advances was N2.485 billion against which total loan impairment of N127.78 billion was recorded, thus leaving a net loan balance of N2.357 billion which represents 33.43% of the total assets as at the reporting date.<br><br>The basis of the impairments is summarized in the accounting policies to the consolidated and separate financial statements (note 3KVII – impairments).<br><br>In accordance with the provisions of IFRS 9 Financial Instruments, the Directors have established the Group's loan loss impairment methodology using the expected credit loss model.<br><br>The Directors exercise significant judgement when determining both when and how much to record as loan impairment. This is due to the fact that a number of significant assumptions and inputs go into the determination of the impairment on loans and advances to customers. Some of these include:<br><br>i. Estimate of probability of default<br>ii. Estimate of loss given default<br>iii. Segmentation<br>iv. Exposure at default</td><td>We focused our testing of the impairment on loans and advances to customers on the key assumptions and inputs made by management and Directors. Specifically, with the support of our credit and technology specialists our audit procedures included the following:<br><br>a. Through discussion and inspection, we established an understanding of the processes, systems, models, data, and assumptions used, and the governance of all these during the origination and collection of loans and advances, and the subsequent impairment thereof as required by IFRS when there is a SICR.<br>b. We tested the design and operating effectiveness of the key controls around identification and determination of the impairment on each loan. These control processes included reviewing:<br>• System-based and manual controls over the timely recognition of impaired loans and advances;<br>• Controls over the impairment calculation with the model including data inputs.<br><br>c. We adopted a risk-based approach to test a sample of loans and advances (including loans that had not been identified by management as potentially impaired) to form our own assessment as to whether</td></tr>
</table>

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| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| v. Credit classification.<br>vi. Estimates of projected cash flows<br>vii. Determination of effective interest rates<br>viii. Forward looking variables<br><br>Because of the significance of these estimates, judgements and the size of loans and advances portfolio, the audit of loan impairment is considered a key audit matter. | impairment events had occurred and to assess whether there are significant increase in credit risk of the loans or objective evidence of default using set criteria. We challenged management's judgement, and we increased the focus on loans that were not reported as being impaired in sectors that are currently experiencing difficult economic and market conditions.<br><br>d. As the Group currently use a system-based impairment model, our Risk Advisory specialists were engaged to test some of the relevant IT controls, Interfaces between the core banking application and the ancillary application and relevant automated controls.<br><br>e. We involved our credit risk specialists who assessed whether the modelling assumptions (probability of Default (PD), Loss given default (LGD), Exposure at default (EAD), Segmentation, cure rate etc.) used by management were reasonable in light of the requirement of the applicable financial reporting standards, historical experience, economic climate, current operational processes as well as our own knowledge of practices used by other similar banks.<br><br>Reviewed the reasonableness of the forward-looking assumptions applied into the impairment calculations. Challenged the multiple economic scenarios and probability weights applied in the model.<br><br>Where we determined that a more appropriate assumption or input in impairment measurement could be made, we recalculated the impairment on that basis and compared the results in order to assess whether there was any indication of error or management bias. |

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| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| | f. Disclosures in the financial statements were reviewed for reasonableness and compliance with the requirements of the standards.<br><br>Based on our review, we concluded that the amount of loan impairment losses was comparable with historical performance, and prevailing economic situations and that the estimated loan impairment losses determined was appropriate in the circumstances. |
| **Valuation of goodwill** | |
| Goodwill carrying value was N19.2 billion in the consolidated and separate statement of financial position as at 31 December 2024.<br><br>In line with the requirements of the applicable accounting standard, IAS 36, *Impairment of Assets*, management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill. This is performed using discounted cash flow models. As disclosed in note 32, there are a number of key sensitive judgements adopted by management in determining the inputs into these models which include:<br>• Revenue growth<br>• Operating margins<br>• The discount rates applied to the projected future cash flows.<br><br>Accordingly, the impairment test of this asset is considered to be a key audit matter.<br><br>Management have developed a valuation model to enable a fair determination of the discounted cash flows for the significant Cash Generating Unit (CGU) to which the goodwill relates. | We focused our testing of the impairment of goodwill on the key assumptions made by management.<br><br>Our audit procedures included:<br>• Reviewed all relevant controls over the generation of the key input - financial forecasts that go into the valuation calculation.<br><br>• Engaged our internal specialists to assist with:<br>– Evaluated whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36, *Impairment of Assets*.<br>– Validated the assumptions used to calculate the discount rates, projected cash flows and recalculating these rates.<br><br>• Analysed the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the Cash Generating Unit.<br><br>• Subjected the key assumptions to sensitivity analysis.<br><br>• Compared the projected cash flows, including the assumptions relating to revenue growth |

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| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| | rates and operating margins, against historical performance to test the accuracy of management's projections.<br>• Checked the mathematical accuracy of the calculations and all relevant inputs into the impairment assessment.<br><br>Based on the above audit procedures and others, we found that the assumptions used by management were comparable with historical performance and the expected future outlook and the discount rates used were appropriate and reasonable in the circumstances. |

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "FCMB Group Plc Annual Report and Financial Statements for the year ended 31 December 2024", which includes the Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, Certification of the Financial statements, the Board Audit Committee's Report, the Statement of Corporate Responsibility for Financial Statements, Certification of Management's assessment on Internal Control Over Financial Reporting and Other National Disclosures required by the Financial Reporting Council of Nigeria which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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 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 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.

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## Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria (Amendment) Act 2023 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 and the Company'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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

## 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 judgement 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 and the Company's internal control.

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- 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 the 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 and the Company'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 and/or the Company 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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, actions taken to eliminate threats or safeguards applied.

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 year 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.

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## Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of Companies and Allied Matters Act we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group and the Company has kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

iv) In accordance with Circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider related credits are as disclosed in Note 45(f).

v) During the period, the following contraventions were noted within the Group:

  a. Certain sections of the Banks and Other Financial Institutions Act 2020 and CBN Circulars/Guidelines.
  b. Certain sections of the Financial Reporting Council of Nigeria (Amendments) Act 2023.

  Details of the contravention and the related penalties are as disclosed in note 46 to the consolidated and separate financial statements.

In accordance with the requirements of the Financial Reporting Council of Nigeria, we also performed a limited assurance engagement and reported on management's assessment of the Entity's internal control over financial reporting as of 31 December 2024. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and based on the procedures we have performed, and evidence obtained, we have issued an Unmodified conclusion in our report dated 31 March 2025. That report is included on pages 37 to 39 of the financial statements.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0396675

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
31 March 2025

Engagement Partner: Joshua Ojo
**FRC/2013/PRO/ICAN/001/00000000849**

# Deloitte.

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Assurance Report of Independent Auditor

To the Shareholders of FCMB Group Plc

Assurance Report on Management's Assessment of Controls over Financial Reporting

We have performed a limited assurance engagement in respect of the systems of internal control over financial reporting of FCMB Group Plc ("the Company") and its subsidiaries ("the Group) as of 31 December, 2024, in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and based on criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ("the ICFR framework"), and the SEC Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007 and FRC Guidance on Management report on Internal Control over Financial Reporting. FCMB Group Plc's management is responsible for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting including the accompanying Management's Report on Internal Control Over Financial Reporting.

We have also audited, in accordance with the International Standards on Auditing, the financial statements of the Company and Group and our report dated 31 March 2025 expressed an unmodified opinion.

*Limited Assurance Conclusion*

Based on the procedures we have performed and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the Company and the Group did not establish and maintain an effective system of internal control over financial reporting, as of the specified date, based on the SEC Guidance on Management Report on Internal Control Over Financial Reporting and FRC Guidance on Management report on Internal Control over Financial Reporting.

*Definition of internal control over financial reporting*

Internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

I. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company and group;
II. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and group; and
III. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

MAKING AN IMPACT THAT MATTERS since 1845

*Inherent limitations*

Our procedures included the examination of historical evidence of the design and implementation of the Company's and the Group's system of internal control over financial reporting for the year ended 31 December 2024. Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*Directors' and Management's Responsibilities*

The Directors are responsible for ensuring the integrity of the entity's financial controls and reporting.

Management is responsible for establishing and maintaining a system of internal control over financial reporting that provides reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards as issued by the International Accounting Standards and the ICFR framework.

Section 7(2f) of the Financial Reporting Act 2011 (As amended) further requires that management perform an assessment of internal controls, including information system controls. Management is responsible for maintaining evidential matters, including documentation, to provide reasonable support for its assessment of internal control over financial reporting.

*Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

*Auditor's Responsibility and Approach*

Our responsibility is to express a limited assurance opinion on the Company's and Group's internal control over financial reporting based on our Assurance engagement.

We performed our work in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information (ISAE 3000) revised. That Standard requires that we comply with ethical requirements and plan and perform the limited assurance engagement to obtain limited assurance on whether any matters come to our attention that causes us to believe that the Company and the Group did not establish and maintain an effective system of internal control over financial reporting in accordance with the ICFR framework.

Deloitte.

That Guidance requires that we plan and perform the Assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the Company and Group established and maintained an effective system of internal control over financial reporting.

As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances.

We believe the procedures performed provides a basis for our report on the internal control put in place by management over financial reporting.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0396674

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Deloitte & Touche (FRC/2022/COY/091021)

*Joshua Ojo* - FRC/2013/PRO/ICAN/001/00000000849
Lagos
31 March 2025

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

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| **In thousands of Naira** | **Note** | **31 DEC 2024** | **31 DEC 2023** | **31 DEC 2024** | **31 DEC 2023** |
| **Gross earnings** | | **794,430,083** | 516,355,140 | **43,507,278** | 24,300,090 |
| Interest and discount income | 8 | **621,803,795** | 354,992,921 | **8,857,206** | 1,110,978 |
| Interest expense | 9 | **(396,503,592)** | (178,396,597) | **(928,052)** | (192,580) |
| **Net interest income** | | **225,300,203** | 176,596,324 | **7,929,154** | 918,398 |
| Fee and commission income | 11 | **74,307,415** | 62,248,186 | **2,799,664** | 1,675,185 |
| Fee and commission expense | 11 | **(15,510,591)** | (16,830,562) | **(12,046)** | (7,814) |
| **Net fee and commission income** | | **58,796,824** | 45,417,624 | **2,787,618** | 1,667,371 |
| Net trading income | 12 | **53,792,945** | 9,105,998 | **-** | - |
| Net income from financial instruments mandatorily measured at FVTPL | 13 | **-** | - | **(4,394,049)** | 3,165,607 |
| Intra group revenue | 14(c) | **-** | - | **28,940,057** | 12,512,146 |
| Other gains | 14(a) | **39,555,332** | 89,308,354 | **7,110,602** | 5,627,580 |
| | | **93,348,277** | 98,414,352 | **31,656,610** | 21,305,333 |
| Other income | 14(b) | **4,970,596** | 699,681 | **193,798** | 208,594 |
| Net impairment losses on financial instruments | 10 | **(41,240,464)** | (59,510,125) | **(141,001)** | (155,381) |
| Personnel expenses | 15 | **(79,301,581)** | (49,577,142) | **(1,469,855)** | (1,187,275) |
| Depreciation and amortisation expenses | 16 | **(13,877,452)** | (11,174,172) | **(61,350)** | (26,380) |
| General and administrative expenses | 17 | **(87,546,593)** | (63,732,754) | **(2,059,034)** | (1,203,105) |
| Other operating expenses | 18 | **(48,331,228)** | (32,702,339) | **(660,710)** | (172,218) |
| **Result from operating activities** | | **112,118,582** | 104,431,449 | **38,175,230** | 21,355,337 |
| Share of post tax result of associate | | **(223,412)** | - | **-** | - |
| **Profit before minimum tax and income tax** | | **111,895,170** | 104,431,449 | **38,175,230** | 21,355,337 |
| Minimum tax | 20 | **(3,289,172)** | (2,218,204) | **-** | - |
| Taxation charge | 20 | **(17,597,088)** | (9,195,626) | **(7,772,543)** | (2,195,918) |
| Windfall tax | 20 | **(17,671,442)** | - | **-** | - |
| **Profit for the year** | | **73,337,468** | 93,017,619 | **30,402,687** | 19,159,419 |
| **Other comprehensive income** | | | | | |
| **Items that will not be reclassified to profit or loss:** | | | | | |
| **Unquoted equity investments at fair value through other comprehensive income:** | | | | | |
| - Net change in fair value | 24(j) | **11,897,452** | 14,350,106 | **-** | - |
| - Foreign currency translation differences | 24(j) | **28,647,566** | 13,370,241 | **-** | - |
| | | **40,545,018** | 27,720,347 | **-** | - |
| **Items that may be subsequently reclassified to profit or loss:** | | | | | |
| **Debt investments at fair value through other comprehensive income:** | | | | | |
| - Net change in fair value | 24(j) | **(41,240,323)** | (5,189,073) | **-** | - |
| - Net impairment reclassified from profit or loss | 24(d) | **199,371** | (532,912) | **-** | - |
| - Losses arising from derecognition of financial assets | 24(j) | **(2,087,336)** | 6,214,738 | **-** | - |
| | | **(43,128,288)** | 492,753 | **-** | - |
| **Foreign currency translation differences for foreign operations** | | **33,037,493** | 26,382,272 | **-** | - |
| | | **(10,090,795)** | 26,875,025 | **-** | - |
| **Other comprehensive income for the year, net of tax** | | **30,454,223** | 54,595,372 | **-** | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **103,791,691** | 147,612,991 | **30,402,687** | 19,159,419 |
| **Profit attributable to:** | | | | | |
| Equity holders of the Company | | **65,724,641** | 90,988,046 | **22,993,015** | 17,518,141 |
| Non-controlling interests | | **203,155** | 388,295 | **-** | - |
| Additional Tier 1 (AT1) Capital holders | | **7,409,672** | 1,641,278 | **7,409,672** | 1,641,278 |
| | | **73,337,468** | 93,017,619 | **30,402,687** | 19,159,419 |
| **Total comprehensive income attributable to:** | | | | | |
| Equity holders of the Company | | **103,588,536** | 146,778,530 | **30,402,687** | 19,159,419 |
| Non-controlling interests | | **203,155** | 834,461 | **-** | - |
| | | **103,791,691** | 147,612,991 | **30,402,687** | 19,159,419 |
| **Basic and diluted earnings per share (Naira)** | 19 | **2.46** | 4.48 | **0.86** | 0.94 |

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

## CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| **In thousands of Naira** | **Note** | **31 DEC 2024** | **31 DEC 2023** | **31 DEC 2024** | **31 DEC 2023** |
| **ASSETS** | | | | | |
| Cash and cash equivalents | 21 | **795,387,019** | 579,167,508 | **14,371,980** | 4,577,221 |
| Non-pledged trading assets | 22(a) | **319,109,270** | 170,302,701 | **-** | - |
| Derivative assets held for risk management | 23(a) | **1,451,932** | 1,520,716 | **-** | - |
| Investment securities | 24 | **1,189,410,706** | 794,746,379 | **68,603,349** | 63,922,161 |
| Assets pledged as collateral | 25 | **401,703,741** | 86,714,340 | **-** | - |
| Loans and advances to customers | 26 | **2,357,303,173** | 1,841,516,196 | **-** | - |
| Other assets | 27 | **446,068,716** | 56,885,173 | **13,219,384** | 6,285,010 |
| Restricted reserve deposits | 28 | **1,441,465,091** | 799,640,417 | **-** | - |
| Investment in subsidiaries | 29 | **-** | - | **273,168,431** | 132,228,197 |
| Investment in associates | 30 | **1,738,796** | - | **-** | - |
| Property and equipment, and right of use assets | 31 | **55,994,468** | 54,132,864 | **235,762** | 152,164 |
| Intangible assets | 32 | **36,342,286** | 31,264,790 | **157,345** | 181,887 |
| Deferred tax assets | 33 | **8,190,721** | 8,003,544 | **-** | - |
| **Total assets** | | **7,054,165,919** | 4,423,894,628 | **369,756,251** | 207,346,640 |
| **LIABILITIES** | | | | | |
| Derivative liabilities held for risk management | 23(b) | **2,608,146** | 998,332 | **-** | - |
| Deposits from banks | 34 | **834,893,228** | 280,478,119 | **-** | - |
| Deposits from customers | 35 | **4,296,485,849** | 3,082,971,012 | **-** | - |
| Retirement benefit obligations | 36 | **52,502** | 123,631 | **-** | - |
| Current tax liabilities | 20(ii) | **38,227,831** | 11,296,167 | **5,382,217** | 410,283 |
| Deferred tax liabilities | 33 | **4,742,275** | 2,354,953 | **4,361,472** | 1,834,361 |
| Other liabilities | 37 | **411,411,204** | 245,099,089 | **3,760,605** | 5,284,369 |
| Provision | 38 | **13,022,246** | 10,896,527 | **-** | - |
| On-lending facilities | 39 | **204,803,631** | 57,425,081 | **-** | - |
| Debt securities issued | 40 | **199,075,949** | 133,142,336 | **-** | - |
| Borrowings | 41 | **359,862,027** | 136,482,823 | **5,320,125** | 2,917,689 |
| **Total liabilities** | | **6,365,184,888** | 3,961,268,070 | **18,824,419** | 10,446,702 |
| **EQUITY** | | | | | |
| Share capital | 42(b) | **19,802,710** | 9,901,355 | **19,802,711** | 9,901,355 |
| Additional Tier 1 (AT1) Capital issued | 42(c) | **46,686,000** | 46,686,000 | **46,686,000** | 46,686,000 |
| Share premium | 43 | **246,431,292** | 115,392,414 | **246,431,292** | 115,392,414 |
| Retained earnings | 43 | **188,437,683** | 144,380,766 | **38,011,829** | 24,920,169 |
| Other reserves | 43 | **186,812,718** | 144,592,126 | **-** | - |
| Total Equity attributable to owners of the Company | | **688,170,403** | 460,952,661 | **350,931,832** | 196,899,938 |
| Non-controlling Interests | | **810,629** | 1,673,897 | **-** | - |
| | | **688,981,031** | 462,626,558 | **350,931,832** | 196,899,938 |
| **Total liabilities and equity** | | **7,054,165,919** | 4,423,894,628 | **369,756,251** | 207,346,640 |

*The financial statements and the accompanying notes and significant accounting policies were approved by the Board of Directors on 28 February 2025 and signed on its behalf by:*

| | | |
|---|---|---|
| Oladipupo Jadesimi | Ladi Balogun | Deji Fayose |
| **Chairman** | **Group Chief Executive** | **Chief Financial Officer** |
| FRC/2014/PRO/DIR/003/00000006637 | FRC/2013/PRO/DIR/003/00000001460 | FRC/2021/PRO/ICAN/001/00000025061 |

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

## CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2024

**GROUP**
**In thousands of Naira**

| | Share capital | Share premium | AT1 Capital[a] | Retained earnings | Statutory reserve[b] | AGSMEIS reserve[c] | Forbearance Reserve | Translation reserve | Fair value reserve | Regulatory risk reserve | Non-controlling Interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2024** | **9,901,355** | **115,392,414** | **46,686,000** | **144,380,766** | **30,714,768** | **869,452** | **1,960,712** | **38,477,312** | **49,849,882** | **22,720,000** | **1,673,897** | **462,626,558** |
| Profit for the year | - | - | 7,409,672 | 65,724,641 | - | - | - | - | - | - | 203,155 | **73,337,468** |
| **Other comprehensive income** | | | | | | | | | | | | |
| Equity investments at fair value through other comprehensive income | - | - | - | - | - | - | - | - | 40,545,018 | - | - | **40,545,018** |
| Debt investments at fair value through other comprehensive income | - | - | - | - | - | - | - | | (43,128,288) | - | - | **(43,128,288)** |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | - | - | 33,037,493 | - | - | - | **33,037,493** |
| **Total comprehensive income for the year** | **-** | **-** | **7,409,672** | **65,724,641** | **-** | **-** | **-** | **33,037,493** | **(2,583,270)** | **-** | **203,155.07** | **103,791,691** |
| **Transactions with equity holders, recorded directly in equity** | | | | | | | | | | | | |
| Issued shares capitalised | 9,901,355 | - | - | - | - | - | - | - | - | - | - | **9,901,355** |
| share premium on issued shares | - | 131,038,878 | - | - | - | - | - | - | - | - | - | **131,038,878** |
| Issuing Cost of additional Tier 1 (AT1) Capital | - | - | - | - | | | | | | | | **-** |
| Additional Tier 1 (AT1) Capital coupon paid | - | - | (7,409,672) | - | - | - | - | - | - | - | - | **(7,409,672)** |
| Transfer to statutory reserve | - | - | - | (8,811,864) | 8,811,864 | - | - | - | - | - | - | - |
| Transfer to AGSMEIS reserve | - | - | - | (2,673,881) | - | 2,673,881 | - | - | - | - | - | - |
| Transfer from forbearance reserve | - | - | - | - | - | - | - | - | - | - | - | **-** |
| Transfer to regulatory risk reserve | - | - | - | (280,624) | - | - | - | - | - | 280,624 | - | **-** |
| Dividend paid | - | - | - | (9,901,355) | - | - | - | - | - | - | - | **(9,901,355)** |
| **Transactions with minority shareholders recorded directly in equity** | | | | | | | | | | | - | |
| Dividend paid | | | | | | | | | | | (103,142) | **(103,142)** |
| Adjustment to NCI *(refer to note 44)* | | | | | | | | | | | (963,281) | **(963,281)** |
| **Total contributions by and distributions to equity holders** | **9,901,355** | **131,038,878** | **(7,409,672)** | **(21,667,724)** | **8,811,864** | **2,673,881** | **-** | **-** | **-** | **280,624** | **(1,066,423)** | **122,562,782** |
| **Balance at 31 December 2024** | **19,802,710** | **246,431,292** | **46,686,000** | **188,437,683** | **39,526,632** | **3,543,333** | **1,960,712** | **71,514,805** | **47,266,612** | **23,000,624** | **810,629** | **688,981,031** |
| **Balance as at 1 January 2023** | **9,901,355** | **115,392,414** | **-** | **74,561,490** | **19,229,282** | **4,697,947** | **1,960,712** | **12,541,206** | **21,636,782** | **14,980,000** | **978,422** | **275,879,610** |
| Profit for the year | - | - | **1,641,278** | **90,988,046** | - | - | - | - | - | - | 388,295 | **93,017,619** |
| **Other comprehensive income** | | | | | | | | | | | | |
| Equity instruments at fair value through other comprehensive income | - | - | - | - | - | - | - | - | **27,720,347** | - | | **27,720,347** |
| Debt instruments at fair value through other comprehensive income | - | - | - | - | - | - | - | | **492,753** | - | | **492,753** |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | - | - | **25,936,106** | - | - | 446,166 | **26,382,272** |
| **Total comprehensive income for the year** | **-** | **-** | **1,641,278** | **90,988,046** | **-** | **-** | **-** | **25,936,106** | **28,213,100** | **-** | **834,461** | **147,612,991** |
| **Transfer between reserves** | | | | | | | | | | | | |
| Additional Tier 1 (AT1) Capital issued | - | - | 46,686,000 | - | - | - | - | - | - | - | | **46,686,000** |
| Issuing Cost of additional Tier 1 (AT1) Capital | - | - | - | (821,102) | | | | | | | | **(821,102)** |
| Additional Tier 1 (AT1) Capital coupon paid | - | - | (1,641,278) | - | - | - | - | - | - | - | | **(1,641,278)** |
| Transfer to statutory reserve | - | - | - | (11,485,486) | 11,485,486 | - | - | - | - | - | | **-** |
| Transfer to AGSMEIS reserve | - | - | - | 3,828,495 | - | (3,828,495) | - | - | - | - | | **-** |
| Transfer to regulatory risk reserve | - | - | - | (7,740,000) | - | - | - | - | - | 7,740,000 | | **-** |
| Transfer to forebearence reserve | - | - | - | - | - | - | - | - | - | - | | **-** |
| Dividend paid | - | - | - | (4,950,678) | - | - | - | - | - | - | | **(4,950,678)** |
| **Transactions with minority shareholders recorded directly in equity** | | | | | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | - | - | - | - | (138,986) | **(138,986)** |
| Adjustment to NCI | - | - | - | - | - | - | - | - | - | - | | **-** |
| | **-** | **-** | **45,044,722** | **(21,168,771)** | **11,485,486** | **(3,828,495)** | **-** | **-** | **-** | **7,740,000** | **(138,986)** | **39,133,957** |
| **Balance at 31 December 2023** | **9,901,355** | **115,392,414** | **46,686,000** | **144,380,766** | **30,714,768** | **869,452** | **1,960,712** | **38,477,312** | **49,849,882** | **22,720,000** | **1,673,897** | **462,626,558** |

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

**CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 31 DECEMBER 2024**

Notes:

(a). For further details refer to Note 41(c) N7.409billion relates to the interest coupon expense incurred on the AT1 issued because the underlying instrument is classified as equity, hence the interest coupon paid was through equity.
(b). Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. An appropriation of 15% of profit after tax is made if the statutory reserve is greater than the paid-up share capital and 30% of profit after tax if the statutory reserve is less than the paid up share capital.

(c). The Central Bank of Nigeria (CBN) required that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. In the CBN Circular dated 5 April 2017, all DMBs are required to set aside and remit 5% of the annual profit after tax for equity investments.

**COMPANY**
**In thousand of Naira**

| | Share capital | Share premium | AT1 Capital[a] | Retained earnings | Statutory reserve[b] | AGSMEIS reserve[c] | Forbearance Reserve | Translation reserve | Fair value reserve | Regulatory risk reserve | Non-controlling Interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2024** | **9,901,355** | **115,392,414** | **46,686,000** | **24,920,169** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **196,899,938** |
| Profit for the year | - | - | **7,409,672** | **22,993,015** | - | - | - | - | - | - | | **30,402,687** |
| **Other comprehensive income** | | | | | | | | | | | | |
| Equity investments at fair value through other comprehensive income | - | - | - | - | - | - | - | - | **-** | - | | **-** |
| Debt investments at fair value through other comprehensive income | - | - | - | - | - | - | - | - | **-** | - | | **-** |
| **Total comprehensive income for the year** | - | - | **7,409,672** | **22,993,015** | - | **-** | - | - | **-** | - | - | **30,402,687** |
| **Transactions with equity holders, recorded directly in equity** | | | | | | | | | | | | |
| Issued shares capitalised | 9,901,355 | - | - | - | - | - | - | - | - | - | | **9,901,355** |
| share premium on issued shares | - | 131,038,878 | - | - | - | - | - | - | - | - | | **131,038,878** |
| Additional Tier 1 (AT1) Capital coupon paid | - | - | (7,409,672) | - | - | - | - | - | - | - | | **(7,409,672)** |
| Transfer to statutory reserve | - | - | - | - | - | - | - | - | - | - | | **-** |
| Transfer to AGSMEIS reserve | - | - | - | - | - | - | - | - | - | - | | **-** |
| Transfer from forbearance reserve | - | - | - | - | - | - | - | - | - | - | | **-** |
| Transfer to regulatory risk reserve | - | - | - | - | - | - | - | - | - | - | | **-** |
| Dividend paid | - | - | - | (9,901,355) | - | - | - | - | - | - | | **(9,901,355)** |
| **Total contributions by and distributions to equity holders** | **9,901,355** | **131,038,878** | **(7,409,672)** | **(9,901,355)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **123,629,206** |
| **Balance at 31 December 2024** | **19,802,710** | **246,431,292** | **46,686,000** | **38,011,829** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **350,931,831** |
| **Balance as at 1 January 2023** | **9,901,355** | **115,392,414** | **-** | **12,352,706** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **137,646,475** |
| Profit for the year | - | - | **1,641,278** | **17,518,141** | - | - | - | - | - | - | | **19,159,419** |
| **Other comprehensive income** | | | | | | | | | | | | |
| Equity instruments at fair value through other comprehensive income | - | - | - | - | - | - | - | - | **-** | - | | **-** |
| Debt instruments at fair value through other comprehensive income | - | - | - | - | - | - | - | - | **-** | - | | **-** |
| **Total comprehensive income for the year** | **-** | **-** | **1,641,278** | **17,518,141** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **19,159,419** |
| **Transfer between reserves** | | | | | | | | | | | | |
| Additional Tier 1 (AT1) Capital issued | - | - | 46,686,000 | - | - | - | - | - | - | - | | **46,686,000** |
| Issuing Cost of additional Tier 1 (AT1) Capital | - | - | - | - | - | - | - | - | - | - | | **-** |
| Additional Tier 1 (AT1) Capital coupon paid | - | - | (1,641,278) | - | - | - | - | - | - | - | | **(1,641,278)** |
| Transfer to statutory reserve | - | - | - | - | - | - | - | - | - | - | | **-** |
| Transfer to AGSMEIS reserve | - | - | - | - | - | - | - | - | - | - | | **-** |
| Transfer to regulatory risk reserve | - | - | - | - | - | - | - | - | - | - | | **-** |
| Transfer to forebearence reserve | - | - | - | - | - | - | - | - | - | - | | **-** |
| Dividend paid | - | - | - | (4,950,678) | - | - | - | - | - | - | | **(4,950,678)** |
| | **-** | **-** | **45,044,722** | **(4,950,678)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **40,094,044** |
| **Balance at 31 December 2023** | **9,901,355** | **115,392,414** | **46,686,000** | **24,920,169** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **196,899,938** |

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

Notes:
(a). For further details refer to Note 41(c) N7.409billion relates to the interest coupon expense incurred on the AT1 issued because the underlying instrument is classified as equity, hence the interest coupon paid was through equity.
(b). Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. An appropriation of 15% of profit after tax is made if the statutory reserve is greater than the paid-up share capital and 30% of profit after tax if the statutory reserve is less than the paid up share capital.

(c). The Central Bank of Nigeria (CBN) required that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. In the CBN Circular dated 5 April 2017, all DMBs are required to set aside and remit 5% of the annual profit after tax for equity investments.

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASHFLOWS**
**FOR THE YEAR ENDED 31 DECEMBER 2024**

| In thousands of Naira | Note | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit for the year | | **73,337,468** | 93,017,619 | **30,402,687** | 19,159,419 |
| Adjustments for: | | | | | |
| Net impairment loss on financial assets | 10 | **41,240,464** | 59,510,125 | **141,001** | 155,381 |
| Fair value gain on financial assets held for trading | | **(33,557,126)** | (816,697) | **-** | - |
| Share of loss from associate | 13 | **223,412** | - | **4,394,049** | (3,165,607) |
| Loss on disposal of associate | 14(b) | **227,177** | - | **-** | - |
| Amortisation of intangibles | 16 | **3,809,054** | 3,094,464 | **2,046** | - |
| Depreciation of property and equipment | 16 | **10,068,398** | 8,079,708 | **59,304** | 26,380 |
| Gain on disposal of property and equipment | 14(b) | **(2,409,966)** | (39,401) | **(517)** | 1,837 |
| Items written-off during the year | | **217** | 14,970 | **-** | 7,363 |
| Modification loss /(gain) on restructured facilities | 14(a)(iii) | **(1,331,168)** | (3,643,983) | **-** | - |
| Unrealised foreign exchange gains | 14(a)(ii) | **(36,469,263)** | (83,956,087) | **(7,110,602)** | (5,627,580) |
| Other operating expenses - provisions for litigation no longer required | 18(a) | **3,410,000** | 2,525,000 | **-** | - |
| Net interest income | | **(225,300,203)** | (176,596,324) | **(7,929,154)** | (918,398) |
| Intra group revenue | | **-** | - | **(28,940,057)** | (12,512,146) |
| Dividends received | 14(a)(i) | **(1,754,901)** | (1,708,284) | **-** | - |
| Tax expense | 20 | **38,557,702** | 11,413,830 | **7,772,543** | 2,195,918 |
| | | **(129,948,735)** | (89,105,060) | **(1,208,700)** | (677,433) |
| **Changes in operating assets and liabilities** | | | | | |
| Working capital changes from associate investment | | **1,402,641** | - | **-** | - |
| Net increase in restricted reserve deposits | | **(641,824,674)** | (306,280,708) | **-** | - |
| Net increase in derivative assets held for risk management | | **68,784** | (667,007) | **-** | - |
| Net decrease / (increase) in trading assets | | **(182,363,695)** | (10,388,623) | **-** | - |
| Net increase in loans and advances to customers | | **(604,698,047)** | (745,091,565) | **-** | - |
| Net decrease in other assets | | **(39,953,910)** | 149,549,327 | **(6,816,395)** | 271,774 |
| Net (increase) / decrease in trading liabilities | | **-** | (1,883,937) | **-** | - |
| Net decrease in deposits from banks | | **554,415,109** | 156,112,660 | **-** | - |
| Net decrease in deposits from customers | | **1,213,514,837** | 1,138,062,443 | **-** | - |
| Net decrease in on-lending facilities | | **147,378,550** | (191,766,570) | **-** | - |
| Net increase in assets pledged as collateral | | **(356,229,724)** | (12,894,206) | **-** | - |
| Net decrease in derivative liabilities held for risk management | | **1,609,814** | (701,568) | **-** | - |
| Net increase in provision | | **(3,006,398)** | (1,069,055) | **-** | - |
| Working capital of subsidiary disposed off | | **(1,402,641)** | - | **-** | - |
| Net decrease / (increase) in other liabilities | | **198,440,468** | 72,134,670 | **(73,841)** | 964,328 |
| | | **157,402,379** | 156,010,801 | **(8,098,936)** | 558,669 |
| Interest received | | **710,304,585** | 395,504,988 | **18,064,654** | 2,752,256 |
| Interest paid | | **(425,493,237)** | (189,361,578) | **(928,052)** | - |
| Dividend received from associate | 14(a) | **332,928** | - | **-** | - |
| Dividends received from unquoted investments | 14(a) | **1,754,901** | 1,708,284 | **11,921,621** | 6,879,182 |
| VAT paid | | **(14,825,917)** | (6,332,632) | **(41,296)** | (45,807) |
| Income taxes paid | | **(9,107,292)** | (5,380,741) | **(273,498)** | (12,751) |
| **Net cash generated from operating activities** | | **420,368,347** | 352,149,122 | **20,644,493** | 10,131,549 |
| **Cash flows from investing activities** | | | | | |
| Investment in subsidiaries | 29(a) | **-** | - | **(140,940,234)** | - |
| Interest on public offer proceeds | | **6,370,908** | - | **6,370,908** | - |
| Purchase of property and equipment | 31 | **(9,419,006)** | (12,970,283) | **(142,915)** | (149,079) |
| Purchase of intangible assets | 32(a) | **(7,479,708)** | (2,615,709) | **(147,298)** | (169,793) |
| Purchase of intangible assets work-in-progress | 32(a) | **(6,022,137)** | (1,928,529) | **-** | - |
| Proceeds from sale of property and equipment | 48(viii) | **2,304,123** | 1,043,350 | **530** | 64 |
| Acquisition of investment securities | 48(v) | **(503,583,086)** | (482,051,102) | **(2,363,703)** | (47,347,340) |
| Proceeds from sale and redemption of investment securities | | **135,061,809** | 274,377,093 | **-** | - |
| Deposit for investment securities | | **(323,031,162)** | - | **-** | - |
| Cash disposed as part of subsidiary disposal | | **(2,074,721)** | - | **-** | - |
| **Net cash used in investing activities** | | **(707,872,980)** | (224,145,180) | **(137,222,712)** | (47,666,147) |
| **Cash flows from financing activities** | | | | | |
| Interest paid on interest bearing borrowings | | **(2,798,117)** | (7,108,797) | **(917,689)** | (131,750) |
| Interest paid on interest debt securities issued | 40(e) | **(8,279,934)** | (5,297,990) | **-** | - |
| Proceeds from issue of shares | | **144,559,789** | - | **144,559,789** | - |
| Payments of share issue cost | | **(3,619,555)** | (821,102) | **(3,619,555)** | - |
| Proceeds from Additional Tier 1 capital issued | 42(c) | **-** | 46,686,000 | **-** | 46,686,000 |
| Coupon paid on Additional Tier 1 capital | 42(c) (iv) | **(7,409,672)** | (1,641,278) | **(7,409,672)** | (1,641,278) |
| Proceeds from long term borrowings | 41(c) | **219,026,254** | 24,391,167 | **3,120,000** | 2,000,000 |
| Repayment of long term borrowings | 41(c) | **(62,476,333)** | (44,734,130) | **-** | - |
| Lease payment | 37(g)48(vii) | **(644,080)** | (678,963) | **-** | - |
| Dividends paid to NCI | 44 | **(103,142)** | - | **-** | - |
| Dividends paid to owners | | **(9,901,355)** | (4,950,678) | **(9,901,355)** | (4,950,678) |
| **Net cash generated from financing activities** | | **268,353,855** | 5,844,229 | **125,831,517** | 41,962,294 |
| **Net increase / (decrease) in cash and cash equivalents** | | **(19,150,778)** | 133,848,171 | **9,253,299** | 4,427,696 |
| Cash and cash equivalents at start of year | | **579,208,616** | 247,510,880 | **4,577,221** | 30,607 |
| Movements in cash and cash equivalents | | | | | |
| Increase /(decrease) in cash and cash equivalents | | **(19,150,778)** | 133,848,171 | **9,253,299** | 4,427,696 |
| Effect of exchange rate movement on cash and cash equivalents held | | **235,347,198** | 197,849,565 | **541,460** | 118,918 |
| **Cash and cash equivalents at end of year** | | **795,405,036** | 579,208,616 | **14,371,980** | 4,577,221 |

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

**Notes to the consolidated and separate financial statements**

1 **Reporting entity**

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

The principal activity of FCMB Group Plc is to carry on business as a financial holding company, investing in and holding controlling shares in, as well as managing equity investments in Central Bank of Nigeria approved financial entities. The Company has seven direct subsidiaries; First City Monument Bank Limited (100%), FCMB Capital Markets Limited (100%), CSL Stockbrokers Limited (100%), FCMB Trustees Limited (formerly CSL Trustees Limited) (100%), FCMB Microfinance Bank Limited (100%), FCMB Pensions Limited (91.71%) and Credit Direct Finance Company Limited (100%).

FCMB Group Plc is a company domiciled in Nigeria. The address of the Company's registered office is 44 Marina, Lagos. These unaudited reports for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the 'Group').

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

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

(b) **Material accounting policies**

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

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

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

**(ii) Basis of accounting**

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

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

**(iii) Functional and presentation currency**

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

**(iv) Use of estimates and judgments**

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

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

**(a) Judgements**

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

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

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

**b) Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2024 is included in the following notes.

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

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

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

**Notes to the consolidated and separate financial statements**

**(b) Basis of Consolidation**

**(i) Subsidiaries**

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

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

**(ii) Special purpose entities**

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

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

**(iii) Loss of control**

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

**(iv) Common control transactions**

Common control transactions in the consolidated financial statement are accounted for at book value accounting. Any method chosen by an entity are consistently used for all similar common control transactions in its consolidated financial statements; i.e. it cannot use IFRS 3 accounting for some common control transactions and book value accounting for other similar transactions.
The difference between the consideration paid and the book value of the asset represents transaction with shareholder and should therefore be recorded in equity. The assets and liabilities transferred are recognised at the carrying amounts recognised previously in the transferor's consolidated financial statements. The Group adopted the book value method of accounting for its common control transactions.

**(v) Transactions eliminated on consolidation**

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

**(c) Foreign currency**

**(i) Foreign currency transactions and balances**

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

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

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

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

**(ii) Foreign operations**

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

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

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

**Notes to the consolidated and separate financial statements**

**(d) Interest**

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

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

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

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

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

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

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

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

**(e) Fees and commission**

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

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

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

**(f) Net trading income**

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and be presented together with others.

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, dividends and foreign exchange differences.

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

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

**(h) Dividend income**

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

**(i) Leases**

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

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

**(i) Group acting as a lessee**

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

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

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

**Notes to the consolidated and separate financial statements**

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

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

Lease payments included in the measurement of the lease liability comprise the following:
– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

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

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

**(ii) Group acting as a lessor**

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

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

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

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

**(j) Income tax**

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

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

**(a) Current income tax**

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

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

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

**Minimum tax**

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

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

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

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

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

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

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.
If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.
Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

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

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

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

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

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

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflow and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of pricipal and interest on principal amount outstanding

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(vi) Fair value measurement**

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

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

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

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

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

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

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

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

**(vii) Impairment**

The Group recognises loss allowances for ECL on the following financial insruments that are not measured at fair value through profit or loss:

- financial assets measured at amortised cost;
- debt investments measured at fair value through other comprehensive income;
- financial guarantee contracts issued; and
- loan commitments issued

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following for which they are measured as 12-month ECL;

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

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

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

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

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

**Measurement of ECL**

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

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

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows:
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is down and the cash flows that the Group expects to receive; and

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

**Restructured financial assets**

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

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

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

**Credit-Impaired financial assets**

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

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

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

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

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

**Presentation of allowance for ECL in the statement of financial position**

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

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

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

- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at fair value through other comprehensive income: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is charged to profit or loss and is recognised in the fair value reserve, other comprehensive income.

**Write-off policy**

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

**Measurement of impairment**

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

**Reversal of impairment**

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

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

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

**Write-off**

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

**(viii) Designation at fair value through profit or loss**

**Financial assets**

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

**Financial liabilities**

The Group has designated certain financial liabilities as at fair value through profit or loss in either of the following circumstances:
- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**(l) (i) Cash and cash equivalents**

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

**(ii) Restricted reserve deposits**

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

**(m) Trading assets and liabilities**

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

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

**(n) Assets pledged as collateral**

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

**(o) Loan and advances**

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

- loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transsaction costs, and subsequently at their amortised cost using the effective interest method;

- loans and advances mandatorily measured at fair value through profit or loss or designated as at fair value through profit or loss; these are measured at fair value with changes recognised immediately in profit or loss; and

- finance lease receivables.

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

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

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

**(p) Investment securities**

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

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;

- debt and equity investment securities mandatorily measured at fair value through profit or loss or designated at fair value through profit or loss; these are at fair value with changes recognised immediately in profit or loss;

- debt securities measured at fair value through other comprehensive income; and
- equity investment securities designated at fair value through other comprehensive income.

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

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

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

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

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

**(q) Derivatives held for risk management purposes**

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

**(r) Property and equipment**

**(i) Recognition and measurement**

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

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

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

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

**(ii) Subsequent costs**

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

**(iii) Depreciation**

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

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

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

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

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

**(iv) De-recognition**

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

**(s) Intangible assets**

**(i) Goodwill**

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

**Subsequent measurement**

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

**(ii) Software**

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

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

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

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

**Notes to the consolidated and separate financial statements**

**(t) Impairment of non-financial assets**

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

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

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

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

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

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

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

**(v) Sale and repurchase agreements**

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

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

**(w) Provisions**

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

**(x) Financial guarantees and loan commitments**

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

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

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

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

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

**(y) Employee benefits**

**(i) Short-term employee benefits**

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) Defined contribution plans**

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

**(iii) Termination benefits**

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

**Notes to the consolidated and separate financial statements**

**(z) Share capital, AT1 Capital and reserves**

**(i) Issued debt and equity instruments**

The Group applies IAS 32, Financial Instruments: Presentation, to determine whether funding is either a financial liability (debt) or equity. Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Group having an obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds included in equity, of which the transaction costs are deducted against equity. Dividends and other returns to equity holders are recognised when paid or declared by the members at the Annual General Meeting and treated as a deduction from equity. Where issued financial instruments contain both liability and equity components, these are accounted for separately. The fair value of the debt is estimated first and the balance of the proceeds is included within equity.

**(ii) Share issue costs**

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

**(iii) Dividend on the Group's ordinary shares**

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

**(iv) Share premium**

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

**(v) Retained earnings**

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

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

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

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

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

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

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

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

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

**(aa) Earnings per share**

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

**(ab) Segment reporting**

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

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

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

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

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

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

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

**Notes to the consolidated and separate financial statements**

**(ad) Deposit for Investment in AGSMEIS**

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

**(ae) Consumables**

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

**(af) Levies**

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

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

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

**(ag) Standards issued but not yet adopted**

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2024 and have not been applied in preparing these financial statements. Those Standards, Amendments to Standards, and Interpretations which may be relevant to the Group are set out below.

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

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

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

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

**Standards and interpretations effective during the reporting period**

Amendments to the following standard(s) became effective in the annual period starting from 1 January 2024. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

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

In January 2020, the IASB issued amendment to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.The amendment
clarify:

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

The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

The amendment does not have any material impact on the Company and Group.

**Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback**

In September 2022, the Board issued Lease Liability in a Sale and Leaseback. The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. However, the requirements do not prevent the seller-lessee from recognizing any gain or loss arising from the partial or full terminaton of a lease.

The amendment is not expected to have any significant impact on the Bank at the time it will take effect, as there is non-existent of such transaction as Sale and Leaseback within the Group or with external parties.

**Notes to the consolidated and separate financial statements**

**Amendments to IAS 1 - Presentation of Financial statements - Non-Current Liabilities with Covenants**

This amendments to IAS 1 was published in November 2022.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendment does not have any material impact on the Company and Group.

**New and revised IFRS Standards in issue but not yet effective**

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

| **Standard** | **Content** | **Effective Date** |
|---|---|---|
| IAS 21 | Lack of exchangeability | 01 JAN 2025 |
| IFRS 9 & IFRS 7 | Classification and Measurement of Financial Instruments | 01 JAN 2026 |
| IFRS 18 | Presentation and Disclosure in Financial Statements | 01 JAN 2027 |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures | 01 JAN 2027 |

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

**Amendments to IAS 21 – Lack of exchangeability**

In August 2023, the Board issued Lack of exchangeability amendments to IAS 21. The amendments specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendment does not have any material impact on the Company and Group.

**Notes to the consolidated and separate financial statements**

**IFRS 9 & IFRS 7 – Classification and Measurement of Financial Instruments**
In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:

- Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met

- Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features

- Clarifies the treatment of non-recourse assets and contractually linked instruments

- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG linked) and equity instruments classified at fair value through other comprehensive income.

The Group plans to adopt the amendement when it becomes effective.

**IFRS 18 – Presentation and Disclosure in Financial Statements**
In April 2024, the Board issued IFRS 18 to become effective on 1 January 2027. The objective of the Standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses, with emphasis on the subject matter as shown below:

- Aggregation : The adding together of assets, liabilities, equity, income, expenses or cash flows that share characteristics and are included in the same classification.

- Classification: The sorting of assets, liabilities, equity, income, expenses and cash flows based on shared characteristics.

- Disaggregation: The separation of an item into component parts that have characteristics that are not shared

The Company and Group plans to adopt the full scope of the Standard when it becomes effective.

**IFRS 19 – Subsidiaries without Public Accountability: Disclosures**
In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19), which allows eligible to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance. Eligible entities:

- It is a subsidiary as defined in IFRS 10 Consolidation Financial Statement

- It does not have public accountability

- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accunting standards.

The standard does not have any impact on the Company or Group as the group is not an Eligible entity.

**Notes to the consolidated and separate financial statements**

**4 Financial risk management**

(a) **Introduction and overview**

FCMB Group Plc as a corporate group of diverse operating assets, risk management is critical to the attainment of the Group's strategic vision and business objectives. It provides the mechanism to identify and explore growth opportunities, anticipate and manage inherent risks in operating and business environments, and ensure compliance with corporate governance standards and regulatory stipulations. Our risk management practices are integrated, structured, enterprise-wide and continuous across the Group for identifying and deciding on appropriate responses to, and reporting on, opportunities and threats that may affect the achievement of the strategic business objectives. Based on its strategic business and operational objectives, the Group is exposed to a wide range of financial and non financial risks such as credit, liquidity, market, operational, strategic, regulatory, reputational, systemic and pandemic risks. It has put in place a robust risk management framework, policies and processes for the proactive identification, assessment, measurement and management of such risks to ensure that they are managed within the Board approved risk appetite whilst also complying with the regulatory requirements. The Group continually reviews its enterprise risk management framework, complementary policies and processes to ensure that they remain relevant for the various risk exposures and align with the organisational objectives. Also, the Group has developed, and periodically updates its capital management policy and capital plan to ensure that it operates within its risk capacity while balancing and optimising risks and return. The business strategy and capital plan are part of the key considerations in the development of risk appetite and they all work together to ensure the Group conducts its business in a stable equilibrium.

In line with global standards and proactive risk management practices, the Group sets the tone from the top, with a strategy that ensures that individuals who take or manage risk clearly understand it; the Group and its subsidiaries' risk exposures are within the appetites established by Board of Directors; risk taking decisions are in line with the business strategy and objectives set by the Board of Directors; the expected payoffs compensate for the risks taken; risk taking decisions are explicit and clear; and sufficient capital is available to take risks. Personal accountability is reinforced by the Group's values, with staff expected to act with courageous integrity in conducting their duties even as competence is developed through various training and development programs. Also, staff and other stakeholders are supported through the Group's whistle blower program, which enables them to raise concerns in a confidential manner. The whistle blower program has been outsourced to an independent body to ensure independence, confidentiality and protection of the whistle blower.

**FCMB Risk Management Philosophy**

Overall, the Group's enterprise risk management (ERM) program is underpinned by a strong risk management philosophy and culture, which ensures that the risk management practices are embedded in strategy development and implementation and day-to-day activities of the Group. The Group's risk management philosophy is: "to continue to institutionalise comprehensive risk practices that enable our stakeholders build and preserve wealth while integrating our core values and beliefs group-wide to give us competitive advantage".

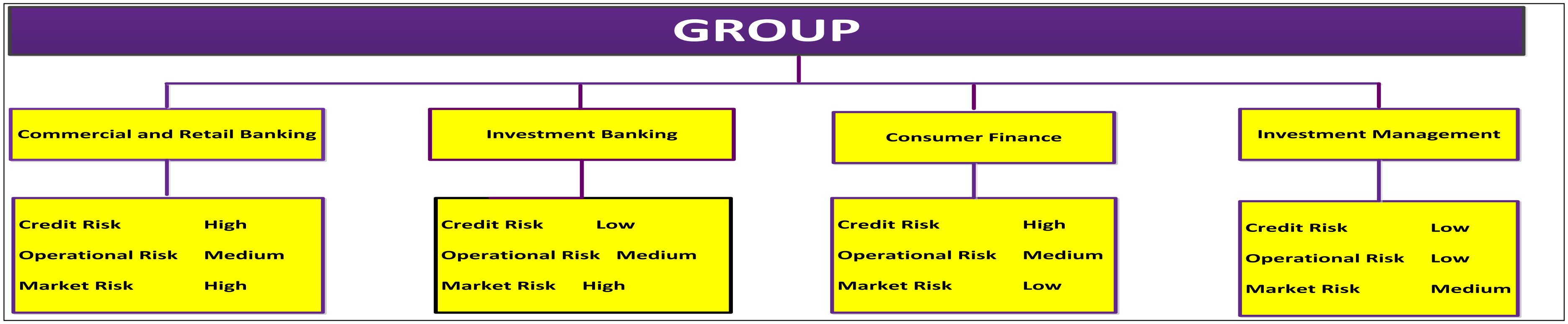
The following are the guiding principles that FCMB tries to entrench in its risk management process:

(a) a common standard of risk management values imbibed and consistently exhibited by everyone in the Group;
(b) consistent drive to balance risk/opportunities and return;
(c) clear and consistent communication on risks;
(d) a business strategy that aligns risk and accountability;
(e) the Group will always strive to understand every new product, business or any type of transaction with a view to address all the risk issues; and
(f) the Group will avoid products and businesses it does not understand.

FCMB shall seek to fully understand the risks and rewards of transactions; only transactions that meet the Group's risk appetite and profile shall be undertaken.

The chart below provides a link between the group's business units and their principal risk exposures. The risks have been assessed based on the relative amount of capital allocation to the various business lines and their revenue generating ability.

**Business Units and Risk Exposures**



**Notes to the consolidated and separate financial statements**

The chart above represents the Group's exposure to its major risks - credit , market and operational risks on a business segment basis. The classification to high, medium and low is based on the relative amount of capital allocated to the businesses, their revenue generating abilities and operational risks inherent in their related activities and processes.

As implied from the chart, credit risk is the largest risk exposure of the Group, next to this is operational risk and then market risk. Market risk resulting from high interest environment and the devaluation of the Naira continued its sliding but at a lower momentum compared to the same period in the last financial year as the domestic currency fell by 70.7% of its value on the official exchange rate window, from 899.39 at the beginning of the year to the U.S. dollar to 1535.32 at the end of the year. This was due to pressure on the domestic currency as a result of the foreign currency paucity in the foreign exchange market. Also, the CBN monetary policy stance on interest rate has increased the uncertainty in the banking and trading book, with significant impact in the banking book – the interest rate risk in the banking book (IRRBB). The monetary authority maintained tightening monetary stance during year with its benchmark monetary policy rate closed year at 27.50% in an aggressive push to contain the nation's inflationary pressure. The Central Bank of Nigeria continues to manage liquidity in the system using various instruments and frameworks but the banking subsidiary maintained stable liquidity position in the year under review.

The commercial and retail banking segment, which includes corporate portfolio, having the largest exposure to credit risk, takes most of the capital allocation, followed by investment banking (treasury, brokerage, advisory services), consumer finance and investment management (pension, asset management and trusteeship businesses). Despite the presence of counterparty risks, credit risk is low for investment banking and investment management segments. Market risk remained high in the period due to the monetary policy stance of the Central Bank of Nigeria (CBN). The investment management business has the least capital allocation and was adjudged to have to low risk due to the structure of its portfolios. The Group continues to identify and proactively manage its various risk exposures at both the transaction and portfolio levels, making sure that appropriate mitigants are in place for the various balance sheet exposures.

The disclosures here therefore give details of the Group's exposures to these risks and the appropriate policies and processes for managing them, including a summary of the capital management practices of the Group.

**Risk Management Framework**

The Board of FCMB Group Plc has the risk oversight role, setting and approving the risk appetite and other capital management initiatives to be implemented by the Executive Management Committee. The Boards of FCMB Group Plc. and its subsidiaries continue to align the business and risk strategies of the Group through a well-articulated appetite for all significant risks and make sure (through appropriate subcommittees) that all risk taking activities are within the set appetite or tolerance, failing which an appropriate remedial action should be taken within a reasonable period. The Board has delegated authority to the Board Risk Management Committee, one of its sub-committees, to provide the framework for managing risk exposures in the Group, ensuring that there is an alignment between the business and risk strategies. The Board Credit Committee (BCC) is another important sub-committee of the Group that has been vested with the responsibility for ensuring that its credit risk exposures are managed within the defined risk appetite. The responsibility for day-to-day management of these risks has been delegated to Executive Management through its related committees (Risk Management Committee, Management Credit Committee, Asset and Liability Committee, Investment Committee, Information Security Steering\ Committee and Executive Management Committee). The Executive Management Committee coordinates the activities of its subcommittees to provide support to the Board in managing risk and ensuring that capital is adequate and optimally deployed. The Risk Committee focuses on risk governance and provides a strong forward-looking view of risks and their mitigation in order to protect against unforeseen losses and guarantee safety, soundness and stability of earnings. Additionally, the Risk Committee ensures the alignment of the reward structures and the maintenance and development of a supportive culture in relation to the management of risk, which is appropriately embedded through procedures, training and leadership actions. In carrying out its responsibilities, the Risk Committee is closely supported by the Chief Risk Officer and the Chief Financial Officer, together with other business functions within their respective areas of responsibility.

The illustration below highlights material risk exposures of the Group and the respective Board and Executive Management committees responsible for oversight and risk control.

**Enterprise Risk Universe and Governance Structure.**

<table>
<tr><th colspan="11">FCMB Group Risk Universe and Responsibility Matrix</th></tr>
<tr><td>Risk Universe</td><td>Credit Risk</td><td>Concentration Risk</td><td>Market Risk</td><td>Liquidity Risk</td><td>Operational Risk</td><td>Strategic Risk</td><td>Information / Cyber Risk</td><td>Legal Risk</td><td>Reputational Risk</td><td>Compliance Risk</td></tr>
<tr><td>Primary Risk Owner</td><td>Chief Risk Officer</td><td>Chief Risk Officer</td><td>Treasurer</td><td>Treasurer</td><td>Head of Operations</td><td>Head of Strategy</td><td>Chief Information Security Officer</td><td>General Counsel</td><td>Head of Corporate Affairs</td><td>Compliance Officer</td></tr>
<tr><td>Secondary Risk Owner</td><td colspan="9">Chief Risk Officer</td><td>Group Chief Compliance Officer</td></tr>
<tr><td rowspan="2">Management Committee</td><td colspan="2">Management Credit Committee</td><td colspan="2">Asset and Liability Management Committee</td><td colspan="2">Risk Management Committee</td><td>Information Security Steering Committee</td><td colspan="3">Executive Management Committee</td></tr>
<tr><td colspan="10">Risk Management Committee</td></tr>
<tr><td rowspan="2">Board Committee</td><td colspan="2">Board Credit Committee</td><td colspan="8">Board Risk Management Committee</td></tr>
<tr><td colspan="10">Board of Directors</td></tr>
</table>

**Notes to the consolidated and separate financial statements**

A three line of defence system is in place for the management of enterprise risks as follows:

(i) **Risk taking:** the Board of Directors, supported by Executive Management, establishes boundaries within which the Group takes risks. They also establishes an appropriate control environment, in order to align risk taking and management with business objectives. The business lines and process owners take risks and have the primary responsibility for identifying and managing such risks.

(ii) **Risk oversight:** independent control function over the business processes and related risks to ensure that business and process owners operate within defined appetite and approved policies and procedures. It is provided by functions such as risk management, internal control, compliance, and finance. These departments develop policies and procedures, risk management processes and controls, monitor and report on risks accordingly for prompt decision making. The Board of Directors also plays risk oversight role. Board Risk Management Committee has oversight responsibility for all the risk exposures in the Group while the Board Credit Committee (BCC) is responsible for the various credit risk exposures.

(iii) **Risk assurance:** independent assurance to the Board of Directors on the effective implementation of the risk management framework and validates the risk measurement processes. There are two complementary parts to this – the internal and external audit functions. The Board Risk Management Committee is also responsible for this independent assurance and assisted in its function by the internal and external auditors.

**Details of the Group's Three Line Defense Mechanism is described below:**


**First line of defence**
**(a) Board level**

I. The Board of Directors sets the appetite for risk and ensures that senior management and individuals responsible for managing risks possess sound expertise and knowledge to undertake risk management functions within the Group. The Board of directors approve risk management policies and also has responsibility for approval of certain credit transactions that are above the approval limits of the Board Credit Committee.

II. The Board Risk Management Committee (BRMC), supported by the subsidiaries' risk committees, provides direct oversight for enterprise risk management and acts on behalf of the Board on all risk management matters. The BRMC ensures that all the decisions of the Board on risk management are fully implemented and that risk exposures are in line with agreed risk appetite. The committee also reviews the enterprise risk management framework on a periodic basis to ensure its appropriateness and continued usefulness in line with the size and complexity of the exposure of the Group to risk, and compliance with regulatory requirements. The BRMC is also responsible for assessing the adequacy and scope of internal controls, audit of the financial statements and overall compliance. The Committee meets every quarter.

III. The Board Credit Committee's (BCC) function is more transactional. It approves amendments to the Group's credit policy, changes in target market or risk acceptance criteria, large exposure requests within pre-defined limits, exceptional approvals where necessary, specific provisions, credit write-offs and remedial/ corrective measures. The BCC also reviews the credit portfolio to ensure that portfolio risk exposures such as correlation risk, concentration risk, cyclicality of collateral values and any reputational and contagion effects are reasonably managed.

IV. The Board Investment Committee (BIC) has oversight responsibility on investment related matters. The committee was established to determine, implement and review the investment strategy to deliver the Group's investment objectives. It acts on behalf of the board to review and approve investment policies. It is responsible for the monitoring and evaluating investment performance and assessing the portfolio risk.

**(b) Executive management level**

I. The Risk Management Committee (RMC) is a management committee, which reports to the Board Risk Management Committee and has direct responsibility for implementing the enterprise risk management framework and related policies approved by the BRMC. The RMC meets on a periodic basis (monthly) to review all risk exposures (including key risk indicators (KRI), credit portfolio reports, market risk exposures, etc.) and recommends risk mitigating strategies/ actions. The RMC is also responsible for portfolio planning, capital management, review and management of external issues and policies affecting the business of the Group and oversight of all enterprise risk management initiatives.

II. The Management Credit Committee (MCC) appraises and approves loans and other credit related transactions as stated in the Group's credit policy. The committee endorses the credit policy and ensures full compliance with the Board approved credit policy. The MCC reviews and considers credit requests above the delegated approval authority of the approving authorities for approval. The committee also reviews and manages portfolio risk in order for the credit portfolio to remain healthy and in compliance with the Board approved appetite and all regulatory requirements.

III. The Asset and Liability Committee (ALCO) is responsible for managing the composition and pricing of the assets and liabilities, making policy decisions, and providing direction/oversight for market and liquidity risk management practices.

**(c) Business unit management level**

I. Business Unit Management, as a risk originator, has first line responsibility for, and ownership of risks. The business units take on risks within set boundaries and manage the risks taken on a day to day basis to protect the Group from the risk of loss.

II. Each business unit has a dedicated Operational Risk Committee responsible for reviewing critical and significant risks and recommending appropriate remedial measures. The Committee reviews the outcome of risk and control self assessment (RCSA) for their respective business units, major risk exposures as measured by their key risk indicators (KRI)/key control Indicators (KCI), agrees action plans and assigns responsibilities for resolving identified issues and exposures.

**Second line of defence**

Risk management is an independent control function with primary responsibility for the following:

- Risk strategy – development of the risk management strategy in alignment with overall growth and business strategy of the Group.
- Risk compliance – monitoring and reporting compliance with risk strategy, risk appetite at enterprise and business unit levels.
- Risk advisory – identification, measurement, management and disclosure of all significant risk exposures and providing recommendations and guidance on risk taking and exposures.
- Risk control – proactive management of all risks to minimize losses and capital erosion. The Group could take various control measures to address identified risk exposures such as follows:

(i) Risk avoidance: the Group could make decisions that will attempt to isolate it from further contact with such risks. The decision could affect a new or existing strategy, product or business. Some examples of risk avoidance include opting not to expand its branches, refusing to lend to a customer because of poor understanding of the business or industry and/or closing/relocating a branch because of high incidence of armed robbery or other operational losses. Risk avoidance could be a proactive avoidance (not going into the activity in the first place) or abandonment (dropping the activity after embarking on it).

(ii) Risk acceptance: the Group will acknowledge the risk. However, it will not take any measures to halt the likelihood of such a situation occurring or to minimize the risk associated with it. The Group shall adopt this approach where certain risks remain outstanding after avoidance, transfer or mitigation responses have been taken or where the risks in question are minor or unavoidable and any response is not likely to be cost-effective compared to the possible cost of bearing the risk impact.

(iii) Risk mitigation: the Group will acknowledge the risk and take steps to reduce the risk likelihood and/or impact. Some of the steps that can be taken to mitigate the impact or likelihood of a risk occurring include:
- formulation of policy or enhancement
- clarity and strengthening of accountabilities
- improvement of processes
- strengthening the existing controls and implementation of new measures
- education and training program
- expert advice

The mitigation steps may be directive, preventative, detective or corrective controls. Detective control entails monitoring of the activities that can lead to the incident in order to detect any early warning signal and respond to it in time.

(iv) Risk transfer: the Group will try to shift the burden from its shoulders to another party, who has the capacity to bear the risk. Some common practices involved in risk transfer include insurance contract, performance bonds, guarantees, warrantees and outsourcing. The relevant business unit will, however, include the new risks arising from these arrangements, such as service level performance and contract management, in its risk universe.

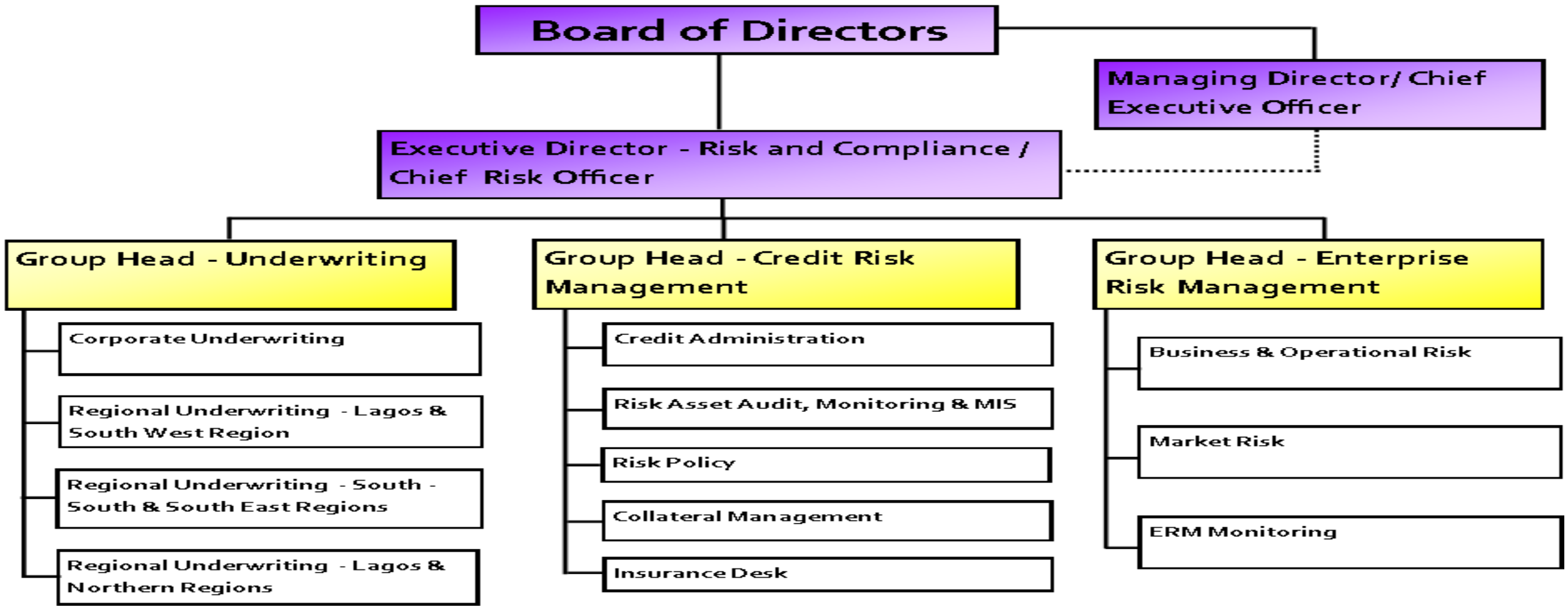
(v) Risk sharing: the Group will share the risk with another party in order to reduce any possible loss. Examples include loan syndication, joint-venture arrangement among others.

The Internal Control and Compliance teams work hand-in-hand. Internal control is directly responsible for enforcing and confirming compliance with group-wide policies, procedures and internal controls. It conducts routine control checks across all businesses and processes. The Compliance team ensures the Group fully complies with all regulatory requirements such as know your customer (KYC), Anti-Money Laundering (AML) regulations and indeed all requirements of the Central Bank of Nigeria (CBN) and other regulatory authorities such as Nigerian Deposit Insurance Corporation (NDIC) among others.

**(a) The Risk Management Division**

The Risk Management Division is a major line of defence in the management of risks in the Group and its subsidiaries. The division assists executive management with the identification, assessment, management, monitoring and reporting of all the risks within the Group. It recommends appropriate risk management polices for the consideration and approval of the Board through the various executive risk management committees, and coordinates the Group's ERM activities. Key responsibilities of the division include:

a) champion the implementation of the enterprise risk management framework, (including specific risk management frameworks and policies) and other related initiatives across the Group and its subsidiaries;
b) facilitate the identification, assessment, monitoring, management and reporting of risk exposures in the Group and its subsidiaries;
c) collect, process, verify, monitor and distribute risk information across the Group, including to the senior management, the Board, regulators and other stakeholders;
d) collaborate with market facing units in designing new products;
e) provide senior management with practical, cost effective recommendations for mitigating risks;
f) act as a key contact for senior management who may wish to request ad hoc reviews and investigations;
g) ensure that laws, regulations and supervisory requirements are complied with including consequence management;
h) provide holistic view of risks across the Group and its subsidiaries;
i) maintain oversight over the Group's enterprise risk management activities; coordinate material risk assessment and link the results of the exercise with the internal capital adequacy assessment process (ICAAP);
j) ensure all risk models utilised for the measurement of risk across the Group are properly validated using an appropriate methodology;
k) oversee the conduct of stress testing and scenario analysis and evaluate the impact of stress scenarios on the capital ratios;
l) coordinates with Financial Control regarding the Group's capital management policies;
m) make recommendations with respect to capital allocation, pricing and reward/ sanctions based on risk reports; and
n) provide and promote risk awareness and education on risk.
The Risk Management Division of the Group serves as competency center and internal consultant in risk management methodology.
The organisational structure of the Risk Management Division is shown in the diagram below:



**Notes to the consolidated and separate financial statements**

The Group also has a robust Collection and Recovery team, which reports to the Business, with dotted reporting line to Risk Management. The department compliments the post-disbursement monitoring responsibilities through effective enforcement of credit covenants and approval terms.

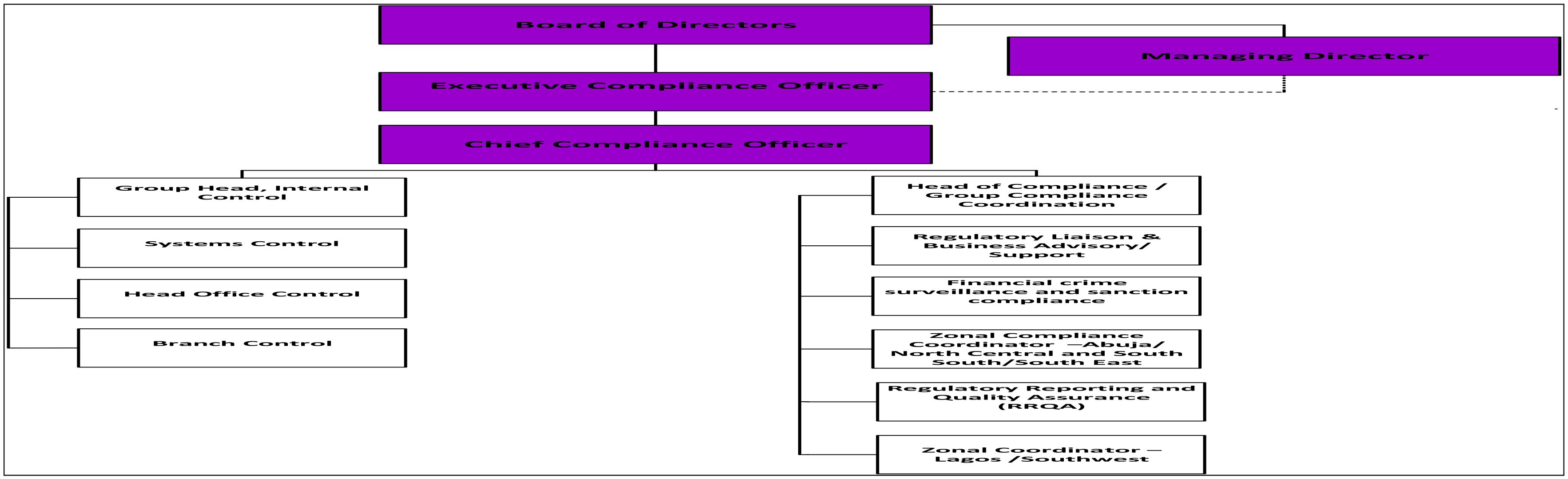
**(b) Compliance and Internal Control Division**

The Internal Control Division is primarily charged with the following:

- Internal control is directly responsible for enforcing and confirming compliance with group-wide policies, procedures and internal controls. It conducts routine control checks across all businesses and processes. It is responsible for effective and efficient control environment that ensures minimal operational losses from frauds, errors, operational gaps, and other irregularities. It monitors control activities and ensure compliance with minimum control standards defined by the Board. The Internal Control works hand-in hand with the Compliance team.

- The Compliance team ensures the Group fully complies with the spirit and letter of laws, corporate governance standards, all regulatory requirements such as Know Your Customer (KYC), Anti-Money Laundering (AML) regulations and indeed all requirements of the Central Bank of Nigeria (CBN) and other authorities such as Nigerian Deposit Insurance Corporation (NDIC), Securities and Exchange Commission, Nigerian Stock Exchange, National Pension Commission, National Information Technology Development Agency (NITDA) among others.

The Compliance and Internal Control Division is functionally structured as shown in the chart below:




- Group Finance Division develops the Group's strategic and capital plan and clearly outlines the actual and projected capital needs, anticipated capital expenditure and desired level of capital. „

- It reviews the Group's capital structure and ensures the desired level of capital adequacy in the Group.
- It drives all activities relating to the Group's responses to any proposed regulatory change that might affect the Group's capital and provides all necessary information on portfolio, product and profitability metrics and any analysis to support the material risk assessment process.

**Third line of defence**

**(a) Internal audit**

Group Internal Audit provides independent assessment of the adequacy of, and compliance with, the Group's established policies and procedures. The function is responsible, amongst others, for monitoring compliance with the enterprise risk management framework, and validating the adequacy and efficacy of risk assessment systems (including rating and measurement models).

**(b) External audit**

External Auditors apart from establishing whether the financial statements reflect a true and fair position of the organisation, also have an important impact on the quality of internal controls through their audit activities and recommendations for improvement of internal controls. Our external auditors have been helpful in providing guidance on new developments in risk management, corporate governance and financial accounting and controls.

**Notes to the consolidated and separate financial statements**

**Risk appetite**

Risk appetite is an expression of the level and type of risks the Group is willing to accept/retain for a given risk-reward ratio in order to achieve its strategic goals. In FCMB, risk appetite is set by the Board of Directors and enforced by the Risk Management Division. It is a key component of the risk management framework and central to the annual planning process. This appetite guides all risk exposures of the Group - management risks (strategic and reputational risks), chosen risks such as credit and market risks and risks inadvertently assumed by the Business Groups (consequential risks such as operational risks).

The Group has a well developed risk appetite, prepared to establish a common understanding amongst all employees and other stakeholders regarding the desirable risks underlying execution of its strategy. It represents the combined view of the FCMB leadership and the governance bodies. The risk appetite is not intended to “handcuff” management but to become a benchmark for discussing the implications of pursuing value creation opportunities as they arise. It therefore defines boundary within which the Group is expected to operate when pursuing its strategy by aligning risk and decision-making. It provides a cornerstone for the Group’s Enterprise Risk Management Framework, setting a clear strategic direction and tolerances around controls.

**FCMB general risk appetite statement**

“FCMB as a financial service Group is exposed to a variety of risks as it strives to achieve its strategic objectives. These risks will be managed in accordance with the Group’s Enterprise Risk Management (ERM) Framework and related policies. The Group’s general risk appetite is a moderate one that allows us to maintain appropriate growth, profitability, earnings stability and capital adequacy while ensuring regulatory compliance, being an employer of choice, and serving the communities in our footprint”.

Apart from the general risk appetite statement, the Group also has specific risk appetite statements defined around its strategic objectives with defined metrics to track them. This is to ensure that the specific risk appetite statements are in sync with the business strategy of the Group.

The Group has a detailed risk appetite framework which also defines risk appetite around major strategic business units (Personal Banking; Investment Banking; SMEs; Commercial Banking; Investment Management; Corporate Banking and Public Sector). In addition, risk metrics are also defined around material risk areas such as:

- Profitability
- Credit and concentration risk
- Market and liquidity risk
- Operational risk
- Legal risk
- Cyber security risk
- Regulatory risk
- Reputational risk

**Benefit of FCMB risk appetite framework and statements:**

• sets the foundation for the risk culture of the Group;
• helps to communicate the Board’s vision in practical terms;
• guides all staff in their decision-making on all risk related activities;
• helps to ensure an alignment between the expectations of the Board and the business; and
• serves as a benchmark for monitoring and reporting of abnormal events or exposures.

**Notes to the consolidated and separate financial statements**

In FCMB, all risk appetite metrics are tracked and reported monthly to the Risk Management Committee (RMC) to aid its oversight responsibilities. The Risk Management Division monitors the risk metrics on a more regular basis to make certain that risk exposures are within the approved boundaries. Exposures that are outside of set boundaries are investigated to understand the underlying causes and consider ways to mitigate or avoid them within the shortest possible period.

The Group's risk appetite is reviewed at least once a year or more frequently as may be required in the event of significant and material changes in its strategy or in line with regulatory requirements or other external demands.

(b) **Credit Risk**

Credit risk is the risk that the Group may not be able to recover funds and suffer losses because a customer or counterparty is unable or unwilling to meet contractual obligations to the Group as and when due. It is the most significant risk to the Group.

The Group takes on credit risk through the following principal activities:

- **Lending/leasing:** the Group grants credit to its customers (loans, advances, temporary overdraft, etc.) or finances a lease or grants an advance or a loan to its employees (staff loan, cash advance, etc.).
- **Bank guarantees:** the Group issues bonds and guarantees (contingent exposure)
- **Trading (fixed income, foreign currency trading, etc.) activities:** the Group engages in trading activities where the exchange of monetary value and transfer of ownership of purchased assets is not simultaneous. There is counterparty risk, which creates a bilateral risk of loss.

The Group uses its internal ratings system to assess the risk of default (probability that a customer will become 90 days past due on an obligation) and the risk of loss in the event of default (the estimated size of loss the Group will incur in the event of a default). The Group's credit risk rating systems and processes differentiate exposures in order to highlight those with greater risk factors and higher potential severity of loss. This provides predictive capability for assessing borrower's likelihood of default and the acceptable risk mitigants required to cushion residual credit risks for each transaction.

Our ratings framework measures the following key components:

- **financial factors:** sales terms and conditions, strength of operations, liquidity and capital in addition to debt service capacity;
- **industry:** structure, performance, economic sensitivity and outlook;
- **management:** quality (ownership experience, skills and turnover) and company standing (reputation, ownership and credit history); and
- **security and collateral arrangements:** seniority of debt, ability to cancel debt at the point of default and loss given default (LGD) computation for each security and collateral type supporting the exposure.

The above components help the Group to establish the following:
Obligor Risk Rating (ORR), mapped to an estimated probability default (PD). The PD validation is done internally to ensure the rating continues to be predictive of default and differentiates borrowers based on their ability to service their obligations. This will be further reinforced with a rating validation/back testing.
Facility Risk Rating (FRR) for each transaction is mapped to Basel II Loss Given Defaults (LGDs) grades
Both the ORR and FRR produce the expected loss % (EL) which is the product of the PD and LGD i.e. EL =f(PD, LDG) . The EL represents the risk premium which is useful for transaction pricing under the Risk-Based pricing .

The use of internal ratings system is strategic for the Group. The internal ratings system will ultimately be used for capital computation under the Internal Ratings Based Approach - Foundation IRB and Advanced IRB and the allocation of capital/computation of economic profit across business lines based on Basel II principles.

**The Group's internal rating scale and mapping to external ratings as at 31 December 2024 / 31 December 2023:**

| Internal Rating Scale | Description | External Rating Scale (MOODY'S) | External Rating Scale (FITCH AND S&P) |
|---|---|---|---|
| **AAA** | **Investment Grade** | Aaa | AAA |
| **AA** | | Aa1 | AA+ |
| **AA-** | | Aa2 | AA |
| **A+** | | Aa3 | AA- |
| **A** | | A1 | A+ |
| **A-** | | A2 | A |
| **BBB+** | | A3 | A- |
| **BBB** | | Baa1 / Baa2 | BBB+/BBB |
| **BBB-** | **Permissible Grade** | Baa3 / Ba1 | BBB-/BB+ |
| **BB+** | | Ba2 | BB |
| **BB** | | Ba3 | BB- |
| **BB-** | | B1 | B+ |
| **CCC+** | **Speculative Grade** | B2 | B |
| **CCC** | | B3 | B- |
| **CCC-** | | B3 | B- |
| **CC+** | | Caa1 | CCC+ |
| **CC** | | Caa2 | CCC |
| **CC-** | | Caa2 | CCC |
| **C+** | | Caa3 | CCC- |
| **C** | **Lower Speculative Grade** | Caa3 | CCC- |
| **C-** | | D | NA |

**Notes to the consolidated and separate financial statements**

**RATING DESCRIPTION**

| Rating Grade | Description | Characteristics |
|---|---|---|
| **Investment Grade** | Obligor's capacity to meet its financial commitment on its obligation is extremely strong. | - Very low default risk.<br>- Minimal susceptibility to economic conditions and changes in circumstances |
| **Permissible Grade** | Indicates that the borrower in this bucket has the capacity to meet financial obligations, but with grade below the investment grade. | - Moderate credit risk profile<br>- Elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time<br>- Business or financial flexibility exists, which supports the servicing of financial commitments. |
| **Speculative Grade** | Indicates that the borrower is less likely to be able to pay back its financial obligations than a borrower with a permissible and investment-grade rating. | - High credit risk profile<br>- Obligor will likely have some quality and protective characteristics, but these may be outweighed by large uncertainties or major exposures to adverse conditions.<br>- Vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments |
| **Lower Speculative Grade** | Indicates that the likelihood of the borrower in meeting its financial obligation is strongly in doubt. | - Very high credit risk profile<br>- Highly vulnerable to non-payment, and ultimate recovery is expected to be lower than that of higher rated obligations |

**Management of Credit Risk**

The Group manages its credit risk through an appropriate assessment, management and reporting process, underpinned by sound credit risk systems, policies and well qualified personnel. A combination of risk management tools and policies are adopted to stimulate the creation of quality risk assets. It is managed centrally by various departments within the Risk Management Division, which have responsibilities for policy setting and review, credit underwriting, approval, credit administration, monitoring and portfolio management.

The credit risk management function of the Group, which rides on a sound credit culture is achieved through a combination of the following:

- **Appropriate credit policies**: the Group develops appropriate risk management policies in conjunction with the business units and other stakeholders, covering all the key areas of credit origination, management, collection, portfolio management, etc. whilst also ensuring compliance with all regulatory requirements. The credit policies reinforce all the Group’s lending and credit management decisions. The credit risk policies are reviewed periodically to ensure they remain relevant and robust enough to address existing and emerging credit risk exposures.
- **Lending driven by internal rating system:** the Group’s lending and policy enforcement is driven by an internal rating system, with scorecards built for different classes of customers such as corporate, commercial, small and medium enterprises (SME), public sector, retail, etc. The rating of obligors and transactions has been useful in the quantification of credit risk and underwriting decision, including serving as a guide for pricing, portfolio management and computation of required capital to support the different business lines.
- **Establishment of credit approval limits and authorities:** there are various approval limits for different kinds of credit exposures and approval authorities, including the risk committees such as the Management Credit Committee (MCC), the Board Credit Committee (BCC) and the full Board. These limits are also guided by statutory impositions such as the single obligor limit and other concentration limits set by the Central Bank of Nigeria (CBN). The Group’s single obligor limit is benchmarked to the regulatory cap of 20% of shareholder’s funds unimpaired by loses. The sector limits are set based on the perceived riskiness of each sector but the Government exposures are capped at the regulatory limit of 10% of total loans.

In response to observed market realities and in order to enhance corporate governance, improve credit culture, tighten risk acceptance criteria (RAC) and strengthen credit approval and management process, the Group revised its credit policy. The revised credit policy, with the RAC, which reflects the Group’s risk appetite aids underwriting decisions, improve turnaround time and quality of the credit portfolio.

In order to further strengthen its credit process, the Group has differentiated the approval route for its corporate and commercial credits from retail credits. Credit approval for each area is supervised by well experienced personnel referred to as Senior Credit Underwriters who also function as Senior Credit Officers and are members of the Management Credit Committee.

- **Loan monitoring and reviews:** the various loans are monitored both at transaction and portfolio levels to ensure a balanced and healthy portfolio in line with the portfolio development and balancing strategy of the Group.
- **Collateral review, monitoring and management:** the Legal department reviews the collaterals proposed by customers as part of the credit approval process to determine acceptability of the collaterals. Beyond the initial assessment at the point of credit origination, the Group also has a good collateral management review process in place in order to reduce the risk of loss in the event of default. Our collateral management practices have helped to reduce the estimated expected loss and capital charge on transactions. Collateral management in the Group includes periodic evaluation of coverage for each facility type; mark-to-market for stocks and commodities, revaluation benchmark for properties and acceptable standards for eligibility on all forms of collateral.

The principal collateral types eligible as security and used primarily to mitigate transaction risk include the following: cash and marketable securities; legal mortgage; all assets debenture; account receivables of highly rated obligors. Other admissible collateral (accepted for comfort only but not eligible as credit risk mitigants) include domiciliation agreements, trust receipts and negative pledges.

Another mitigant used to reduce the risk of credit exposures is master netting agreements with obligors that have investments in liability products so that in the event of default, exposures to the obligor will be settled on a net basis. These agreements are executed by the representatives of the obligor and are generally enforceable with no further recourse to the obligor or a third party.

Generally, all the contingent liabilities are also supported by tangible collaterals or a charge over the underlying goods depending on the assessment of the performance risks.

- **Limit concentrations for various exposures:** the Group complies with the concentration policy of the CBN as specified in the prudential guidelines and is even more prudent, having internal limits that are more stringent in some cases than specified by the apex regulatory authority. The limit concentration policy of the Group covers all forms of exposures such as customers, large exposures, counterparties, collateral, geography, sector, products, rating band and facility type among others.

- **Developing and maintaining the Group’s process for measuring expected credit loss (ECL):** this includes processes for:

- initial approval, regular validation and back-testing of the models used; and
- incorporation of forward-looking information.

**Notes to the consolidated and separate financial statements**

- **Reviewing compliance of business units:** with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.
- **Reporting**: An important part of the group's risk management framework is reporting to ensure that all vital information are brought to the attention of stakeholders, appropriate decisions are taken to further improve the risk culture and ultimately ensure all identified issues are brought within the Board approved risk appetite. This internal reporting has imposed discipline within the Group, thereby improving its risk management culture. Monitoring and reporting looks at specific transactions that are challenged or vulnerable as well the entire portfolio.

In line with the Group's three-line defence mechanism, each of the business units has primary responsibility for managing the credit relationships with customers, hence responsible for the quality and performance of their credit portfolio. Risk management however continues to provide oversight for the entire credit portfolio and all credit relationships whilst ensuring that the businesses operate within the approved framework and policies. The Risk Management Division is assisted in this role by Internal Control, which does a regular post disbursement check to ensure that credits booked comply with the approved policies and that they continue to operate within approved conditions and guidelines. The Internal Audit function provides independent assurance for the entire credit process of the Group.

**Portfolio segmentation**

Impairment approach under IFRS 9 requires the Group to segment its portfolio based on risk profiles. The Group has adopted a portfolio segmentation strategy that provides balance between homogeneity of characteristics and adequate population size to minimize volatility of extrapolations.

The table below contains the portfolio classification that achieved the balance sought by the Group and the description of the contents of each portfolio class. Portfolio classifications remain dynamic and will vary in line with management's view of the Group's risk and risk appetite.

**(i) Consumer facilities portfolio**

- Consumer facilities, large in count but low value loans.
- These are salary based loans for customers whose salaries are domiciled in the commercial and retail banking segment of the Group and group lending facilities for the bottom of the pyramid for microbusiness owners.
- Portfolio is broken down into asset backed and non-asset backed loans.

**(ii) Corporate facilities portfolio**

- Large corporates and financial institutions facilities.
- Customers with strong corporate governance and reliable audited financial statements.
- Customer's information is obtained through periodic review of individual customer's audited financial statement, management account, budget and projections. Data from credit reference and credit ratings are also available.

**(iii) SME facilities portfolio**

- Small and medium enterprises.
- Corporate governance is considered weak, financials are not reliable.
- Customers in this class are easily affected by macro-economic shocks.

**(iv) Public sector facility portfolio**

- Facilities to government entities.
- High political risk and repayment is dependent on government funding.

**(v) Employee loans portfolio**

- Facilities granted to staff of the bank.
- Full visibility of repayment source being staff salary.
- Concessionary interest rate.

The following table sets out information about the credit quality of financial assets measured at amortised cost, fair value through other comprehensive income debt instruments. Unless, specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively. explanation of the terms: stage 1 (12month ECL), stage 2 (lifetime ECL) and stage 3 (credit impaired) are included in Note 3(k)(vii).

**Notes to the consolidated and separate financial statements**

**Exposure to Credit Risk**

**GROUP**

| In thousands of Naira | 12-month PD ranges | 31 DEC 2024 Stage 1 | 31 DEC 2024 Stage 2 | 31 DEC 2024 Stage 3 | 31 DEC 2024 Total | 31 DEC 2023 Stage 1 | 31 DEC 2023 Stage 2 | 31 DEC 2023 Stage 3 | 31 DEC 2023 Total |
|---|---|---|---|---|---|---|---|---|---|
| **Consumer facilities portfolio** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | - | - | - | **-** | - | - | - | **-** |
| Permissible grade | 0.60 –11.34 | - | - | - | **-** | - | - | - | **-** |
| Speculative grade | 11.35–99.99 | 196,486,160 | 3,784,389 | 2,273,174 | **202,543,723** | 229,962,209 | 207,181 | 10,025,115 | **240,194,505** |
| Lower speculative grade | 100.00 | - | - | - | **-** | - | - | - | **-** |
| **Gross carrying amount** | | **196,486,160** | **3,784,389** | **2,273,174** | **202,543,723** | **229,962,209** | **207,181** | **10,025,115** | **240,194,505** |
| Loss allowance | | (4,658,690) | (366,497) | (1,370,585) | **(6,395,772)** | (3,472,840) | (6,046) | (2,556,209) | **(6,035,095)** |
| **Carrying amount** | | **191,827,470** | **3,417,892** | **902,589** | **196,147,951** | **226,489,369** | **201,135** | **7,468,906** | **234,159,410** |
| **Corporate facilities portfolio** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | 181,527,033 | - | - | 181,527,033 | 295,986,486 | - | - | 295,986,486 |
| Permissible grade | 0.60 –11.34 | 671,963,835 | 93,683,138 | 153,912,220 | 919,559,193 | 215,921,964 | 144,516,750 | 27,338,568 | 387,777,282 |
| Speculative grade | 11.35–99.99 | 263,396,802 | 368,731,389 | 50,783,094 | 682,911,285 | 248,932,122 | 371,705,187 | 23,643,034 | 644,280,343 |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **1,116,887,670** | **462,414,527** | **204,695,314** | **1,783,997,511** | **760,840,572** | **516,221,937** | **50,981,602** | **1,328,044,111** |
| Loss allowance | | (15,367,872) | (36,741,240) | (43,580,457) | (95,689,569) | (6,989,530) | (11,744,200) | (45,561,418) | (64,295,148) |
| **Carrying amount** | | **1,101,519,798** | **425,673,287** | **161,114,857** | **1,688,307,942** | **753,851,042** | **504,477,737** | **5,420,184** | **1,263,748,963** |
| **SME facilities portfolio** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | - | - | - | - | 1,027,077 | - | - | 1,027,077 |
| Permissible grade | 0.60 –11.34 | 103,264,077 | 21,264,148 | 10,147 | 124,538,372 | 57,425,388 | 6,814,839 | 1,736,142 | 65,976,369 |
| Speculative grade | 11.35–99.99 | 243,381,387 | 52,560,051 | 30,320,773 | 326,262,211 | 216,395,395 | 22,046,853 | 19,753,601 | 258,195,849 |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **346,645,464** | **73,824,199** | **30,330,920** | **450,800,583** | **274,847,860** | **28,861,692** | **21,489,743** | **325,199,295** |
| Loss allowance | | (7,791,547) | (2,281,887) | (14,860,351) | (24,933,785) | (4,069,237) | (984,810) | (11,149,399) | (16,203,446) |
| **Carrying amount** | | **338,853,917** | **71,542,312** | **15,470,569** | **425,866,798** | **270,778,623** | **27,876,882** | **10,340,344** | **308,995,849** |
| **Public sector facility portfolio** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | - | - | - | - | 27,156,097 | - | - | 27,156,097 |
| Permissible grade | 0.60 –11.34 | 38,699,051 | - | - | 38,699,051 | - | - | - | - |
| Speculative grade | 11.35–99.99 | 991,532 | 2,450,840 | 416,605 | 3,858,977 | 2,982,524 | - | 688,744 | 3,671,268 |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **39,690,583** | **2,450,840.00** | **416,605** | **42,558,028** | **30,138,621** | **-** | **688,744** | **30,827,365** |
| Loss allowance | | (37,434) | - 19,093.00 | (366,129) | (422,656) | (445,745) | - | (635,332) | (1,081,077) |
| **Carrying amount** | | **39,653,149** | **2,431,747.00** | **50,476** | **42,135,372** | **29,692,876** | **-** | **53,412** | **29,746,288** |
| **Employee loans portfolio** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | - | - | - | - | - | - | - | - |
| Permissible grade | 0.60 –11.34 | - | - | - | - | - | - | - | - |
| Speculative grade | 11.35–99.99 | 4,798,780 | 626,685 | 81,893 | 5,507,358 | 4,967,297 | 5,994 | 345,634 | 5,318,925 |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **4,798,780** | **626,685** | **81,893** | **5,507,358** | **4,967,297** | **5,994** | **345,634** | **5,318,925** |
| Loss allowance | | (275,153) | (29,213) | (27,753) | (332,119) | (178,947) | (2,014) | (267,161) | (448,122) |
| **Carrying amount** | | **4,523,627** | **597,472** | **54,140** | **5,175,239** | **4,788,350** | **3,980** | **78,473** | **4,870,803** |
| **Gross carrying amount** | | **1,704,508,657** | **543,100,640** | **237,797,906** | **2,485,407,203** | **1,300,756,559** | **545,296,804** | **83,530,838** | **1,929,584,201** |
| Loss allowance | | **(28,130,696)** | **(39,437,930)** | **(60,205,275)** | **(127,773,901)** | **(15,156,299)** | **(12,737,070)** | **(60,169,519)** | **(88,062,888)** |
| **Carrying amount** | | **1,676,377,961** | **503,662,710** | **177,592,631** | **2,357,633,302** | **1,285,600,260** | **532,559,734** | **23,361,319** | **1,841,521,313** |

**Credit risk exposure relating to loan commitments and financial guarantee contracts.**

**GROUP**

| In thousands of Naira | 31 DEC 2024 Stage 1 | Stage 2 | Stage 3 | Total | 31 DEC 2023 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| Performance bonds and guarantees | 471,245,217 | - | - | 471,245,217 | 317,635,552 | - | - | 317,635,552 |
| Clean line letters of credit | 234,849,922 | - | - | 234,849,922 | 96,357,177 | - | - | 96,357,177 |
| Loan commitments | 3,146,449 | - | - | 3,146,449 | 3,468,603 | - | - | 3,468,603 |
| Other commitments | 32,010 | - | | 32,010 | 764 | - | | 764 |
| **Gross carrying amount** | **709,273,598** | **-** | **-** | **709,273,598** | **417,462,096** | **-** | **-** | **417,462,096** |
| Loss allowance | (727,310) | - | - | (727,310) | (579,223) | - | - | (579,223) |
| **Net amount** | **708,546,288** | **-** | **-** | **708,546,288** | **416,882,873** | **-** | **-** | **416,882,873** |

**Credit risk exposure relating to other financial assets**

**GROUP**

| In thousands of Naira | 12-month PD ranges | 31 DEC 2024 Stage 1 | Stage 2 | Stage 3 | Total | 31 DEC 2023 Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cash and cash equivalents** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | 7,259,998 | - | - | 7,259,998 | 13,063,999 | - | - | 13,063,999 |
| Permissible grade | 0.60 –11.34 | 788,145,038 | - | - | 788,145,038 | 566,144,617 | - | - | 566,144,617 |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **795,405,036** | **-** | **-** | **795,405,036** | **579,208,616** | **-** | **-** | **579,208,616** |
| Loss allowance | | **(18,017)** | - | - | **(18,017)** | **(41,108)** | - | - | **(41,108)** |
| **Carrying amount** | | **795,387,019** | **-** | **-** | **795,387,019** | **579,167,508** | **-** | **-** | **579,167,508** |
| **Restricted reserve deposits** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | 1,441,465,091 | - | - | 1,441,465,091 | 799,640,417 | - | - | 799,640,417 |
| Permissible grade | 0.60 –11.34 | - | - | - | - | - | - | - | - |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **1,441,465,091** | **-** | **-** | **1,441,465,091** | **799,640,417** | **-** | **-** | **799,640,417** |
| Loss allowance | | - | - | - | - | - | - | - | - |
| **Carrying amount** | | **1,441,465,091** | **-** | **-** | **1,441,465,091** | **799,640,417** | **-** | **-** | **799,640,417** |
| **Non-pledged trading assets** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | 319,109,270 | - | - | 319,109,270 | 170,302,701 | - | - | 170,302,701 |
| Permissible grade | 0.60 –11.34 | - | - | - | - | - | - | - | - |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **319,109,270** | **-** | **-** | **319,109,270** | **170,302,701** | **-** | **-** | **170,302,701** |
| Loss allowance | | - | - | - | - | - | - | - | - |
| **Carrying amount** | | **319,109,270** | **-** | **-** | **319,109,270** | **170,302,701** | **-** | **-** | **170,302,701** |

**Notes to the consolidated and separate financial statements**

| GROUP | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 12-month | 31 DEC 2024 | | | | 31 DEC 2023 | | | |
| **In thousands of Naira** | **PD ranges** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Assets pledged as collateral** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | 401,703,741 | - | - | 401,703,741 | 86,714,340 | - | - | 86,714,340 |
| Permissible grade | 0.60 –11.34 | - | - | - | - | - | - | - | - |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **401,703,741** | **-** | **-** | **401,703,741** | **86,714,340** | **-** | **-** | **86,714,340** |
| Loss allowance | | - | - | - | - | - | - | - | - |
| **Carrying amount** | | **401,703,741** | **-** | **-** | **401,703,741** | **86,714,340** | **-** | **-** | **86,714,340** |
| **Investment securities at amortised cost** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | 683,422,490 | - | - | 683,422,490 | 456,930,245 | - | - | 456,930,245 |
| Permissible grade | 0.60 –11.34 | 19,208,307 | - | 7,370,067 | 26,578,374 | 18,478,035 | - | 4,190,541 | 22,668,576 |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **702,630,797** | **-** | **7,370,067** | **710,000,864** | **475,408,280** | **-** | **4,190,541** | **479,598,821** |
| Loss allowance | | (6,266,991) | - | (7,370,067) | (13,637,058) | (3,024,356) | - | (4,190,541) | (7,214,897) |
| **Carrying amount** | | **696,363,806** | **-** | **-** | **696,363,806** | **472,383,924** | **-** | **-** | **472,383,924** |
| **Investment securities at FVOCI - debt instruments** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | 382,985,387 | - | - | 382,985,387 | 256,806,468 | - | - | 256,806,468 |
| Permissible grade | 0.60 –11.34 | - | - | - | - | - | - | - | - |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **382,985,387** | **-** | **-** | **382,985,387** | **256,806,468** | **-** | **-** | **256,806,468** |
| Loss allowance | | - | - | - | - | - | - | - | - |
| **Carrying amount** | | **382,985,387** | **-** | **-** | **382,985,387** | **256,806,468** | **-** | **-** | **256,806,468** |
| **Investment securities at FVOCI - quoted equity investments** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | 108,925 | - | - | 108,925 | 106,624 | - | - | 106,624 |
| Permissible grade | 0.60 –11.34 | - | - | - | - | - | - | - | - |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **108,925** | **-** | **-** | **108,925** | **106,624** | **-** | **-** | **106,624** |
| Loss allowance | | - | - | - | - | - | - | - | - |
| **Carrying amount** | | **108,925** | **-** | **-** | **108,925** | **106,624** | **-** | **-** | **106,624** |
| **Investment securities at FVOCI - unquoted equity investments** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | - | - | - | - | - | - | - | - |
| Permissible grade | 0.60 –11.34 | - | - | - | - | - | - | - | - |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| Unrated | - | 109,952,588 | - | - | 109,952,588 | 65,449,363 | - | - | 65,449,363 |
| **Gross carrying amount** | | **109,952,588** | **-** | **-** | **109,952,588** | **65,449,363** | **-** | **-** | **65,449,363** |
| Loss allowance | | - | - | - | - | - | - | - | - |
| **Carrying amount** | | **109,952,588** | **-** | **-** | **109,952,588** | **65,449,363** | **-** | **-** | **65,449,363** |
| **Other financial assets** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | - | - | - | - | - | - | - | - |
| Permissible grade | 0.60 –11.34 | - | - | - | - | - | - | - | - |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| Unrated | - | 415,641,433 | 15,817,672 | 55,991,983 | 487,451,088 | 35,886,001 | 17,817,672 | 39,907,741 | 93,611,414 |
| **Gross carrying amount** | | **415,641,433** | **15,817,672** | **55,991,983** | **487,451,088** | **35,886,001** | **17,817,672** | **39,907,741** | **93,611,414** |
| Loss allowance | | (4,576,154) | (7,012,706) | (55,991,983) | (67,580,843) | (3,740,854) | (7,127,069) | (39,907,741) | (50,775,664) |
| **Carrying amount** | | **411,065,279** | **8,804,966** | **-** | **419,870,245** | **32,145,147** | **10,690,603** | **-** | **42,835,750** |

**Notes to the consolidated and separate financial statements**

| COMPANY | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 12-month | 31 DEC 2024 | | | | 31 DEC 2023 | | | |
| **In thousands of Naira** | **PD ranges** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Cash and cash equivalents** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | - | - | - | - | - | - | - | - |
| Permissible grade | 0.60 –11.34 | 14,371,980 | - | - | 14,371,980 | 4,577,221 | - | - | 4,577,221 |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **14,371,980** | **-** | **-** | **14,371,980** | **4,577,221** | **-** | **-** | **4,577,221** |
| Loss allowance | | **-** | - | - | **-** | - | - | - | - |
| **Carrying amount** | | **14,371,980** | **-** | **-** | **14,371,980** | **4,577,221** | **-** | **-** | **4,577,221** |
| **Investment securities at amortised cost** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | 10,507,965 | - | - | 10,507,965 | 3,771,829 | - | - | 3,771,829 |
| Permissible grade | 0.60 –11.34 | 13,036,894 | - | - | 13,036,894 | 8,079,912 | - | - | 8,079,912 |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **23,544,859** | **-** | **-** | **23,544,859** | **11,851,741** | **-** | **-** | **11,851,741** |
| Loss allowance | | (399,068) | - | - | (399,068) | (306,861) | - | - | (306,861) |
| **Carrying amount** | | **23,145,791** | **-** | **-** | **23,145,791** | **11,544,880** | **-** | **-** | **11,544,880** |
| **Investment securities at FVTPL - debt instruments** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | 45,457,558 | - | - | 45,457,558 | - | - | - | - |
| Permissible grade | 0.60 –11.34 | - | - | - | - | - | - | - | - |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| **Gross carrying amount** | | **45,457,558** | **-** | **-** | **45,457,558** | **-** | **-** | **-** | **-** |
| Loss allowance | | - | - | - | - | - | - | - | - |
| **Carrying amount** | | **45,457,558** | **-** | **-** | **45,457,558** | **-** | **-** | **-** | **-** |

**Notes to the consolidated and separate financial statements**

| **COMPANY** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **12-month** | **31 DEC 2024** | | | | **31 DEC 2023** | | | |
| **In thousands of Naira** | **PD ranges** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Other financial assets** | | | | | | | | | |
| Investment grade | 0.00 – 0.59 | - | - | - | - | - | - | - | - |
| Permissible grade | 0.60 –11.34 | - | - | - | - | - | - | - | - |
| Speculative grade | 11.35–99.99 | - | - | - | - | - | - | - | - |
| Lower speculative grade | 100.00 | - | - | - | - | - | - | - | - |
| Unrated | - | 13,286,972 | - | - | 13,286,972 | 6,218,475 | - | - | 6,218,475 |
| **Gross carrying amount** | | **13,286,972** | **-** | **-** | **13,286,972** | **6,218,475** | **-** | **-** | **6,218,475** |
| Loss allowance | | (185,567) | - | - | (185,567) | (136,773) | - | - | (136,773) |
| **Carrying amount** | | **13,101,405** | **-** | **-** | **13,101,405** | **6,081,702** | **-** | **-** | **6,081,702** |

**Notes to the consolidated and separate financial statements**

**Loans with renegotiated terms and the forbearance policy**

The Group may renegotiate loans when there is a material change in the customer's financial position, operating dynamics, industry and environment or anything that gives reasonable doubt that the debt may not be repaid or serviced as and when due. This is usually done through concessions which agree new terms and conditions that are more favourable to the borrower in order to increase the chance of collection/recovery and thereby reduce the risk of default. Renegotiation of terms may take forms such as extension of tenor, reduction of pricing, introduction of moratorium or restructuring of facility from one form to the other (e.g. overdraft to term loan) or other forms of amendments to the terms and conditions earlier contracted with the customer. The objective of renegotiation is to ensure recovery of the outstanding obligations and the request could be at the instance of the customer or the Group.

The table below provide the summary information for financial assets with lifetime ECL whose cash flows were modified during the period ended 31 December 2024 and 31 December 2023 as part of the Group's restructuring activities and their respective effect on the Group's financial performance.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31 DEC 2024** | **31 DEC 2023** | **31 DEC 2024** | **31 DEC 2023** |
| Amortised cost before modification | **156,989,545** | 268,363,426 | **-** | - |
| Net modification gain / (loss) | **1,356,474** | 3,643,983 | **-** | - |

**Write-off policy**

The Group has a write-off policy approved by the Board of Directors which also meets the requirements as specified in the prudential guidelines of the Central Bank of Nigeria for deposit money banks. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Same policy is applicable to the investments assets.

In line with the Group's approved write-off policy, the Management Credit Committee (MCC) may authorize a write-off of outstanding balances on a loan account, where it is apparent that the exposure may not be recovered from any of the available repayment sources. However, the Group must have fully provided for the facility and such credits must also receive the approval of the board of directors. The approval process for write-off is as follows:

- The Loan Recovery Unit originates the write-off requests;
- Credit Risk Management obtains the approval of the Management Credit Committee (MCC) and the Board Credit Committee (BCC) for the request
- All write-offs must be ratified by the full Board
- Credit Risk Management sends notification of the balances approved for write-off to the Central Bank of Nigeria (CBN).

The write-off must also satisfy the following requirements of Central Bank of Nigeria (CBN):

- The facility must have been in the Group's book for at least one year after the full provision;
- There should be evidence of Board approval
- If the facility is insider or related party credit, the approval of CBN is required
- The fully provisioned facility is appropriately disclosed in the audited financial statement of the Group.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **In thousands of Naira** | **31 DEC 2024** | **31 DEC 2023** | **31 DEC 202** | **31 DEC 2023** |
| A gross loan amount, which was impaired was written off during year ended for the Group and Company respectively. | (23,253,085) | (37,211,861) | - | - |

**Collateral held and other credit enhancements and their financial effects**

The Group also has a good collateral management policy in place to reduce the risk of loss in the event of default. Our collateral management policy is linked to the internal ratings framework and has helped to reduce the estimated expected loss and capital charge on transactions.

The Group holds collateral and other types of credit enhancements against its credit exposures. The table below gives the principal collateral types eligible as security and used primarily to mitigate transaction risk:

| Type of credit exposure | Principal type of collateral held for secured lending | Percentage of exposure that is subject to an arrangement that requires collaterisation | |
|---|---|---|---|
| | | **31 DEC 2024** | **31 DEC 2023** |
| **Loans and advances to banks** | | | |
| Reverse sale and purchase agreements | Marketable securities | 100 | 100 |
| Security borrowing | Marketable securities | 100 | 100 |
| **Loans and advances to retail customers** | | | |
| Mortgage lending | Residential property | 100 | 100 |
| Personal loans | None | - | - |
| Credit cards | None | - | - |
| **Loans and advances to corporate customers** | | | |
| Finance leases | Property and equipment | 100 | 100 |
| Other lending to corporate customers | Legal mortgage, mortgage debenture, fixed and floating charges over corporate assets, account receivables | 90 | 90 |
| Reverse sale and repurchase agreements | Marketable securities | 100 | 100 |
| Investment debt securities | None | - | - |

**Notes to the consolidated and separate financial statements**

Other admissible credit risk mitigants (accepted for comfort only) but not eligible as collateral include domiciliation agreements, trust receipts, negative pledges and master netting agreements with obligors that have investments in liabilities. The Group typically does not hold collateral against investment securities, and no such collateral was held at 31 December 2024 and 31 December 2023.

**Details of collateral held and the value of collateral as at 31 December 2024 are as follows:**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **In thousands of Naira** | **Total exposure** | **Value of collateral** | **Total exposure** | **Value of collateral** |
| Secured against real estate | **279,774,589** | **1,552,457,567** | **-** | **-** |
| Secured by quoted, unquoted shares and other investments | **12,123,683** | **40,041,071** | **-** | **-** |
| Cash collateral | **197,328,551** | **64,740,986** | **-** | **-** |
| Fixed and floating assets | **1,138,697,331** | **33,867,871,639** | **-** | **-** |
| Otherwise secured | **168,251,237** | **72,645,464** | **-** | **-** |
| Unsecured | **688,902,825** | **-** | **-** | **-** |
| | **2,485,078,216** | **35,597,756,727** | **-** | **-** |

**Details of collateral held and their carrying amounts as at 31 December 2023 are as follows:**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **In thousands of Naira** | **Total exposure** | **Value of collateral** | **Total exposure** | **Value of collateral** |
| Secured against real estate | 302,677,758 | 39,045,178,665 | - | - |
| Secured by quoted, unquoted shares and other investments | 18,739,691 | 975,584,750 | - | - |
| Cash collateral | 165,288,530 | 1,331,605,030 | - | - |
| Fixed and floating assets | 970,489,101 | 26,732,149,361 | - | - |
| Otherwise secured | 48,769,968 | 117,720 | - | - |
| Unsecured | 423,619,153 | - | - | - |
| | 1,929,584,201 | 68,084,635,526 | - | - |

**Loans and Advances to Corporate Customers**

The Group's loans and advances to corporate obligors are subject to rigorous credit appraisals commencing with rating of obligor via our Moody's Risk Analysis Methodology to determine the credit worthiness of the customer or its probability of default known as the obligor risk rating (ORR) – the Probability of Default (PD) of a customer is a measure of the obligor risk rating.

Collateral in the form of first charge over real estate (legal mortgage or mortgage debenture) or floating and fixed charges over corporate assets is usually taken to provide additional comfort to the Group. The measure of the collateral pledged by the customer is given by the Facility Risk Rating (FRR) mapped to the Basel II defined Loss Given Default (LGD) estimates. The FRR or LGD therefore assesses the transaction of the customer – risk of loss on the transaction in the event of default.

All non-retail and retail-SME exposures are assigned a risk grade by independent Credit Analysts within our Risk Management Division based on inputs/discussions with relationship management teams and verifiable facts. While the obligor risk rating model differentiates borrower risk (i.e. risk of default), the facility risk rating model differentiates transaction risk (i.e. risk of loss in the event of default), taking the structure of the facility (availability of credit risk mitigants) into consideration:

The Group's credit analysts are fully guided by our internal ratings framework and lending policies, and exhibit a high level of professionalism and judgment in their recommendations to Approving Authorities. Model overrides if any, require the exceptional approval of the Chief Risk Officer and in certain cases may be escalated to the Board Credit Committee.

The Group's Facility Risk Rating model (for non-retail and retail SME) also reflects the Expected Loss (EL) on each transaction, which fully incorporates both borrower strength (PD) and loss severity (LGD) considerations. The Expected Loss (EL) generated is used as a guide to price for transactions, being the risk premium

The Group also holds collateral in the form of cash and marketable securities in respect of sale and repurchase transactions and securities borrowing. Receivables relating to reverse sale and repurchase agreements and securities borrowing transactions are usually collaterised on a gross exposure basis. The Group undertakes master netting agreements with all counterparties and margining agreements with some counterparties.

**Notes to the consolidated and separate financial statements**

**Derivative assets held for risk management**

For derivatives, under margin agreements, collateral is held against net positions that are partially or fully collateralised. Exposures under margin agreements are marked to market daily to assess attendant risks to the Group. There are no derivative trading assets as at the reporting period. However, details of derivative transactions taken for risk management is presented below:

| | 31 DEC 2024 | | 31 DEC 2023 | |
|---|---|---|---|---|
| | Notional amount | Fair value | Notional amount | Fair value |
| Derivative assets held for risk management | 75,789,749 | 1,451,932 | 67,414,796 | 1,520,716 |
| Derivative liabilities held for risk management | 40,601,424 | 2,608,146 | 37,601,455 | 998,332 |

**Concentration of credit risk**

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentration of credit risk from loans and advances, lending commitments, financial guarantees and investment is shown below:

**Concentration by sector**

Gross loans and advances to customers and the non-performing loan portion per industry sector as at 31 December 2024. Carrying amounts presented in the table below are determined as gross loans less impairment allowances. The non-performing loans (NPL) is presented in accordance with Central Bank of Nigeria (CBN) prudential guidelines.

**GROUP**

| | Loans and advances to customers | | | | | Gross lending commitments and financial guarantees |
|---|---|---|---|---|---|---|
| In thousands of Naira | Stage 1 | Stage 2 | Stage 3 | Total gross loan | Non performing loan (NPL) | |
| Administrative and Support Services | 3,445,821 | 2,470 | - | 3,448,291 | - | 227,263 |
| Agriculture | 176,946,635 | 13,645,899 | 1,970,339 | 192,562,873 | 1,970,339 | 37,420,179 |
| Commerce | 176,980,368 | 36,527,956 | 12,192,057 | 225,700,381 | 12,192,057 | 143,134,168 |
| Construction | 1,428,565 | 1,086,630 | 49,404 | 2,564,599 | 49,404 | 87,370,416 |
| Education | 5,526,376 | 361,636 | 189,233 | 6,077,245 | 189,233 | 225,000 |
| Finance and Insurance | 296,164,947 | 374,182 | - | 296,539,129 | - | - |
| General - Others | 8,327,017 | 598,704 | 2,023,008 | 10,948,729 | 2,023,008 | 24,853,654 |
| Government | 100,911,522 | 2,450,840 | - | 103,362,362 | - | - |
| Healthcare | 2,055,084 | 553,332 | 20,674 | 2,629,090 | 20,674 | 15,728,949 |
| Hospitality | 14,595,917 | 323,724 | 136,187 | 15,055,828 | 136,187 | 8,655,128 |
| Individual | 290,774,473 | 4,411,074 | 7,212,989 | 302,398,536 | 7,212,989 | 1,046,793 |
| Information and Communication | 3,298,519 | 1,248,380 | 6,362 | 4,553,261 | 6,362 | 2,608,085 |
| Manufacturing | 229,324,827 | 12,872,594 | 18,116,389 | 260,313,810 | 18,116,389 | 206,672,444 |
| Oil and Gas - Downstream | 79,962,877 | 110,337,505 | 14,641,260 | 204,941,642 | 14,641,260 | 28,191,619 |
| Oil and Gas - Services | 88,686,576 | 129,364,702 | 2 | 218,051,280 | 2 | 7,468,746 |
| Oil and Gas - Upstream | 143,848,455 | 217,924,253 | - | 361,772,708 | - | 52,191,644 |
| Power and Energy | 65,351,315 | - | 3,626,925 | 68,978,240 | 3,626,925 | 506,949 |
| Professional services | 2,206,991 | 26,386 | 68,713 | 2,302,090 | 68,713 | 8,209,596 |
| Real Estate | 90,174,333 | 5,615,938 | 87,168,198 | 182,958,469 | 87,168,198 | 30,838,911 |
| Transportation | 8,272,827 | 5,350,864 | 133,982 | 13,757,673 | 133,982 | 53,860,034 |
| Water Supply; Sewage, Waste Management and Remediation Activities | 5,714,742 | 23,574 | 423,664 | 6,161,980 | 423,664 | - |
| | 1,793,998,187 | 543,100,643 | 147,979,386 | 2,485,078,216 | 147,979,386 | 709,209,578 |

**Notes to the consolidated and separate financial statements**

Gross loans and advances to customers and the non-performing loan portion per industry sector as at 31 December 2023. Carrying amounts presented in the table below are determined as gross loans less impairment allowances. The non-performing loans (NPL) is presented in accordance with Central Bank of Nigeria (CBN) prudential guidelines

**GROUP**

| | Loans and advances to customers | | | | | Gross lending commitments and financial guarantees |
|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Stage 1** | **Stage 2** | **Stage 3** | **Total gross loan** | **Non performing loan (NPL)** | |
| Administrative and Support Services | 6,263,404 | - | 30,223 | 6,293,627 | 30,223 | 1,900,500 |
| Agriculture | 113,000,271 | 6,434,850 | 3,334,082 | 122,769,203 | 3,334,082 | 30,399,846 |
| Commerce | 213,718,951 | 9,827,115 | 13,322,827 | 236,868,893 | 13,322,827 | 82,150,521 |
| Construction | 2,847,547 | - | 135,620 | 2,983,167 | 135,620 | 50,174,470 |
| Education | 6,169,634 | 607 | 1,005,537 | 7,175,778 | 1,005,537 | 1,000,000 |
| Finance and Insurance | 175,319,692 | - | 14,446 | 175,334,138 | 14,446 | 450,000 |
| General - Others | 11,174,780 | 844,931 | 1,726,339 | 13,746,050 | 1,726,339 | 14,306,946 |
| Government | 29,831,225 | - | 92,358 | 29,923,583 | 92,358 | - |
| Healthcare | 2,862,605 | - | 244,753 | 3,107,358 | 244,753 | 18,091,800 |
| Hospitality | 6,576,747 | - | 209,858 | 6,786,605 | 209,858 | 1,557,207 |
| Individual | 234,772,214 | 213,176 | 10,370,749 | 245,356,139 | 10,370,749 | - |
| Information and Communication | 20,211,206 | - | 48,707 | 20,259,913 | 48,707 | 1,127,020 |
| Manufacturing | 259,852,952 | 6,323,564 | 23,912,659 | 290,089,175 | 23,912,659 | 129,046,451 |
| Oil and Gas - Downstream | 16,534,962 | 108,307,455 | 42,887 | 124,885,304 | 42,887 | 5,425,203 |
| Oil and Gas - Services | 35,642,616 | 74,043,323 | - | 109,685,939 | - | 65,910,116 |
| Oil and Gas - Upstream | 84,200,015 | 228,405,552 | - | 312,605,567 | - | - |
| Power and Energy | 16,405,455 | 39,501,813 | 3,874,977 | 59,782,245 | 3,874,977 | 1,000,000 |
| Professional services | 2,250,257 | - | 977,099 | 3,227,356 | 977,099 | 56,666 |
| Real Estate | 48,853,625 | 71,394,421 | 23,439,870 | 143,687,916 | 23,439,870 | - |
| Transportation | 14,191,293 | - | 93,625 | 14,284,918 | 93,625 | 14,775,350 |
| Water Supply; Sewage, Waste Management and Remediation Activities | 77,105 | - | 654,222 | 731,327 | 654,222 | 90,000 |
| | 1,300,756,556 | 545,296,807 | 83,530,838 | 1,929,584,201 | 83,530,838 | 417,462,096 |

**Notes to the consolidated and separate financial statements**

**Concentration by location**

Concentration by location for loans and advance, and for lending commitments and financial guarantees is based on the customer's region of domicile within Nigeria and Europe. Concentration by location for investment securities is based on the country of domicile of the issuer of the security.

**31 DEC 2024**

**GROUP**

| | Loans and advances to customers | | | | | Gross lending commitments and financial guarantees |
|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Stage 1** | **Stage 2** | **Stage 3** | **Total gross loan** | **Non performing loan (NPL)** | |
| North East | 13,640,160 | 231,712 | 654,894 | 14,526,766 | 654,894 | - |
| North Central | 64,335,551 | 5,258,690 | 2,800,228 | 72,394,469 | 2,800,228 | 45,266 |
| North West | 46,145,905 | 7,863,578 | 2,163,470 | 56,172,953 | 2,163,470 | 12,329,983 |
| South East | 36,784,104 | 7,370,953 | 1,910,782 | 46,065,839 | 1,910,782 | 5,586,780 |
| South South | 72,167,435 | 4,157,003 | 16,346,952 | 92,671,390 | 16,346,952 | 9,199,697 |
| South West | 1,215,822,799 | 518,218,707 | 124,103,060 | 1,858,144,566 | 124,103,060 | 657,883,982 |
| Europe | 345,102,233 | - | - | 345,102,233 | - | 24,163,870 |
| | 1,793,998,187 | 543,100,643 | 147,979,386 | 2,485,078,216 | 147,979,386 | 709,209,578 |

**31 DEC 2023**

**GROUP**

| | Loans and advances to customers | | | | | Gross lending commitments and financial guarantees |
|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Stage 1** | **Stage 2** | **Stage 3** | **Total gross loan** | **Non performing loan (NPL)** | |
| North East | 11,864,913 | 4,866 | 835,838 | 12,705,617 | 835,838 | 119,000 |
| North Central | 66,325,698 | 52,339 | 6,072,617 | 72,450,654 | 6,072,617 | 15,952,649 |
| North West | 51,976,694 | 3,833,114 | 1,916,056 | 57,725,864 | 1,916,056 | 2,643,996 |
| South East | 38,560,733 | 6,673,450 | 3,156,985 | 48,391,168 | 3,156,985 | 2,228,986 |
| South South | 60,386,777 | 12,136,688 | 2,399,406 | 74,922,871 | 2,399,406 | 1,226,766 |
| South West | 894,757,957 | 512,991,899 | 69,149,936 | 1,476,899,792 | 69,149,936 | 369,811,139 |
| Europe | 176,883,784 | 9,604,451.02 | - | 186,488,235 | - | 25,479,560 |
| | 1,300,756,556 | 545,296,807 | 83,530,838 | 1,929,584,201 | 83,530,838 | 417,462,096 |

**Notes to the consolidated and separate financial statements**

**Inputs, assumptions and techniques used for estimating impairment**

**Significant increase in credit risk**

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:
- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

**Credit risk grades**

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

**Corporate exposures**
- Information obtained during periodic review of customer files-e.g. management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes.
- Data from credit reference agencies, press articles, changes in external credit ratings.
- Quoted bond prices for the borrower where available.
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.

**Retail exposures**
- Internally collected data on customer behaviour-e.g. utilization of credit card facilities.
- Affordability metrics.
- External data from credit reference agencies including industry-standard credit scores.

**All exposures**
- Payment record - this includes overdue status as well as a range of variables about payment ratios.
- Utilization of the granted limit.
- Request for and granting of forbearance.
- Existing and forecast changes in business, financial and economic conditions.

**Generating the term structure of PD**

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, benchmark interest rates and unemployment. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

Based on advice from the Management Risk Committee 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 (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

In determining the ECL for other assets, the Group applies the simplified model to estimate ECLs, adopting a provision matrix to determine the lifetime ECLs. The provision matrix estimates ECLs on the basis of historical default rates, adjusted for current and future economic conditions (expected changes in default rates) without undue cost and effort.

**Determining whether credit risk has increased significantly**

The Group considers reasonable and supportable information, that is relevant and available without undue cost or effort, in determining whether there has been significant increase in credit risk. These include both quantitative and qualitative information and analysis, based on the Group's historical experience, expert credit assessment and forward-looking information.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

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.

**Notes to the consolidated and separate financial statements**

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 or, for certain types of exposure, more than 15 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which 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 to confirm that:
- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the rules set out in the accounting policy.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:
- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities) to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Audit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired/in default. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

**Definition of default**

The Group considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- for non-specialized loans, the borrower is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.
- for specialized loans, depending on the nature of the transaction, the following default criteria was adopted by the Group:

| **Finance type** | **Quantitative default criteria** |
|---|---|
| Agricultural finance | Where mark-up/ interest or principal is overdue (past due) by 90 days |
| Object finance | Where the repayment on outstanding obligations is less than 60% of the amount due and/ or aggregate instalments; thereof are overdue by 180 days |
| Project finance | Where the repayment on outstanding obligations is less than 60% of the amount due and/ or aggregate instalments; thereof are overdue by 180 days |
| Real estate | Where the repayment on outstanding obligations is less than 60% of the amount due and/ or aggregate instalments; thereof are overdue by 180 days |
| Mortgage loans | Where mark-up/ interest or principal is overdue (past due) by more than 180 days from the due date |

In assessing whether a borrower is in default, the Group considers indicators that are:
- qualitative - e.g. breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.
The definition of default largely aligns with that applied by the Group for regulatory capital purposes, except where there is regulatory waiver on specifically identified loans and advances.

**Incorporation of forward-looking information**

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Management Risk Committee 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. 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 in the countries where the Group operates, supranational organisations such as the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. 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 Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

**Macroeconomic scenarios and weightings**

The macroeconomic scenario (forward-Looking Information) forecast, used by the Group for ECL allowance calculation purposes, were derived using advanced statistical models which also produced the probability weightings of each scenario. 3 scenarios were developed; 1) Optimistic Scenario 2) Most Likely Scenario 3) Pessimistic Scenario. The group adopted statistical forecasts and probability weightings to eliminate biases in the scenarios and sensitivity of the forecasts. 60 monthly forecasts of each forward-looking information (FLI) was adopted by the Group in the ECL allowance calculation. The following FLIs were considered:

1) Central Bank of Nigeria's Manufacturing Sector Purchasing Manager's Index
2) Nigeria's Inflation Rate
3) NAFEX NGN-USD Exchange Rate
4) Brent Crude Oil Price
5) Nigeria's Foreign Reserves Balance

The choice of FLIs was informed by historical analysis which confirmed strong correlation and causation between the selected FLIs and the Groups historical default experience. The Board Credit Committee had approved the aforementioned FLIs for use in ECL allowance calculation.

| **Optimistic Scenario-20%<br>5 year ( 2025-2029) average forecast** | | | | | |
|---|---|---|---|---|---|
| FLI | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Banking Index | 670.83 | 471.67 | 573.33 | 756.67 | 790.83 |
| Inflation Rate | 22% | 16% | 15% | 19% | 24% |
| NGN/USD Exchange NAFEX | 721.03 | 727.27 | 807.96 | 919.54 | 1054.82 |
| Brent Crude Oil Price (USD/bbl) | 110.63 | 119.78 | 120.45 | 120.00 | 119.58 |
| Foreign Reserves (USD' Billion) | 35.36 | 36.73 | 41.66 | 46.19 | 46.28 |

| **Most Likely Scenario-60%<br>5 year ( 2025-2029) average forecast** | | | | | |
|---|---|---|---|---|---|
| FLI | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Banking Index | 554.17 | 372.50 | 430.00 | 564.17 | 582.50 |
| Inflation Rate | 25% | 19% | 18% | 24% | 31% |
| NGN/USD Exchange NAFEX | 840.71 | 891.52 | 995.91 | 1134.29 | 1301.31 |
| Brent Crude Oil Price (USD/bbl) | 79.36 | 76.65 | 75.23 | 74.45 | 74.05 |
| Foreign Reserves (USD' Billion) | 32.36 | 32.79 | 36.62 | 39.18 | 38.75 |

| **Pessimistic Scenario-20%<br>5 year ( 2025-2029) average forecast** | | | | | |
|---|---|---|---|---|---|
| FLI | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Banking Index | 460.00 | 294.17 | 323.33 | 420.00 | 430.00 |
| Inflation Rate | 29% | 22% | 22% | 30% | 40% |
| NGN/USD Exchange NAFEX | 981.64 | 1092.88 | 1227.58 | 1399.21 | 1605.39 |
| Brent Crude Oil Price (USD/bbl) | 57.34 | 49.07 | 46.99 | 46.20 | 45.86 |
| Foreign Reserves (USD' Billion) | 29.64 | 29.28 | 32.20 | 33.23 | 32.43 |

**Measurement of ECL**

The key inputs into the measurement of ECL are the term structure of the following variables:
- probability of default (PD);
- loss given default (LGD)
- exposure at default (EAD)

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios and, for lending, to reflect possible changes in the economies. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for overdrafts and revolving facilities that include both a loan and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:
- instrument type;
- credit risk gradings;
- collateral type;
- Past due information;
- date of initial recognition;
- remaining term to maturity;
- industry: and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

**Notes to the consolidated and separate financial statements**

**Loss allowance**

**Measurement basis under IFRS 9**

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in our accounting policy; see Note 3(k)(vii).

| GROUP | 31 DEC 2024 | | | | 31 DEC 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Cash and cash equivalents** | | | | | | | | |
| Balance at 1 January | 41,108 | - | - | **41,108** | 25,257 | - | - | **25,257** |
| Net remeasurement of loss allowances (see note 10) | (9,824) | - | - | **(9,824)** | 5,240 | - | - | **5,240** |
| Foreign exchange and other movements | (13,267) | | | **(13,267)** | 10,611 | - | - | **10,611** |
| Closing balance | **18,017** | - | - | **18,017** | 41,108 | - | - | **41,108** |
| Gross amount | **795,405,036** | - | - | **795,405,036** | **579,208,616** | - | - | **579,208,616** |
| **Assets pledged as collateral** | | | | | | | | |
| Balance at 1 January | - | - | - | - | - | - | - | - |
| Net remeasurement of loss allowances (see note 10) | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | - | - | - | - | - |
| Gross amount | **401,703,741** | - | - | **401,703,741** | **86,714,340** | - | - | **86,714,340** |
| **Loans and advances to customers at amortised cost** | | | | | | | | |
| Balance at 1 January | **15,156,299** | **12,737,070** | **60,169,519** | **88,062,888** | **17,876,098** | **11,613,853** | **21,623,108** | **51,113,059** |
| Transfer to Stage 1 | **3,245,328** | **(1,283,759)** | **(1,961,569)** | - | **5,261,623** | **(1,733,072)** | **(3,528,551)** | - |
| Transfer to Stage 2 | **(620,469)** | **754,891** | **(134,422)** | - | **(345,800)** | **355,152** | **(9,352)** | - |
| Transfer to Stage 3 | **(259,975)** | **(1,893,826)** | **2,153,801** | - | **(1,558,475)** | **(1,823,956)** | **3,382,431** | - |
| Net remeasurement of loss allowances (see note 10) | **8,227,553** | **25,110,892** | **10,453,405** | **43,791,850** | **(14,285,301)** | **1,027,915** | **68,442,777** | **55,185,391** |
| Financial assets that have been derecognised write-off | - | - | **(23,276,237)** | **(23,276,237)** | - | - | **(37,211,861)** | **(37,211,861)** |
| Foreign exchange and other movements | **2,381,960** | **4,012,662** | **12,795,661** | **19,190,283** | **8,208,154** | **3,297,178** | **7,470,967** | **18,976,299** |
| Closing balance | **28,130,696** | **39,437,930** | **60,200,158** | **127,768,784** | **15,156,299** | **12,737,070** | **60,169,519** | **88,062,888** |
| Gross amount | **1,704,508,657** | **543,100,640** | **237,797,906** | **2,485,407,203** | **1,300,756,559** | **545,296,804** | **83,530,838** | **1,929,584,201** |

**Notes to the consolidated and separate financial statements**

| GROUP | 31 DEC 2024 | | | | 31 DEC 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Investment securities at amortised cost** | | | | | | | | |
| Balance at 1 January | 3,024,356 | - | 4,190,541 | 7,214,897 | 908,992 | - | 2,030,131 | 2,939,123 |
| Net remeasurement of loss allowances (see note 10) | 3,080,857 | - | - | 3,080,857 | 1,925,338 | - | - | 1,925,338 |
| Foreign exchange and other movements | 161,778 | - | 3,179,526 | 3,341,304 | 190,026 | - | 2,160,410 | 2,350,436 |
| Closing balance | 6,266,991 | - | 7,370,067 | 13,637,058 | 3,024,356 | - | 4,190,541 | 7,214,897 |
| Gross amount | 702,630,797 | - | 7,370,067 | 710,000,864 | 475,408,280 | - | 4,190,541 | 479,598,821 |
| | | | | | | | | |
| **Investment securities at FVOCI** | | | | | | | | |
| Balance at 1 January | 845,199 | - | - | 845,199 | 1,378,165 | - | - | 1,378,165 |
| Transfer to Stage 1 | - | - | - | - | - | - | - | - |
| Transfer to Stage 2 | - | - | - | - | - | - | - | - |
| Transfer to Stage 3 | - | - | - | - | - | - | - | - |
| Net remeasurement of loss allowances (see note 10) | 199,371 | - | - | 199,371 | (532,966) | - | - | (532,966) |
| Foreign exchange and other movements | - | - | - | - | - | - | - | - |
| Closing balance | 1,044,570 | - | - | 1,044,570 | 845,199 | - | - | 845,199 |
| Gross amount | 493,046,900 | - | - | 493,046,900 | 256,806,468 | - | - | 256,806,468 |
| | | | | | | | | |
| **Other financial assets** | | | | | | | | |
| Balance at 1 January | 18,527,183 | 8,837,416 | 23,411,065 | 50,775,664 | 11,886,663 | 4,737,477 | 5,828,541 | 22,452,681 |
| Transfer to Stage 1 | 1,453,830 | (1,166,493) | (287,337) | - | 1,453,830 | 2,572,809 | 2,304,881 | 6,331,520 |
| Transfer to Stage 2 | - | - | - | - | - | - | - | - |
| Transfer to Stage 3 | - | - | - | - | - | - | - | - |
| Net remeasurement of loss allowances (see note 10) | 2,147,280 | 1,052,130 | 653,317 | 3,852,727 | 5,186,690 | 1,527,130 | 4,653,317 | 11,367,137 |
| Write-offs | - | - | (25,628) | (25,628) | - | - | (73,263) | (73,263) |
| Foreign exchange and other movements | - | | 12,978,080 | 12,978,080 | - | - | 10,697,589 | 10,697,589 |
| Closing balance | 22,128,293 | 8,723,053 | 36,729,497 | 67,580,843 | 18,527,183 | 8,837,416 | 23,411,065 | 50,775,664 |
| Gross amount | 415,641,433 | 15,817,672 | 55,991,983 | 487,451,088 | 35,886,001 | 17,817,672 | 39,907,741 | 93,611,414 |
| | | | | | | | | |
| **Performance bonds and guarantees, clean line letters of credit and other commitments** | | | | | | | | |
| Balance at 1 January | 579,223 | - | - | 579,223 | 2,022,467 | - | - | 2,022,467 |
| Transfer to Stage 1 | - | - | - | - | - | - | - | - |
| Transfer to Stage 2 | - | - | - | - | - | - | - | - |
| Transfer to Stage 3 | - | - | - | - | - | - | - | - |
| Net remeasurement of loss allowances (see note 10) | 154,140 | - | - | 154,140 | (1,455,945) | - | - | (1,455,945) |
| Foreign exchange and other movements | (6,053) | - | - | (6,053) | 12,701 | - | - | 12,701 |
| Closing balance | 727,310 | - | - | 727,310 | 579,223 | - | - | 579,223 |
| Gross amount | 709,273,598 | - | - | 709,273,598 | 417,462,096 | - | - | 417,462,096 |

**Notes to the consolidated and separate financial statements**

**COMPANY**

| | 31 DEC 2024 | | | | 31 DEC 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Cash and cash equivalents** | | | | | | | | |
| Balance at 1 January | - | - | - | - | - | - | - | - |
| Net remeasurement of loss allowances (see note 10) | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | - | - | - | - | - |
| Gross amount | 14,371,980 | - | - | 14,371,980 | 4,577,221 | - | - | 4,577,221 |
| **Investment securities at amortised cost** | | | | | | | | |
| Balance at 1 January | 306,861 | - | - | 306,861 | 196,066 | - | - | 196,066 |
| Net remeasurement of loss allowances (see note 10) | 92,207 | - | - | 92,207 | 110,795 | - | - | 110,795 |
| Foreign exchange and other movements | - | - | - | - | - | - | - | - |
| Closing balance | 399,068 | - | - | 399,068 | 306,861 | - | - | 306,861 |
| Gross amount | 23,544,859 | - | - | 23,544,859 | 14,377,415 | - | - | 14,377,415 |
| **Investment securities at FVTPL** | | | | | | | | |
| Balance at 1 January | - | - | - | - | - | - | - | - |
| Transfer to Stage 1 | - | - | - | - | - | - | - | - |
| Transfer to Stage 2 | - | - | - | - | - | - | - | - |
| Transfer to Stage 3 | - | - | - | - | - | - | - | - |
| Net remeasurement of loss allowances (see note 10) | - | - | - | - | - | - | - | - |
| Foreign exchange and other movements | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | - | - | - | - | - |
| Gross amount | 45,457,558 | - | - | 45,457,558 | 49,851,607 | - | - | 49,851,607 |
| **Other assets** | | | | | | | | |
| Balance at 1 January | 136,773 | - | - | 136,773 | 92,187 | - | - | 92,187 |
| Transfer to Stage 1 | - | - | - | - | - | - | - | - |
| Transfer to Stage 2 | - | - | - | - | - | - | - | - |
| Transfer to Stage 3 | - | - | - | - | - | - | - | - |
| Net remeasurement of loss allowances (see note 10) | 48,794 | - | - | 48,794 | 44,586 | - | - | 44,586 |
| Write-offs | - | - | - | - | - | - | - | - |
| Foreign exchange and other movements | - | - | - | - | - | - | - | - |
| Closing balance | 185,567 | - | - | 185,567 | 136,773 | - | - | 136,773 |
| Gross amount | 13,286,972 | - | - | 13,286,972 | 6,218,475 | - | - | 6,218,475 |

**Notes to the consolidated and separate financial statements**

**ECL coverage ratio**

**31 DEC 2024**

| GROUP | Gross carrying amount | | | | ECL provision | | | |
|---|---|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **On-balance sheet items** | | | | | | | | |
| Cash and cash equivalents | 795,405,036 | - | - | 795,405,036 | 18,017 | - | - | 18,017 |
| Assets pledged as collateral | 401,703,741 | - | - | 401,703,741 | - | - | - | - |
| Assets pledged as collateral at FVOCI | - | - | - | - | - | - | - | - |
| Loans and advances to customers at amortised cost | 1,704,508,657 | 543,100,640 | 237,797,906 | 2,485,407,203 | 28,130,696 | 39,437,930 | 60,200,158 | 127,768,784 |
| Investment securities at amortised cost | 702,630,797 | - | 7,370,067 | 710,000,864 | 6,266,991 | - | 7,370,067 | 13,637,058 |
| Investment securities at FVOCI | 493,046,900 | - | - | 493,046,900 | 1,044,570 | - | - | 1,044,570 |
| Other financial assets measured at amortised cost | 415,641,433 | 15,817,672 | 55,991,983 | 487,451,088 | 22,128,293 | 8,723,053 | 36,729,497 | 67,580,843 |
| **Sub-total** | 4,512,936,564 | 558,918,312 | 301,159,956 | 5,373,014,832 | 57,588,567 | 48,160,983 | 104,299,722 | 210,049,272 |
| **Off-balance sheet items** | | | | | | | | |
| Performance bonds and guarantees | 471,245,217 | - | - | 471,245,217 | 314,947 | - | - | 314,947 |
| Clean line letters of credit | 234,849,922 | - | - | 234,849,922 | 412,363 | - | - | 412,363 |
| Other commitments | 3,178,459 | - | - | 3,178,459 | - | - | - | - |
| **Sub-total** | 709,273,598 | - | - | 709,273,598 | 727,310 | - | - | 727,310 |
| **Grand total** | 5,222,210,162 | 558,918,312 | 301,159,956 | 6,082,288,430 | 58,315,877 | 48,160,983 | 104,299,722 | 210,776,582 |

| COMPANY | Gross carrying amount | | | | ECL provision | | | |
|---|---|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **On-balance sheet items** | | | | | | | | |
| Cash and cash equivalents | 14,371,980 | - | - | 14,371,980 | - | - | - | - |
| Assets pledged as collateral | - | - | - | - | - | - | - | - |
| Assets pledged as collateral at FVOCI | - | - | - | - | - | - | - | - |
| Loans and advances to customers at amortised cost | - | - | - | - | - | - | - | - |
| Investment securities at amortised cost | 23,544,859 | - | - | 23,544,859 | 399,068 | - | - | 399,068 |
| Investment securities at FVTPL | 45,457,558 | - | - | 45,457,558 | - | - | - | - |
| Other financial assets measured at amortised cost | 13,286,972 | - | - | 13,286,972 | 185,567 | - | - | 185,567 |
| **Grand total** | 96,661,369 | - | - | 96,661,369 | 584,635 | - | - | 584,635 |

**Notes to the consolidated and separate financial statements**

**ECL coverage ratio**

| | GROUP | | | | COMPANY | | | |
|---|---|---|---|---|---|---|---|---|
| **On-balance sheet items** | | | | | | | | |
| Loans and advances to customers at amortised cost | **1.65%** | **7.26%** | **25.32%** | **5.14%** | **-** | **-** | **-** | **-** |
| Investment securities at amortised cost | **0.89%** | **-** | **100.00%** | **1.92%** | **1.69%** | **-** | **-** | **1.69%** |
| Investment securities at FVOCI | **0.21%** | **-** | **-** | **0.21%** | **-** | **-** | **-** | **-** |
| Other financial assets measured at amortised cost | **5.32%** | **55.15%** | **65.60%** | **13.86%** | **1.40%** | **-** | **-** | **1.40%** |
| **Sub-total** | **1.28%** | **8.62%** | **34.63%** | **3.91%** | **0.60%** | **-** | **-** | **0.60%** |
| **Off-balance sheet items** | | | | | | | | |
| Performance bonds and guarantees | **0.07%** | **-** | **-** | **0.07%** | **-** | **-** | **-** | **-** |
| Clean line letters of credit | **0.18%** | **-** | **-** | **0.18%** | **-** | **-** | **-** | **-** |
| Other commitments | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Sub-total** | **0.10%** | **-** | **-** | **0.10%** | **-** | **-** | **-** | **-** |
| **Grand total** | **1.12%** | **8.62%** | **34.63%** | **3.47%** | **0.60%** | **-** | **-** | **0.60%** |

**31 DEC 2023**

**GROUP**

| | Gross carrying amount | | | | ECL provision | | | |
|---|---|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **On-balance sheet items** | | | | | | | | |
| Cash and cash equivalents | 579,208,616 | - | - | 579,208,616 | 41,108 | - | - | 41,108 |
| Assets pledged as collateral at amortised cost | 86,714,340 | - | - | 86,714,340 | - | - | - | - |
| Assets pledged as collateral at FVOCI | - | - | - | - | - | - | - | - |
| Loans and advances to customers at amortised cost | 1,300,756,559 | 545,296,804 | 83,530,838 | 1,929,584,201 | 15,156,299 | 12,737,070 | 60,169,519 | 88,062,888 |
| Investment securities at amortised cost | 475,408,280 | - | 4,190,541 | 479,598,821 | 3,024,356 | - | 4,190,541 | 7,214,897 |
| Investment securities at FVOCI | 256,806,468 | - | - | 256,806,468 | 845,199 | - | - | 845,199 |
| Other financial assets measured at amortised cost | 35,886,001 | 17,817,672 | 39,907,741 | 93,611,414 | 18,527,183 | 8,837,416 | 29,742,585 | 57,107,184 |
| **Sub-total** | 2,734,780,264 | 563,114,476 | 127,629,120 | 3,425,523,860 | 37,594,145 | 21,574,486 | 94,102,645 | 153,271,276 |
| **Off-balance sheet items** | | | | | | | | |
| Performance bonds and guarantees | 317,635,552 | - | - | 317,635,552 | 166,860 | - | - | 166,860 |
| Clean line letters of credit | 96,357,177 | - | - | 96,357,177 | 412,363 | - | - | 412,363 |
| Other commitments | 3,469,367 | - | - | 3,469,367 | - | - | - | - |
| **Sub-total** | 417,462,096 | - | - | 417,462,096 | 579,223 | - | - | 579,223 |
| **Grand total** | 3,152,242,360 | 563,114,476 | 127,629,120 | 3,842,985,956 | 38,173,368 | 21,574,486 | 94,102,645 | 153,850,499 |

**Notes to the consolidated and separate financial statements**

**COMPANY**

| In thousands of Naira | Gross carrying amount Stage 1 | Stage 2 | Stage 3 | Total | ECL provision Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| **On-balance sheet items** | | | | | | | | |
| Cash and cash equivalents | 4,577,221 | - | - | 4,577,221 | - | - | - | - |
| Assets pledged as collateral at amortised cost | - | - | - | - | - | - | - | - |
| Assets pledged as collateral at FVOCI | - | - | - | - | - | - | - | - |
| Loans and advances to customers at amortised cost | - | - | - | - | - | - | - | - |
| Investment securities at amortised cost | 14,377,415 | - | - | 14,377,415 | 306,861 | - | - | 306,861 |
| Investment securities at FVOCI | 49,851,607 | - | - | 49,851,607 | - | - | - | - |
| Other financial assets measured at amortised cost | 6,218,475 | - | - | 6,218,475 | 136,773 | - | - | 136,773 |
| **Grand total** | 75,024,718 | - | - | 75,024,718 | 443,634 | - | - | 443,634 |

**ECL coverage ratio**

| | GROUP | | | | COMPANY | | | |
|---|---|---|---|---|---|---|---|---|
| **On-balance sheet items** | | | | | | | | |
| Assets pledged as collateral at amortised cost | - | - | - | - | | - | - | - |
| Assets pledged as collateral at FVOCI | - | - | - | - | - | - | - | - |
| Loans and advances to customers at amortised cost | 1.17% | 2.34% | 72.03% | 4.56% | - | - | - | - |
| Investment securities at amortised cost | 0.64% | - | 100.00% | 1.50% | 2.13% | - | - | 2.13% |
| Other financial assets measured at amortised cost | 51.63% | 49.60% | 74.53% | 61.00% | 2.20% | - | - | 2.20% |
| **Sub-total** | 1.37% | 3.83% | 73.73% | 4.47% | 0.59% | - | - | 0.59% |
| **Off-balance sheet items** | | | | | | | | |
| Performance bonds and guarantees | 0.05% | - | - | 0.05% | - | - | - | - |
| Clean line letters of credit | 0.43% | - | - | 0.43% | - | - | - | - |
| Other commitments | - | - | - | - | - | - | - | - |
| **Sub-total** | 0.14% | - | - | 0.14% | - | - | - | - |
| **Grand total** | 1.21% | 3.83% | 73.73% | 4.00% | 0.59% | - | - | 0.59% |

**Notes to the consolidated and separate financial statements**

**Trading Assets**

The Group's trading book comprises only debt securities, equity securities and bills issued by the Federal Government of Nigeria. The capital charge for the trading book is computed using the standardised approach. The standardised approach adopts a building block approach to capital computation, where individual capital requirements are summed for the different risk positions. Under the methodology, capital charge is computed for issuer risk, otherwise known as specific risk and for general market risk, which may result from adverse movement in market price. The capital charges cover the Group's debt instruments and equity securities in the trading book and the total banking book for foreign exchange. Commodities are excluded as the Group does not trade in commodities. The standardised method ignores diversification of risk and the risk positions are captured as on the day and not for a period.

The deployment of value at risk (VAR) will enable the Group to migrate to the internal model approach, which measures market risk loss at a given level of confidence and over a specified period. Also, this approach accounts for diversification (which is not done under standardised method).

An analysis of the counterparty credit exposure for the non trading assets, which are neither past due nor impaired is as shown in the table below:

**GROUP**

**31 DEC 2024**

**In thousands of Naira**

| SECURITY TYPE | ISSUER RATING | 0 - 30 days | 31 - 90 days | 91 -180 days | 181 - 365 days | 1 - 5 years | above 5 years | Total |
|---|---|---|---|---|---|---|---|---|
| FGN Bonds | BB- | **82,388,763** | **-** | **-** | **-** | **496,730** | **3,296,114** | **86,181,607** |
| Nigerian Treasury Bills | BB- | **10,887,401** | **-** | **-** | **-** | **-** | **-** | **10,887,401** |
| Fund Investments Government and Others | BB- | **-** | **222,040,262** | **-** | **-** | **-** | **-** | **222,040,262** |
| | | **93,276,164** | **222,040,262** | **-** | **-** | **496,730** | **3,296,114** | **319,109,270** |

**31 DEC 2023**

**In thousands of Naira**

| SECURITY TYPE | ISSUER RATING | 0 - 30 days | 31 - 90 days | 91 -180 days | 181 - 365 days | 1 - 5 years | above 5 years | Total |
|---|---|---|---|---|---|---|---|---|
| FGN Bonds | BB- | 34,843,396 | - | - | - | 496,730 | 3,296,114 | 38,636,240 |
| Nigerian Treasury Bills | BB- | 1,583,654 | - | - | - | - | - | 1,583,654 |
| Fund Investments Government and Others | BB- | - | 130,082,807 | - | - | - | - | 130,082,807 |
| | | **36,427,050** | **130,082,807** | **-** | **-** | **496,730** | **3,296,114** | **170,302,701** |

**Notes to the consolidated and separate financial statements**

**Cash and cash equivalents**

The Group held cash and cash equivalents of N795.4billion as at 31 December 2024 (31 December 2023: N579.1billion). The cash and cash equivalents are held with the Central Group, financial institutions and counterparties which are rated BBB- to AA based on acceptable external rating agency's ratings.

**Settlement risk**

The Group like its peers in the industry is exposed to settlement risk – the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

This risk is generally mitigated through counterparty limits set to manage the Group's exposure to these counterparties. The counterparty limits are approved by the Executive Management and the Board of Directors.

(c) **Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. It is the potential loss to the Group arising from either its inability to meet its obligations or to fund committed increases in assets as they fall due without incurring unacceptable costs or losses.

**Management of liquidity risk**

The Board of directors sets the strategy for liquidity risk and delegates the responsibility for oversight and implementation of the policy to the Assets and Liability Committee (ALCO). The liquidity position is managed daily by Treasury and Financial Services Division in conjunction with Market Risk Management Department. Assessment of liquidity is carried out through daily and weekly reports aimed at evaluating limit compliances across all the key liquidity management criteria e.g. funding gap, liquidity mismatches etc.,

The Assets & Liability Committee (ALCO) has the primary responsibility for managing liquidity risk arising from assets and liability creation activities. Deliberate strategies put in place to ensure the Group is protected from liquidity risk include:

- Liquidity risk identification at transaction, portfolio and entity levels using the defined early warning liquidity risk indicators such as deposit attrition, funding mismatch and funding concentrations.
- Establishment of the Group's liquidity risk appetite, which is the amount of risk the Group is willing to accept in pursuit of value using relevant liquidity risk ratios and assets and liability funding gaps.
- Establishment of methodologies for measuring and reporting on the Group's liquidity risk profile against set appetite and sensitizing against unforeseen circumstances using liquidity risk scenario analysis.
- Establishment of preventive (limit setting and management) as well as corrective (Contingency Funding Plan -CFP) controls over liquidity risk.
- Maintaining a diversified funding base consisting of customer deposit (both retail and corporate) and wholesale market deposits and contingency deposits and liabilities.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity.
- Monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the Group's financial assets and liabilities, and the extent to which they are encumbered.

The Group conducts regular stress testing on its liquidity position using different scenarios including Normal, Mild and Severe stress situations. The scenarios anticipate changes in key financial indicators such as interest rate movement, sharp reduction in Development Financial Institutions (DFIs) as a result of current security challenges, economic downturn among others. Stress results are presented to ALCO to elicit proactive liquidity management decisions. The committee's resolutions are tracked for impact assessment and anticipated stability in liquidity management.

The Risk Management Division acts as the secretariat for ALCO and provides the necessary analytics (maturity/repricing gap and balance sheet analysis) required for taking proactive liquidity management decisions. The Group's Treasury and Financial Services Division is responsible for executing ALCO decisions and in particular, ensuring that the Group is optimally and profitably funded at any point in time.

i **Exposure to liquidity risk**

The key measures adopted by the Group for liquidity management are Maturity Profile (on and off balance sheet) and Maturity Analysis. Details of reported ratios of the Group's net liquid assets to deposit from customers as at the reporting period are given as:

| PERIOD | 31 DEC 2024 | 31 DEC 2023 |
|---|---|---|
| At 31 December | **40.6%** | 36.6% |
| Average for the year | **40.6%** | 36.6% |
| Maximum for the year | **49.7%** | 42.6% |
| Minimum for the year | **34.1%** | 33.0% |

Liquidity ratio, which is a measure of liquidity risk is calculated as a ratio of naira liquid assets to local currency deposits and its is expressed in percentages.

The exposure to liquidity risk during the review period is as presented below:

ii **Maturity Analysis for Financial Assets and Liabilities**

The table below analyses financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. These include both principal and interest cash flows across the different maturity periods. The following tables show the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow/ (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial assets and liabilities.

**Notes to the consolidated and separate financial statements**

**GROUP**
**31 DEC 2024**

| In thousands of Naira | Note | Carrying amount | Gross nominal inflow / (outflow) | 0 - 30 days | 31 - 90 days | 91 - 180 days | 181 - 365 days | 1 - 5 years | above 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Non-derivative assets** | | | | | | | | | | |
| Cash and cash equivalent | 21 | 795,387,019 | 795,387,019 | 795,387,019 | - | - | - | - | - | 795,387,019 |
| Restricted reserve deposit | 28 | 1,441,465,091 | 1,441,465,091 | - | - | - | 1,441,465,091 | - | - | 1,441,465,091 |
| Non-pledged trading assets | 22(a) | 319,109,270 | 823,278,788 | 14,701,067 | 16,484,427.94 | 31,078,107.42 | 63,589,569 | 326,118,617 | 371,306,999 | 823,278,788 |
| Loans and advances to customers | 26 | 2,357,303,173 | 2,485,078,216 | 1,247,966,260 | 113,213,078 | 88,414,324 | 164,782,439 | 560,044,771 | 310,657,344 | 2,485,078,216 |
| Asset pledged as collateral | 25 | 401,703,741 | 351,196,850 | 48,068 | 96,136 | 144,204 | 296,420 | 2,339,317 | 348,272,704 | 351,196,850 |
| Investment securities | 24 | 1,189,410,706 | 2,330,063,194 | 98,381,472 | 103,496,638 | 65,805,158 | 210,429,600 | 570,106,074 | 1,281,844,252 | 2,330,063,194 |
| Other financial assets (net) | 27(a) | 419,870,245 | 487,451,088 | 46,495,458 | - | - | 291,285,520 | 144,972,201.00 | 4,697,909 | 487,451,088 |
| | | 6,924,249,245 | 8,713,920,245 | 2,202,979,344 | 233,290,280 | 185,441,794 | 2,171,848,639 | 1,603,580,979 | 2,316,779,207 | 8,713,920,245 |
| **Derivative assets** | | | | | | | | | | |
| Risk management: | 23(a) | 1,451,932 | - | - | - | - | - | - | - | - |
| Inflow | | - | 16,566,497 | - | - | 1,566,497 | - | - | - | 1,566,497 |
| Outflow | | - | (15,045,781) | - | - | (1,045,781) | - | - | - | (1,045,781) |
| | | 1,451,932 | 1,520,716 | - | - | 520,716 | - | - | - | 520,716 |
| **Derivative liabilities** | | | | | | | | | | |
| Risk management: | 23(b) | 2,608,146 | - | - | - | - | - | - | - | - |
| Inflow | | - | 17,046,053 | - | - | 2,046,053 | - | - | - | 2,046,053 |
| Outflow | | - | (16,047,721) | - | - | (1,047,721) | - | - | - | (1,047,721) |
| | | 2,608,146 | 998,332 | - | - | 998,332 | - | - | - | 998,332 |
| **Non-derivative liabilities** | | | | | | | | | | |
| Deposits from banks | 33 | 834,893,228 | 847,292,293 | 668,228,653 | 169,252,503 | 9,811,137 | - | - | - | 847,292,293 |
| Deposits from customers | 34 | 4,296,485,849 | 4,336,051,813 | 3,097,698,832 | 417,884,283 | 407,151,485 | 406,144,011 | 7,173,202 | - | 4,336,051,813 |
| Borrowings | 40 | 359,862,027 | 362,217,796 | 2,101,230 | - | 82,498,897 | 5,574,664 | 136,636,901 | 135,406,104 | 362,217,796 |
| On-lending facilities | 38 | 204,803,631 | 231,877,813 | 4,115,448 | 1,631,440 | 4,318,513 | 10,386,835 | 84,433,409 | 126,992,168 | 231,877,813 |
| Debt securities issued | 39 | 199,075,949 | 267,267,645 | - | 3,427,772.72 | 5,596,372.89 | 92,136,089 | 116,679,110 | 49,428,300 | 267,267,645 |
| Other financial liabilities | 36(a) | 369,547,098 | 369,547,098 | 34,886,301 | 62,045,396 | 80,135,408 | - | 192,479,993 | - | 369,547,098 |
| | | 6,264,667,782 | 6,414,254,458 | 3,807,030,464 | 654,241,395 | 589,511,813 | 514,241,598 | 537,402,616 | 311,826,572 | 6,414,254,458 |

**Notes to the consolidated and separate financial statements**

**31 DEC 2023**

| In thousands of Naira | Note | Carrying amount | Gross nominal inflow / (outflow) | 0 - 30 days | 31 - 90 days | 91 - 180 days | 181 - 365 days | 1 - 5 years | above 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Non-derivative assets** | | | | | | | | | | |
| Cash and cash equivalent | 21 | 579,167,508 | 579,167,508 | 579,167,508 | - | - | - | - | - | 579,167,508 |
| Restricted reserve deposit | 28 | 799,640,417 | 799,640,417 | - | - | - | 799,640,417 | - | - | 799,640,417 |
| Non-pledged trading assets | 22(a) | 170,302,701 | 185,185,029 | 481,418 | 985,837 | 1,451,555 | 4,617,567 | 23,429,026 | 154,219,626 | 185,185,029 |
| Loans and advances to customers | 26 | 1,841,516,196 | 1,929,584,201 | 232,828,300 | 345,357,710 | 175,230,159 | 126,737,289 | 588,837,106 | 349,560,507 | 1,818,551,071 |
| Asset pledged as collateral | 25 | 86,714,340 | 198,146,287 | 800,651 | 8,371,421 | 2,233,883 | 14,591,871 | 36,409,901 | 135,738,560 | 198,146,287 |
| Investment securities | 24 | 794,746,379 | 1,752,405,636 | 41,345,836 | 16,403,823 | 100,095,467 | 58,411,781 | 365,231,745 | 1,170,916,984 | 1,752,405,636 |
| Other financial assets (net) | 27(a) | 42,835,750 | 93,611,414 | 44,462,473 | - | 30,377,145.00 | 14,073,887 | - | 4,697,909 | 93,611,414 |
| | | 4,314,923,291 | 5,537,740,492 | 899,086,186 | 371,118,791 | 309,388,209 | 1,018,072,812 | 1,013,907,778 | 1,815,133,586 | 5,426,707,362 |
| **Derivative assets** | | | | | | | | | | |
| Risk management: | 23(a) | 1,520,716 | - | - | - | - | - | - | - | - |
| Inflow | | - | 16,566,497 | - | - | - | - | - | - | - |
| Outflow | | - | (15,045,781) | - | - | - | - | - | - | - |
| | | 1,520,716 | 1,520,716 | - | - | - | - | - | - | - |
| **Derivative liabilities** | | | | | | | | | | |
| Risk management: | 23(b) | 998,332 | - | - | - | - | - | - | - | - |
| Inflow | | - | 17,046,053 | - | - | - | - | - | - | - |
| Outflow | | - | (16,047,721) | - | - | - | - | - | - | - |
| | | 998,332 | 998,332 | - | - | - | - | - | - | - |
| **Non-derivative liabilities** | | | | | | | | | | |
| Trade liabilities | | - | - | - | - | - | - | - | - | - |
| Deposits from banks | 33 | 280,478,119 | 280,478,119 | 219,563,559 | - | 60,914,560 | - | - | - | 280,478,119 |
| Deposits from customers | 34 | 3,082,971,012 | 3,083,591,634 | 2,405,013,020 | 289,519,231 | 161,223,422 | 227,506,446 | 329,515 | - | 3,083,591,634 |
| Borrowings | 40 | 136,482,823 | 159,626,545 | 49,918,408.00 | 11,762,231 | 3,820,399 | 13,312,734 | 73,268,554 | 7,544,219 | 159,626,545 |
| On-lending facilities | 38 | 57,425,081 | 256,831,019 | 3,904,921 | 3,396,137 | 5,009,034 | 5,407,526 | 80,764,390 | 158,349,011 | 256,831,019 |
| Debt securities issued | 39 | 133,142,336 | 173,038,001 | 1,680,000 | 1,037,398 | 1,961,167 | 5,528,136 | 124,659,951 | 38,171,349 | 173,038,001 |
| Other financial liabilities | 36(a) | 219,418,692 | 219,418,692 | 49,784,513 | - | 165,464,676 | - | 4,169,503 | - | 219,418,692 |
| | | 3,909,918,063 | 4,172,984,010 | 2,729,864,421 | 305,714,997 | 398,393,258 | 251,754,842 | 283,191,913 | 204,064,579 | 4,172,984,010 |

**Notes to the consolidated and separate financial statements**

**COMPANY**

**31 DEC 2024**

| In thousands of Naira | Note | Carrying amount | Gross nominal inflow / (outflow) | 0 - 30 days | 31 - 90 days | 91 - 180 days | 181 - 365 days | 1 - 5 years | above 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Non-derivative assets** | | | | | | | | | | |
| Cash and cash equivalent | 21 | **14,371,980** | **14,371,980** | **14,371,980** | **-** | **-** | **-** | **-** | **-** | **14,371,980** |
| Restricted reserve deposit | 28 | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Non-pledged trading assets | 22(a) | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Loans and advances to customers | 26 | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Asset pledged as collateral | 25 | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Investment securities | 24 | **68,603,349** | **75,813,808** | **-** | **-** | **-** | **-** | **-** | **75,813,808** | **75,813,808** |
| Other financial assets (net) | 27(a) | **13,101,405** | **13,101,405** | **13,101,405** | **-** | **-** | | **-** | | **13,101,405** |
| | | **96,076,734** | **103,287,193** | **27,473,385** | **-** | **-** | **-** | **-** | **75,813,808** | **103,287,193** |
| **Non-derivative liabilities** | | | | | | | | | | |
| Deposits from banks | 33 | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Deposits from customers | 34 | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Borrowings | 40 | **5,320,125** | **5,574,664** | **-** | **-** | **-** | **5,574,664** | **-** | **-** | **5,574,664** |
| On-lending facilities | 38 | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Debt securities issued | 39 | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Other financial liabilities | 36(a) | **2,161,827** | **2,411,502** | **145,906** | **-** | **2,265,596** | **-** | **-** | **-** | **2,411,502** |
| | | **7,481,952** | **7,986,166** | **145,906.29** | **-** | **2,265,596** | **5,574,664** | **-** | **-** | **7,986,166** |
| **Net liquidity gap** | | **88,594,782** | **95,301,027** | **27,327,479** | **-** | **-2,265,596** | **-5,574,664** | **-** | **75,813,808** | **95,301,027** |

**31 DEC 2023**

| In thousands of Naira | Note | Carrying amount | Gross nominal inflow / (outflow) | 0 - 30 days | 31 - 90 days | 91 - 180 days | 181 - 365 days | 1 - 5 years | above 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Non-derivative assets** | | | | | | | | | | |
| Cash and cash equivalent | 21 | 4,577,221 | 4,577,221 | 4,577,221 | - | - | - | - | - | 4,577,221 |
| Restricted reserve deposit | 28 | - | - | - | - | - | - | - | - | - |
| Non-pledged trading assets | 22(a) | - | - | - | - | - | - | - | - | - |
| Loans and advances to customers | 26 | - | - | - | - | - | - | - | - | - |
| Asset pledged as collateral | 25 | - | - | - | - | - | - | - | - | - |
| Investment securities | 24 | 63,922,161 | 64,229,022 | - | - | 3,771,829 | 2,525,674 | - | 57,931,519 | 64,229,022 |
| Other financial assets (net) | 27(a) | 6,081,702 | 6,218,475 | - | 4,546,395 | - | | 1,672,080 | - | 6,218,475 |
| | | 74,581,084 | 75,024,718 | 4,577,221 | 4,546,395 | 3,771,829 | 2,525,674 | 1,672,080 | 57,931,519 | 75,024,718 |
| **Non-derivative liabilities** | | | | | | | | | | |
| Deposits from banks | 33 | - | - | - | - | - | - | - | - | - |
| Deposits from customers | 34 | - | - | - | - | - | - | - | - | - |
| Borrowings | 40 | 2,917,689 | 2,917,689 | - | - | - | 2,917,689 | - | - | 2,917,689 |
| On-lending facilities | 38 | - | - | - | - | - | - | - | - | - |
| Debt securities issued | 39 | - | - | - | - | - | - | - | - | - |
| Other financial liabilities | 36(a) | 4,264,740 | 4,264,740 | 17,269 | - | - | 2,150,007.57 | - | 2,097,463 | 4,264,740 |
| | | 7,182,429 | 7,182,429 | 17,269 | - | - | 5,067,697 | - | 2,097,463 | 7,182,429 |

The amounts in the table above have been compiled as follows:

| Type of financial instrument | Basis on which amounts are compiled |
|---|---|
| Non-derivative financial liabilities and financial assets | Undiscounted cash flows, which include estimated interest payments. |
| Derivative financial liabilities and financial assets held | Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement and the net amounts for derivatives that are net settled. |
| Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity | Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than 0-30 days' column. |
| Trading derivative liabilities and assets that are entered into by the Group with its customers | Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions. |
| Issued financial guarantee contracts, and unrecognised loan commitments | Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. |

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

• demand deposits from customers are expected to remain stable or increase;
• unrecognised loan commitments are not all expected to be drawn down immediately; and
• retail mortgage loans have an original contractual maturity of between 10 and 15 years. But an average expected maturity of six years because customers take advantage of early repayment options.

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and debt securities issued by Central Bank of Nigeria, which can be readily sold to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other financial institutions and holds unencumbered assets eligible for use as collateral with Central Banks.

iii **Liquidity reserves**

The table below sets out the components of the Group's liquidity reserve.

| In thousands of Naira | Note | 31 DEC 2024 | | 31 DEC 2023 | |
|---|---|---|---|---|---|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| Balances with central banks | 21 | 20,057,451 | 20,057,451 | 154,815,173 | 154,815,173 |
| Cash and balances with other banks | 21 | 775,329,568 | 775,329,568 | 424,352,335 | 424,352,335 |
| Unencumbered debt securities issued by Central Bank of Nigeria | | 1,059,653,341 | 1,478,120,781 | 711,552,891 | 835,875,397 |
| **Total liquidity reserve** | | **1,855,040,360** | **2,273,507,800** | **1,290,720,399** | **1,415,042,905** |

Included in the unencumbered debt securities issued by central banks are; Federal Government of Nigeria (FGN) Bonds N835.11billion (31 December 2023: N299.19billion), Treasury Bills N189.13billion (31 December 2023: N162.41billion) under note 23(a), 26(a) and (b).

**Notes to the consolidated and separate financial statements**

iv **Financial assets available to support future funding**

The table below shows availability of the Group's financial assets to support future funding:

**31 DEC 2024**

| In thousands of Naira | Note | Encumbered: Pledged as Collateral | Encumbered: Other* | Unencumbered: Available as Collateral | Unencumbered: Other** | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 21 | - | - | 795,387,019 | - | 795,387,019 |
| Restricted reserve deposits | 28 | - | 1,441,465,091 | - | - | 1,441,465,091 |
| Non-pledged trading assets | 22(a) | - | - | - | 319,109,270 | 319,109,270 |
| Loans and advances | 26 | - | - | - | 2,357,303,173 | 2,357,303,173 |
| Assets pledged as collateral | 25 | 401,703,741 | - | - | - | 401,703,741 |
| Investment securities | 24 | - | - | 1,189,410,706 | - | 1,189,410,706 |
| Other assets (net) | 27 | - | - | | 419,870,245 | 419,870,245 |
| **Total Assets** | | **401,703,741** | **1,441,465,091** | **1,984,797,725** | **3,096,282,688** | **6,924,249,245** |

**31 DEC 2023**

| In thousands of Naira | Note | Encumbered: Pledged as Collateral | Encumbered: Other* | Unencumbered: Available as Collateral | Unencumbered: Other** | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 21 | - | - | 579,167,508 | - | 579,167,508 |
| Restricted reserve deposits | 28 | - | 799,640,417 | - | - | 799,640,417 |
| Non-pledged trading assets | 22(a) | - | - | - | 170,302,701 | 170,302,701 |
| Loans and advances | 26 | - | - | - | 1,841,516,196 | 1,841,516,196 |
| Assets pledged as collateral | 25 | 86,714,340 | - | - | - | 86,714,340 |
| Investment securities | 24 | - | - | 794,746,379 | - | 794,746,379 |
| Other assets (net) | 27 | - | - | | 42,835,750 | 42,835,750 |
| **Total Assets** | | **86,714,340** | **799,640,417** | **1,373,913,887** | **2,054,654,647** | **4,314,923,291** |

*Represents assets which are not pledged but the Group believes they are restricted (either by law or other reasons) from being used to secure funding.
** These are assets that are available i.e. not restricted as collateral to secure funding but the Group would not consider them as readily available in the course of regular business.

**Financial assets pledged as collateral**

The total financial assets recognised in the statement of financial position that had been pledged as collateral for liabilities at 31 December 2024 and 31 December 2023 is shown in the preceding table.

Financial assets are pledged as collateral as part of securities borrowing, clearing and client's collection transactions under terms that are usual and customary for such activities.

(d) **MARKET RISK**

Market risk is the risk that changes in market prices such as interest rate, equity/commodity prices, foreign exchange rates will affect the Group's income or the value of its holdings in financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters in order to ensure the Group's solvency while optimizing the return on risk.

**Management of Market Risk**

Market risk is the risk that movements in market factors, including foreign exchange rates and interest rates, credit spreads and equity prices, will reduce the Group's income or the value of its portfolios. The Group classifies its market risk into asset and liability management (ALM) risk, investment risk and trading risk.

The Group separates its market risk exposures between trading and non-trading portfolios. Trading portfolios are mainly held by the Treasury and Financial Services Division and include positions from market making and proprietary positions taking, together with financial assets and liabilities that are managed on fair value basis. Non-trading portfolios are mainly held by Asset and Liability Management (ALM) Department and include portfolios held under amortised cost and fair value through other comprehensive income.

The Group has a robust methodology and procedures for the identification, assessment, control, monitoring and reporting of market risks within its trading portfolio and the rest of the Group's balance sheet. The Market Risk Management Unit within Risk Management Division is responsible for measuring market risk exposures in accordance with the policies defined by the Board, monitoring and reporting the exposures against the prescribed limits.

Overall authority for market risk is vested by the Board in ALCO which sets up limits for each type of risk in aggregate. However, Market and Liquidity Risk Department within Risk Management is responsible for limit tracking and reporting to the Chief Risk Officer and ultimately, Assets and Liability Committee. The Group employs a range of tools to monitor and ensure risk acceptance is kept within defined limit. Detail of market risk exposures as at 31 December 2024 are provided below:

**Notes to the consolidated and separate financial statements**

**MARKET RISK MEASURES:**

The table below sets out the allocation of assets and liabilities subject to price risk, classified by trading and non-trading portfolio:

**31 DEC 2024**

| In thousands of Naira | Note | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|---|
| | | Carrying amount | Trading portfolios | Non-trading portfolios | Carrying amount | Trading portfolios | Non-trading portfolios |
| **Assets subject to market risk:** | | | | | | | |
| Cash and cash equivalents | 21 | **795,387,019** | **-** | **795,387,019** | **14,371,980** | **-** | **14,371,980** |
| Restricted reserve deposits | 28 | **1,441,465,091** | **-** | **1,441,465,091** | **-** | **-** | **-** |
| Non-pledged trading assets | 22(a) | **319,109,270** | **319,109,270** | **-** | **-** | **-** | **-** |
| Derivative assets held for risk management | 23(a) | **1,451,932** | **-** | **1,451,932** | **-** | **-** | **-** |
| Loans and advances to customers | 26 | **2,357,303,173** | **-** | **2,357,303,173** | **-** | **-** | **-** |
| Assets pledged as collateral | 25 | **401,703,741** | **-** | **401,703,741** | **-** | **-** | **-** |
| Investment securities | 24 | **1,189,410,706** | **-** | **1,189,410,706** | **68,603,349** | **-** | **68,603,349** |
| Other financial assets (net) | 27(a)(c) | **419,870,245** | **-** | **419,870,245** | **13,101,405** | **-** | **13,101,405** |
| **Liabilities subject to market risk:** | | | | | | | |
| Derivative liabilities held for risk management | 23(b) | **2,608,146** | **-** | **2,608,146** | **-** | **-** | **-** |
| Deposits from banks | 34 | **834,893,228** | **-** | **834,893,228** | **-** | | **-** |
| Deposits from customers | 35 | **4,296,485,849** | **-** | **4,296,485,849** | **-** | **-** | **-** |
| Borrowings | 41 | **359,862,027** | **-** | **359,862,027** | **5,320,125** | **-** | **5,320,125** |
| On-lending facilities | 39 | **204,803,631** | **-** | **204,803,631** | **-** | **-** | **-** |
| Debt securities issued | 40 | **199,075,949** | **-** | **199,075,949** | **-** | **-** | **-** |
| Other financial liabilities | 37(a) | **369,547,098** | **-** | **369,547,098** | **2,161,827** | **-** | **2,161,827** |

**31 DEC 2023**

| In thousands of Naira | Note | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|---|
| | | Carrying amount | Trading portfolios | Non-trading portfolios | Carrying amount | Trading portfolios | Non-trading portfolios |
| **Assets subject to market risk:** | | | | | | | |
| Cash and cash equivalents | 21 | 579,167,508 | - | 579,167,508 | 4,577,221 | - | 4,577,221 |
| Restricted reserve deposits | 28 | 799,640,417 | - | 799,640,417 | - | - | - |
| Non-pledged trading assets | 22(a) | 170,302,701 | 170,302,701 | - | - | - | - |
| Loans and advances to customers | 26 | 1,841,516,196 | - | 1,841,516,196 | - | - | - |
| Assets pledged as collateral | 25 | 86,714,340 | - | 86,714,340 | - | - | - |
| Investment securities | 24 | 794,746,379 | - | 794,746,379 | 63,922,161 | - | 63,922,161 |
| Other financial assets (net) | 27(a)(c) | 42,835,750 | - | 42,835,750 | 6,081,702 | - | 6,081,702 |
| **Liabilities subject to market risk:** | | | | | | | |
| Deposits from banks | 34 | 280,478,119 | - | 280,478,119 | - | | - |
| Deposits from customers | 35 | 3,082,971,012 | - | 3,082,971,012 | - | - | - |
| Borrowings | 41 | 136,482,823 | - | 136,482,823 | 2,917,689 | - | 2,917,689 |
| On-lending facilities | 39 | 57,425,081 | - | 57,425,081 | - | - | - |
| Debt securities issued | 40 | 133,142,336 | - | 133,142,336 | - | - | - |
| Other financial liabilities | 37(a) | 219,418,692 | - | 219,418,692 | 4,264,740 | - | 4,264,740 |

**Notes to the consolidated and separate financial statements**

**Exposure to interest rate risk - non trading portfolios**

The principal risk to which non-trading portfolios are exposed is the risk of loss arising from fluctuations in the fair values of future cash flows from financial instruments because of a change in the market interest rate. Interest rate risk is managed principally through active monitoring of gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Treasury and Financial Services group.

A summary of the interest rate gap position on non-trading portfolios is as follows:

**GROUP**

| | | 31 DEC 2024 | | | 31 DEC 2023 | | |
|---|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Note** | **Carrying amount** | **Rate sensitive** | **Non rate sensitive** | **Carrying amount** | **Rate sensitive** | **Non rate sensitive** |
| **Assets** | | | | | | | |
| Cash and cash equivalents | 21 | 795,387,019 | 7,259,998 | 788,127,021 | 579,167,508 | 13,063,999 | 566,103,509 |
| Restricted reserve deposits | 28 | 1,441,465,091 | - | 1,441,465,091 | 799,640,417 | - | 799,640,417 |
| Loans and advances to customers (gross) | 26 | 2,485,078,216 | 2,485,078,216 | - | 1,929,584,201 | 1,929,584,201 | - |
| Assets pledged as collateral | 25 | 401,703,741 | 401,703,741 | - | 86,714,340 | 86,714,340 | - |
| Investment securities | 24 | 1,189,410,706 | 1,079,349,193 | 110,061,513 | 794,746,379 | 729,190,392 | 65,555,987 |
| Other financial assets (gross) | 27(a) | 487,451,088 | - | 487,451,088 | 93,611,414 | 1,172,314.00 | 92,439,100 |
| | | 6,800,495,861 | 3,973,391,148 | 2,827,104,713 | 4,283,464,259 | 2,759,725,246 | 1,523,739,013 |
| **Liabilities** | | | | | | | |
| Deposits from banks | 34 | 834,893,228 | 834,893,228 | - | 280,478,119 | 280,478,119 | - |
| Deposits from customers | 35 | 4,296,485,849 | 4,296,485,849 | - | 3,082,971,012 | 3,082,971,012 | - |
| Borrowings | 41 | 359,862,027 | 359,862,027 | - | 136,482,823 | 136,482,823 | - |
| On-lending facilities | 39 | 204,803,631 | 204,803,631 | - | 57,425,081 | 57,425,081 | - |
| Debt securities issued | 40 | 199,075,949 | 81,946,349 | 117,129,600 | 133,142,336 | 49,605,817 | 83,536,519 |
| Other financial liabilities | 37(a) | 369,547,098 | - | 369,547,098 | 219,418,692 | - | 219,418,692 |
| | | 6,264,667,782 | 5,777,991,084 | 486,676,698 | 3,909,918,063 | 3,606,962,852 | 302,955,211 |
| **Total interest repricing gap** | | 535,828,079 | (1,804,599,936) | 2,340,428,015 | 373,546,196 | (847,237,606) | 1,220,783,802 |

**GROUP**

| **In thousands of Naira** | **Note** | **0 - 30 days** | **31 - 90 days** | **91 - 180 days** | **181 - 365 days** | **1 - 5 years** | **above 5 years** | **Total** |
|---|---|---|---|---|---|---|---|---|
| **31 DEC 2024** | | | | | | | | |
| **Assets subject to market interest rate risk:** | | | | | | | | |
| Cash and cash equivalents | 21 | 7,259,998 | - | - | - | - | - | 7,259,998 |
| Loans and advances to customers (gross) | 26 | 1,279,898,540 | 113,213,078 | 56,482,044 | 164,782,439 | 560,044,771 | 310,657,344 | 2,485,078,216 |
| Assets pledged as collateral | 25 | - | 10,400,000 | 27,694,343 | 28,151,398 | 73,655,292 | 261,802,708 | 401,703,741 |
| Investment securities | 24 | 118,188,656 | 110,320,208 | 37,000,000 | 95,027,014 | 87,021,902 | 631,791,413 | 1,079,349,193 |
| | | 1,405,347,194 | 233,933,286 | 121,176,387 | 287,960,851 | 720,721,965 | 1,204,251,465 | 3,973,391,148 |
| **Liabilities subject to market interest rate risk:** | | | | | | | | |
| Deposits from banks | 34 | 655,829,588 | 169,252,503 | 9,811,137 | - | - | - | 834,893,228 |
| Deposits from customers | 35 | 3,005,857,292 | 470,159,859 | 407,151,485 | 406,144,011 | 7,173,202 | - | 4,296,485,849 |
| Borrowings | 41 | 87,819,022 | - | - | - | 136,636,901 | 135,406,104 | 359,862,027 |
| On-lending facilities | 39 | 4,115,449 | 1,631,440 | 4,318,513 | 10,379,842 | 84,382,369 | 99,976,018 | 204,803,631 |
| Debt securities issued | 40 | - | - | - | 72,260,850 | - | 9,685,499 | 81,946,349 |
| | | 3,753,621,351 | 641,043,802 | 421,281,135 | 488,784,703 | 228,192,472 | 245,067,621 | 5,777,991,084 |
| **Total interest repricing gap** | | (2,348,274,157) | (407,110,516) | (300,104,748) | (200,823,852) | 492,529,493 | 959,183,844 | (1,804,599,936) |

**Notes to the consolidated and separate financial statements**

**31 DEC 2023**

| In thousands of Naira | Note | 0 - 30 days | 31 - 90 days | 91 - 180 days | 181 - 365 days | 1 - 5 years | above 5 years | Total |
|---|---|---|---|---|---|---|---|---|
| **Assets subject to market interest rate risk:** | | | | | | | | |
| Cash and cash equivalents | 21 | 13,063,999 | - | - | - | - | - | 13,063,999 |
| Loans and advances to customers (gross) | 26 | 440,545,618 | 345,357,710 | 128,538,948 | 104,460,453 | 561,120,965 | 349,560,507 | 1,929,584,201 |
| Assets pledged as collateral | 25 | 48,600,563 | 23,000 | 7,300 | 1,648,821 | - | 36,434,656 | 86,714,340 |
| Investment securities | 24 | 94,649,661 | 16,026,613 | 90,164,741 | 37,697,382 | 45,155,102 | 445,496,893 | 729,190,392 |
| | | 596,859,841 | 361,407,323 | 249,088,134 | 143,806,656 | 606,276,067 | 836,189,965 | 2,793,627,986 |
| **Liabilities subject to market interest rate risk:** | | | | | | | | |
| Deposits from banks | 33 | 219,563,559 | - | 60,914,560 | - | - | - | 280,478,119 |
| Deposits from customers | 34 | 2,296,838,796 | 299,916,726 | 241,280,819 | 240,683,782 | 4,250,889 | - | 3,082,971,012 |
| Borrowings | 40 | - | - | - | 2,917,689 | 56,541,712 | 77,023,422 | 136,482,823 |
| On-lending facilities | 38 | 4,056,354 | 829,787 | 2,777,419 | 5,771,935 | 30,095,098 | 13,894,488 | 57,425,081 |
| Debt securities issued | 39 | - | - | - | - | 45,540,262 | 4,065,555 | 49,605,817 |
| | | 2,520,458,709 | 300,746,513 | 304,972,798 | 249,373,406 | 136,427,961 | 94,983,465 | 3,606,962,852 |
| **Total interest repricing gap** | | (1,923,598,868) | 60,660,810 | (55,884,664) | (105,566,750) | 469,848,106 | 741,206,500 | (813,334,866) |

**COMPANY**

| | | 31 DEC 2024 | | | 31 DEC 2023 | | |
|---|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Note** | **Carrying amount** | **Rate sensitive** | **Non rate sensitive** | **Carrying amount** | **Rate sensitive** | **Non rate sensitive** |
| **Assets** | | | | | | | |
| Cash and cash equivalents | 21 | **14,371,980** | **-** | **14,371,980** | 4,577,221 | - | 4,577,221 |
| Restricted reserve deposits | 25 | **-** | **-** | **-** | - | - | - |
| Loans and advances to customers (gross) | 26 | **-** | **-** | **-** | - | - | - |
| Assets pledged as collateral | 25 | **-** | **-** | **-** | - | - | - |
| Investment securities | 24 | **68,603,349** | **68,603,349** | **-** | 63,922,161 | 63,922,161 | - |
| Other financial assets (gross) | 27(a) | **13,286,972** | **-** | **13,286,972** | 6,218,475 | 1,172,314 | 5,046,161 |
| | | **96,262,301** | **68,603,349** | **27,658,952** | 74,717,857 | 65,094,475 | 9,623,382 |
| **Liabilities** | | | | | | | |
| Deposits from banks | 33 | **-** | **-** | **-** | - | - | - |
| Deposits from customers | 34 | **-** | **-** | **-** | - | - | - |
| Borrowings | 40 | **5,320,125** | **5,320,125** | **-** | 2,917,689 | 2,917,689 | - |
| On-lending facilities | 38 | **-** | **-** | **-** | - | - | - |
| Debt securities issued | 39 | **-** | **-** | **-** | - | - | - |
| Other financial liabilities | 37(a) | **2,161,827** | **-** | **2,161,827** | 4,264,740 | - | 4,264,740 |
| | | **7,481,952** | **5,320,125** | **2,161,827** | 7,182,429 | 2,917,689 | 4,264,740 |
| **Total interest repricing gap** | | **88,780,349** | **63,283,224** | **25,497,125** | 67,535,428 | 62,176,786 | 5,358,642 |

**Notes to the consolidated and separate financial statements**

**COMPANY**

| In thousands of Naira | Note | 0 - 30 days | 31 - 90 days | 91 - 180 days | 181 - 365 days | 1 - 5 years | above 5 years | Total |
|---|---|---|---|---|---|---|---|---|
| **31 DEC 2024** | | | | | | | | |
| **Assets subject to market risk:** | | | | | | | | |
| Cash and cash equivalents | 21 | - | - | - | - | - | - | - |
| Loans and advances to customers (gross) | 26 | - | - | - | - | - | - | - |
| Assets pledged as collateral | 25 | - | - | - | - | - | - | - |
| Investment securities | 24 | 2,394,609 | - | - | 7,714,288 | 45,457,558 | 13,036,894 | 68,603,349 |
| | | 2,394,609 | - | - | 7,714,288 | 45,457,558 | 13,036,894 | 68,603,349 |
| **Liabilities subject to market risk:** | | | | | | | | |
| Deposits from banks | 33 | - | - | - | - | - | - | - |
| Deposits from customers | 34 | - | - | - | - | - | - | - |
| Borrowings | 41 | - | - | - | 5,320,125 | - | - | 5,320,125 |
| On-lending facilities | 39 | - | - | - | - | - | - | - |
| Debt securities issued | 40 | - | - | - | - | - | - | - |
| | | - | - | - | 5,320,125 | - | - | 5,320,125 |
| **Total interest repricing gap** | | 2,394,609 | - | - | 2,394,163 | 45,457,558 | 13,036,894 | 63,283,224 |

**31 DEC 2023**

| In thousands of Naira | Note | 0 - 30 days | 31 - 90 days | 91 - 180 days | 181 - 365 days | 1 - 5 years | above 5 years | Total |
|---|---|---|---|---|---|---|---|---|
| **Assets subject to market risk:** | | | | | | | | |
| Cash and cash equivalents | 21 | - | - | - | - | - | - | - |
| Loans and advances to customers (gross) | 26 | - | - | - | - | - | - | - |
| Assets pledged as collateral | 25 | - | - | - | - | - | - | - |
| Investment securities | 24 | 5,990,642 | - | - | - | 49,851,607 | 8,079,912 | 63,922,161 |
| | | 5,990,642 | - | - | - | 49,851,607 | 8,079,912 | 63,922,161 |
| **Liabilities subject to market risk:** | | | | | | | | |
| Deposits from banks | 33 | - | - | - | - | - | - | - |
| Deposits from customers | 34 | - | - | - | - | - | - | - |
| Borrowings | 40 | - | - | - | 2,917,689 | | - | 2,917,689 |
| On-lending facilities | 38 | - | - | - | - | - | - | - |
| Debt securities issued | 39 | - | - | - | - | - | - | - |
| | | - | - | - | 2,917,689 | - | - | 2,917,689 |
| **Total interest repricing gap** | | 5,990,642 | - | - | (2,917,689) | 49,851,607 | 8,079,912 | 61,004,472 |

**Notes to the consolidated and separate financial statements**

**Sensitivity of projected net interest income**

The management of interest rate risk against interest rate gap is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 50 basis points and 100 basis points (bps) parallel fall or rise. The financial assets and liabilities sensitive to interest rate risk are loans and advances, cash and cash equivalents (placements), assets pledged as collateral (treasury bills and FGN Bonds), investment securities (treasury bills, FGN Bonds, state government bonds and corporate bonds) and deposits from banks, deposits from customers, borrowings, on-lending facilities and debt securities issued. A weighted average rate has been applied and the effects are shown in the table below:

**GROUP**

**31 DEC 2024**

| In thousands of Naira | Gross amount | Weighted average interest rate | Interest due at current weighted average rate | 50bps | (50bps) | 100bps | (100bps) |
|---|---|---|---|---|---|---|---|
| Non-trading assets subject to rate sensitivity | **3,973,391,148** | **16%** | **621,803,795** | **641,670,751** | **601,936,839** | **661,537,706** | **582,069,884** |
| Non-trading liabilities subject to rate sensitivity | **5,777,991,084** | **7%** | **(396,503,592)** | **(425,393,547)** | **(367,613,637)** | **(454,283,503)** | **(338,723,681)** |
| | | | **225,300,203** | **216,277,204** | **234,323,202** | **207,254,203** | **243,346,203** |
| Impact on net interest income | | | | **(9,022,999)** | **9,022,999** | **(18,046,000)** | **18,046,000** |

**31 DEC 2023**

| In thousands of Naira | Gross amount | Weighted average interest rate | Interest due at current weighted average rate | 50bps | (50bps) | 100bps | (100bps) |
|---|---|---|---|---|---|---|---|
| Non-trading assets subject to rate sensitivity | 2,793,627,987 | 13% | 354,992,921 | 368,961,061 | 341,024,781 | 382,929,201 | 327,056,641 |
| Non-trading liabilities subject to rate sensitivity | 3,606,962,852 | 5% | (178,396,597) | (196,431,411) | (160,361,783) | (214,466,226) | (142,326,968) |
| | | | 176,596,324 | 172,529,650 | 180,662,998 | 168,462,975 | 184,729,673 |
| Impact on net interest income | | | | (4,066,674) | 4,066,674 | (8,133,349) | 8,133,349 |

**COMPANY**

**31 DEC 2024**

| In thousands of Naira | Gross amount | Weighted average interest rate | Interest due at current weighted average rate | 50bps | (50bps) | 100bps | (100bps) |
|---|---|---|---|---|---|---|---|
| Non-trading assets subject to rate sensitivity | **68,603,349** | **13%** | **8,857,206** | **9,200,223** | **8,514,189** | **9,543,239** | **8,171,173** |
| Non-trading liabilities subject to rate sensitivity | **5,320,125** | **17%** | **(928,052)** | **(954,653)** | **(901,451)** | **(981,253)** | **(874,851)** |
| | | | **7,929,154** | **8,245,570** | **7,612,738** | **8,561,986** | **7,296,322** |
| Impact on net interest income | | | | **316,416** | **(316,416)** | **632,832** | **(632,832)** |

**31 DEC 2023**

| In thousands of Naira | Gross amount | Weighted average interest rate | Interest due at current weighted average rate | 50bps | (50bps) | 100bps | (100bps) |
|---|---|---|---|---|---|---|---|
| Non-trading assets subject to rate sensitivity | 63,922,161 | 2% | 1,110,978 | 1,430,589 | 791,367 | 1,750,200 | 471,756 |
| Non-trading liabilities subject to rate sensitivity | 2,917,689 | 7% | (192,580) | (207,168) | (177,992) | (221,757) | (163,403) |
| | | | 918,398 | 1,223,421 | 613,375 | 1,528,443 | 308,353 |
| Impact on net interest income | | | | 305,023 | (305,023) | 610,045 | (610,045) |

**Exposure to other market risk non-trading portfolios**

The non trading book includes the loans, deposits, investments, placements, etc. Price risk in non-trading portfolios is measured with portfolio duration and convexity. The sensitivity of earnings to specified upward and downward instantaneous parallel 50 and 100 basis point shifts in the yield curve, over one-year horizons under business-as-usual conditions assuming static portfolio indicates the potential risk.

**Exposure to market risk - trading portfolios**

The principal tools used by Treasury Risk Management Department to measure and control market risk exposure within the Group's trading portfolios are the open position limits, mark-to-market analysis, value at-risk analysis, sensitivity analysis and earning-at-risk analysis. Limit measurements (regulatory and internal) across the trading portfolios have been clearly defined, in line with the Group's overall risk appetite. These set limits shall prevent undue exposure in the event of abrupt market volatility. The Treasury Risk Management Department ensures that these limits and triggers are adhered to by the Treasury Division.

The trading book includes Treasury Bills, Federal Government of Nigeria bonds and equity securities. The sensitivity to earnings was not considered because it does not have material impact on earnings.

**Notes to the consolidated and separate financial statements**

**Foreign exchange risk**

The Group takes on foreign exchange risks through its activities in both the trading and banking books. The Group engages in currency trading on behalf of itself and creates foreign currency positions on the banking book in the course of its financial intermediation role. The Group is thus exposed to the risk of loss on both its trading and banking book positions in the event of adverse movements in currency prices. The mark-to-market currency rates applied are the rates published by Central Bank of Nigeria.

However, the Group sets exposure limits (open position limits) at currency levels and uses a combination of counterparty, dealer and stop loss limits to manage market risks inherent in all foreign currency trading positions. All limits are set for both overnight and intra-day positions and approved by the Board of Directors. Compliance with the Board approved limits is enforced through daily monitoring by the Risk Management Division.

The table below summarises foreign currency exposures of the Group as at the period / year ended;

**GROUP**

**31 DEC 2024**

| In thousands of Naira | Note | NGN | USD | GBP | EUR | OTHERS | Grand Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and cash equivalents | 21 | 38,057,994 | 695,277,699 | 27,188,123 | 34,081,346 | 781,857 | 795,387,019 |
| Restricted reserve deposit | 28 | 1,441,465,091 | - | - | - | - | 1,441,465,091 |
| Non-pledged trading assets | 22(a) | 319,109,270 | - | - | - | - | 319,109,270 |
| Derivative assets held for risk management | 23(a) | - 93,573.00 | 1,545,505 | - | - | - | 1,451,932 |
| Loans and advances (net) | 26 | 830,562,412 | 1,524,356,683 | 275,285 | 2,108,793 | - | 2,357,303,173 |
| Investment securities | 24 | 1,105,694,198 | 83,716,508 | - | - | - | 1,189,410,706 |
| Asset pledged as collateral | 25 | 401,703,741 | - | - | - | - | 401,703,741 |
| Other assets | 27 | 58,242,726 | 387,701,195 | 98,353 | 26,442 | - | 446,068,716 |
| **Total assets** | | 4,194,741,859 | 2,692,597,590 | 27,561,761 | 36,216,581 | 781,857 | 6,951,899,648 |
| **Liabilities** | | | | | | | |
| Trading liabilities | 22(b) | - | - | - | - | - | - |
| Deposits from customers | 35 | 2,752,661,497 | 1,517,338,929 | 12,861,923 | 13,623,460 | 40 | 4,296,485,849 |
| Deposits from banks | 34 | 211,862,602 | 623,030,626 | - | - | - | 834,893,228 |
| Borrowings | 41 | 87,819,022 | 272,043,005 | - | - | - | 359,862,027 |
| On-lending facilities | 39 | 204,803,631 | - | - | - | - | 204,803,631 |
| Debt securities issued | 40 | 17,606,350 | 181,469,599 | - | - | - | 199,075,949 |
| Derivative liability held for risk management | 23(b) | - | 2,701,718 | - | - | - | 2,701,718 |
| Provision | 38 | 5,254,364 | 7,767,882 | - | - | - | 13,022,246 |
| Other liabilities | 37 | 159,344,653 | 237,692,868 | 1,350,678 | 12,238,553 | 784,452 | 411,411,204 |
| **Total liabilities** | | 3,439,352,119 | 2,842,044,627 | 14,212,601 | 25,862,013 | 784,492 | 6,322,255,852 |
| **Net on-balance sheet financial position** | | 755,389,740 | (149,447,037) | 13,349,160 | 10,354,568 | (2,635) | 629,643,796 |
| **Off-balance sheet financial position** | 45 | 561,288,192 | 147,985,406 | - | - | - | 709,273,598 |

**Notes to the consolidated and separate financial statements**

**31 DEC 2023**

| In thousands of Naira | Note | NGN | USD | GBP | EUR | OTHERS | Grand Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and cash equivalents | 21 | 181,571,597 | 347,932,282 | 16,319,049 | 30,802,790 | 2,541,791 | 579,167,508 |
| Restricted reserve deposit | 28 | 799,640,417 | - | - | - | - | 799,640,417 |
| Non-pledged trading assets | 22(a) | 170,302,701 | - | - | - | - | 170,302,701 |
| Derivative assets held for risk management | 23(a) | - | 1,520,716 | - | - | - | 1,520,716 |
| Loans and advances (net) | 26 | 751,150,312 | 1,080,845,811 | 123,210 | 9,396,863 | - | 1,841,516,196 |
| Investment securities | 24 | 664,187,820 | 130,558,559 | - | - | - | 794,746,379 |
| Asset pledged as collateral | 25 | 86,714,340 | - | - | - | - | 86,714,340 |
| Other assets | 27 | 28,899,914 | 13,866,082 | 61,379 | 8,375 | - | 42,835,750 |
| **Total assets** | | 2,682,467,101 | 1,574,723,450 | 16,503,638 | 40,208,028 | 2,541,791 | 4,316,444,007 |
| **Liabilities** | | | | | | | |
| Trading liabilities | 22(b) | - | - | - | - | - | - |
| Deposits from customers | 35 | 2,183,677,732 | 867,791,244 | 7,707,452 | 23,794,584 | - | 3,082,971,012 |
| Deposits from banks | 34 | 3,115,861.00 | 277,362,258 | - | - | - | 280,478,119 |
| Borrowings | 41 | 49,918,407.00 | 86,564,416 | - | - | - | 136,482,823 |
| On-lending facilities | 39 | 57,425,081 | - | - | - | - | 57,425,081 |
| Debt securities issued | 40 | 22,190,031 | 110,952,305 | - | - | - | 133,142,336 |
| Derivative liability held for risk management | 23(b) | - | 998,332 | - | - | - | 998,332 |
| Provision | 38 | 6,121,024 | 4,775,503 | - | - | - | 10,896,527 |
| Other liabilities | 37 | 41,824,595 | 164,700,444 | 895,151 | 9,461,227 | 2,537,275 | 219,418,692 |
| **Total liabilities** | | **2,364,272,731** | **1,513,144,502** | **8,602,603** | **33,255,811** | **2,537,275** | **3,921,812,922** |
| **Net on-balance sheet financial position** | | **318,194,370** | **61,578,948** | **7,901,035** | **6,952,217** | **4,516** | **394,631,085** |
| **Off-balance sheet financial position** | 45 | **268,161,000** | **142,536,333** | **-** | **3,296,160** | **-** | **413,993,493** |

**COMPANY**

**31 DEC 2024**

| In thousands of Naira | Note | NGN | USD | GBP | EUR | OTHERS | Grand Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and cash equivalents | 21 | **14,348,656** | **1,180** | **21,029** | **1,116** | **-** | **14,371,980** |
| Restricted reserve deposit | 28 | - | - | - | - | - | - |
| Non-pledged trading assets | 22(a) | - | - | - | - | - | - |
| Derivative assets held for risk management | 23(a) | - | - | - | - | - | - |
| Loans and advances (net) | 26 | - | - | - | - | - | - |
| Investment securities | 24 | **53,171,847** | **15,431,502** | - | - | - | **68,603,349** |
| Investment in subsidiaries | 29 | **273,168,431** | - | - | - | - | **273,168,431** |
| Asset pledged as collateral | 25 | - | - | - | - | - | - |
| Other assets | 27 | **13,219,384** | - | - | - | - | **13,219,384** |
| **Total assets** | | **353,908,318** | **15,432,682** | **21,029** | **1,116** | **-** | **369,363,144** |
| **Liabilities** | | | | | | | |
| Trading liabilities | 22(b) | - | - | - | - | - | - |
| Deposits from customers | 35 | - | - | - | - | - | - |
| Deposits from banks | 34 | - | - | - | - | - | - |
| Borrowings | 41 | **5,320,125** | - | - | - | - | **5,320,125** |
| On-lending facilities | 39 | - | - | - | - | - | - |
| Debt securities issued | 40 | - | - | - | - | - | - |
| Derivative liabilities held for risk management | 23(b) | - | - | - | - | - | - |
| Provision | 38 | - | - | - | - | - | - |
| Other liabilities | 37 | **3,760,605** | - | - | - | - | **3,760,605** |
| **Total liabilities** | | **9,080,730** | **-** | **-** | **-** | **-** | **9,080,730** |
| **Net on-balance sheet financial position** | | **344,827,588** | **15,432,682** | **21,029** | **1,116** | **-** | **360,282,414** |
| **Off-balance sheet financial position** | 45 | **-** | **-** | **-** | **-** | **-** | **-** |

**Notes to the consolidated and separate financial statements**

| **31 DEC 2023** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Note** | **NGN** | **USD** | **GBP** | **EUR** | **OTHERS** | **Grand Total** |
| **Assets** | | | | | | | |
| Cash and cash equivalents | 21 | 4,217,476 | 348,289 | 10,725 | 730 | - | 4,577,221 |
| Restricted reserve deposit | 28 | - | - | - | - | - | - |
| Non-pledged trading assets | 22(a) | - | - | - | - | - | - |
| Derivative assets held for risk management | 23(a) | - | - | - | - | - | - |
| Loans and advances (net) | 26 | - | - | - | - | - | - |
| Investment securities | 24 | 55,842,249 | 8,079,912 | - | - | - | 63,922,161 |
| Investment in subsidiaries | 29 | 132,228,197 | - | - | - | - | 132,228,197 |
| Asset pledged as collateral | 25 | - | - | - | - | - | - |
| Other assets | 27 | 6,081,702 | - | - | - | - | 6,081,702 |
| **Total assets** | | **198,369,624** | **8,428,201** | **10,725** | **730** | **-** | **206,809,281** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| Trading liabilities | 22(b) | - | - | - | - | - | - |
| Deposits from customers | 34 | - | - | - | - | - | - |
| Deposits from banks | 33 | - | - | - | - | - | - |
| Borrowings | 40 | 2,917,689 | - | - | - | - | 2,917,689 |
| On-lending facilities | 38 | - | - | - | - | - | - |
| Debt securities issued | 39 | - | - | - | - | - | - |
| Derivative liabilities held for risk management | 23(b) | - | - | - | - | - | - |
| Provision | 37 | - | - | - | - | - | - |
| Other liabilities | 36 | 4,264,740 | - | - | - | - | 4,264,740 |
| **Total liabilities** | | **7,182,429** | **-** | **-** | **-** | **-** | **7,182,429** |
| | | | | | | | |
| **Net on-balance sheet financial position** | | **191,187,195** | **8,428,201** | **10,725** | **730** | **-** | **199,626,852** |
| | | | | | | | |
| **Off-balance sheet financial position** | 45 | **-** | **-** | **-** | **-** | **-** | **-** |

In line with Central Bank of Nigeria guidelines, percentage of foreign borrowings to the shareholders' fund as at 31 December 2024 is 77.52% (31 December 2023: 43.96%) which is below the limit of 125%.

**Notes to the consolidated and separate financial statements**

**Exposure to currency risks – non-trading portfolios**

At 31 December 2024, if foreign exchange rates at that date had been 80 percent lower with all other variables held constant, profit and equity for the year would have been N5.74billion (31 December 2023: N5.74billion) lower, arising mainly as a result of the decrease in revaluation of loans as compared to borrowings, foreign currency deposits and other foreign currency liabilities. If foreign exchange rates had been 80 percent higher, with all other variables held constant, profit and equity would have been N5.74billion (31 December 2023: N5.74billion) higher, arising mainly as a result of higher increase in revaluation of loans and advances than the increase on borrowings, foreign currency deposits and other foreign currency liabilities.

**Foreign exchange risk (USD)**

The following analysis details the Group's sensitivity to a 80 percent increase and decrease in the value of the Naira against USD, as the Group is mainly exposed to USD. 80 percent is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The table below summarises the impact on profit or loss and equity for each category of USD financial instruments held as at 31 December 2024. It includes the Group's USD financial instruments carried at Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) rate at N1,673.95/$.

| **GROUP** | **31 DEC 2024** | | | **31 DEC 2023** | | |
|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Carrying amount** | **80% decrease in the value of Naira against USD** | **80% increase in the value of Naira against USD** | **Carrying amount** | **80% decrease in the value of Naira against USD** | **80% increase in the value of Naira against USD** |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | **695,277,699** | **556,222,159** | **(556,222,159)** | 347,932,282 | 278,345,826 | (278,345,826) |
| Derivative assets held for risk management | **1,545,505** | **1,236,404** | **(1,236,404)** | 1,520,716 | 1,216,573 | (1,216,573) |
| Loans and advances to customers | **1,524,356,683** | **1,219,485,346** | **(1,219,485,346)** | 1,080,845,811 | 864,676,649 | (864,676,649) |
| Investment securities | **83,716,508** | **66,973,206** | **(66,973,206)** | 130,558,559 | 104,446,847 | (104,446,847) |
| Other assets | **387,701,195** | **310,160,956** | **(310,160,956)** | 13,866,082 | 11,092,866 | (11,092,866) |
| **Impact on financial assets** | **2,692,597,590** | **2,154,078,071** | **(2,154,078,071)** | 1,574,723,450 | 1,259,778,761 | (1,259,778,761) |
| **Financial liabilities** | | | | | | |
| Deposits from banks | **623,030,626** | **498,424,501** | **(498,424,501)** | 277,362,258 | 221,889,806 | (221,889,806) |
| Deposits from customers | **1,517,338,929** | **1,213,871,143** | **(1,213,871,143)** | 867,791,244 | 694,232,995 | (694,232,995) |
| Borrowings | **272,043,005** | **217,634,404** | **(217,634,404)** | 86,564,416 | 69,251,533 | (69,251,533) |
| Debt securities issued | **181,469,599** | **145,175,679** | **(145,175,679)** | 110,952,305 | 88,761,844 | (88,761,844) |
| Derivative liabilities held for risk management | **2,701,718** | **2,161,374** | **(2,161,374)** | 998,332 | 798,666 | (798,666) |
| Provision | **7,767,882** | **6,214,306** | **(6,214,306)** | 4,775,503 | 3,820,402 | (3,820,402) |
| Other liabilities | **237,692,868** | **190,154,294** | **(190,154,294)** | 164,700,444 | 131,760,355 | (131,760,355) |
| **Impact on financial liabilities** | **2,842,044,627** | **2,273,635,701** | **(2,273,635,701)** | 1,513,144,502 | 1,210,515,601 | (1,210,515,601) |
| **Total increase / (decrease)** | **(149,447,037)** | **(119,557,630)** | **119,557,630** | 61,578,948 | 49,263,160 | (49,263,160) |

| **COMPANY** | **31 DEC 2024** | | | **31 DEC 2023** | | |
|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Carrying amount** | **80% decrease in the value of Naira against USD** | **80% increase in the value of Naira against USD** | **Carrying amount** | **80% decrease in the value of Naira against USD** | **80% increase in the value of Naira against USD** |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | **1,180** | **944** | **(944)** | 348,289 | 278,631 | (278,631) |
| Loans and advances to customers | **-** | **-** | **-** | - | - | - |
| Investment securities | **15,431,502** | **12,345,202** | **(12,345,202)** | 8,079,912 | 6,463,930 | (6,463,930) |
| Other assets | **-** | **-** | **-** | - | - | - |
| **Impact on financial assets** | **15,432,682** | **12,346,146** | **(12,346,146)** | 8,428,201 | 6,742,561 | (6,742,561) |
| **Financial liabilities** | | | | | | |
| Deposits from banks | **-** | **-** | **-** | - | - | - |
| Deposits from customers | **-** | **-** | **-** | - | - | - |
| Borrowings | **-** | **-** | **-** | - | - | - |
| Debt securities issued | **-** | **-** | **-** | - | - | - |
| Provision | **-** | **-** | **-** | - | - | - |
| Other liabilities | **-** | **-** | **-** | - | - | - |
| **Impact on financial liabilities** | **-** | **-** | **-** | - | - | - |
| **Total increase / (decrease)** | **15,432,682** | **12,346,146** | **(12,346,146)** | 8,428,201 | 6,742,561 | (6,742,561) |

**Notes to the consolidated and separate financial statements**

**Foreign exchange risk (GBP)**
The following analysis details the Group's sensitivity to a 80 percent increase and decrease in the value of the Naira against GBP, as the Group is mainly exposed to GBP. 80 percent is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The table below summarises the impact on profit or loss and equity for each category of GBP financial instruments held as at 31 December 2024. It includes the Group's GBP financial instruments at carrying amounts.

| GROUP | 31 DEC 2024 | | | 31 DEC 2023 | | |
|---|---|---|---|---|---|---|
| In thousands of Naira | Carrying amount | 80% decrease in the value of Naira against GBP | 80% increase in the value of Naira against GBP | Carrying amount | 80% decrease in the value of Naira against GBP | 80% increase in the value of Naira against GBP |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | **27,188,123** | **21,750,498** | **(21,750,498)** | 16,319,049 | 13,055,239 | (13,055,239) |
| Loans and advances to customers | **275,285** | **220,228** | **(220,228)** | 123,210 | 98,568 | (98,568) |
| Other assets | **98,353** | **78,682** | **(78,682)** | 61,379 | 49,103 | (49,103) |
| **Impact on financial assets** | **27,561,761** | **22,049,408** | **(22,049,408)** | 16,503,638 | 13,202,910 | (13,202,910) |
| **Financial liabilities** | | | | | | |
| Deposits from customers | **12,861,923** | **10,289,538** | **(10,289,538)** | 7,707,452 | 6,165,962 | (6,165,962) |
| Other liabilities | **1,350,678** | **1,080,542** | **(1,080,542)** | 895,151 | 716,121 | (716,121) |
| **Impact on financial liabilities** | **14,212,601** | **11,370,080** | **(11,370,080)** | 8,602,603 | 6,882,083 | (6,882,083) |
| **Total increase / (decrease)** | **13,349,160** | **10,679,328** | **(10,679,328)** | 7,901,035 | 6,320,827 | (6,320,827) |

| COMPANY | 31 DEC 2024 | | | 31 DEC 2023 | | |
|---|---|---|---|---|---|---|
| In thousands of Naira | Carrying amount | 80% decrease in the value of Naira against GBP | 80% increase in the value of Naira against GBP | Carrying amount | 80% decrease in the value of Naira against GBP | 80% increase in the value of Naira against GBP |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | **21,029** | **16,823** | **(16,823)** | 10,725 | 8,580 | (8,580) |
| Loans and advances to customers | **-** | **-** | **-** | - | - | - |
| Other assets | **-** | **-** | **-** | - | - | - |
| **Impact on financial assets** | **21,029** | **16,823** | **(16,823)** | 10,725 | 8,580 | (8,580) |
| **Financial liabilities** | | | | | | |
| Deposits from customers | **-** | **-** | **-** | - | - | - |
| Other liabilities | **-** | **-** | **-** | - | - | - |
| **Impact on financial liabilities** | **-** | **-** | **-** | - | - | - |
| **Total increase / (decrease)** | **21,029** | **16,823** | **(16,823)** | 10,725 | 8,580 | (8,580) |

**Notes to the consolidated and separate financial statements**

**Foreign exchange risk (EUR)**

The following analysis details the Group's sensitivity to a 80 percent increase and decrease in the value of the Naira against EUR, as the Group is mainly exposed to EUR. 80 percent is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The table below summarises the impact on profit or loss and equity for each category of EUR financial instruments held as at 31 December 2024. It includes the Group's EUR financial instruments at carrying amounts.

| GROUP | 31 DEC 2024 | | | 31 DEC 2023 | | |
|---|---|---|---|---|---|---|
| In thousands of Naira | Carrying amount | 80% decrease in the value of Naira against EUR | 80% increase in the value of Naira against EUR | Carrying amount | 80% decrease in the value of Naira against EUR | 80% increase in the value of Naira against EUR |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | **34,081,346** | **27,265,077** | **(27,265,077)** | 30,802,790 | 24,642,232 | (24,642,232) |
| Loans and advances to customers | **2,108,793** | **1,687,034** | **(1,687,034)** | 9,396,863 | 7,517,490 | (7,517,490) |
| Other assets | **26,442** | **21,154** | **(21,154)** | 8,375 | 6,700 | (6,700) |
| **Impact on financial assets** | **36,216,581** | **28,973,265** | **(28,973,265)** | 40,208,028 | 32,166,422 | (32,166,422) |
| **Financial liabilities** | | | | | | |
| Deposits from customers | **13,623,460** | **10,898,768** | **(10,898,768)** | 23,794,584 | 19,035,667 | (19,035,667) |
| Other liabilities | **12,238,553** | **9,790,842** | **(9,790,842)** | 9,461,227 | 7,568,982 | (7,568,982) |
| **Impact on financial liabilities** | **25,862,013** | **20,689,610** | **(20,689,610)** | 33,255,811 | 26,604,649 | (26,604,649) |
| **Total increase / (decrease)** | **10,354,568** | **8,283,655** | **(8,283,655)** | 6,952,217 | 5,561,773 | (5,561,773) |

| COMPANY | 31 DEC 2024 | | | 31 DEC 2023 | | |
|---|---|---|---|---|---|---|
| In thousands of Naira | Carrying amount | 80% decrease in the value of Naira against EUR | 80% increase in the value of Naira against EUR | Carrying amount | 80% decrease in the value of Naira against EUR | 80% increase in the value of Naira against EUR |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | **1,116** | **893** | **(893)** | 730 | 584 | (584) |
| Loans and advances to customers | **-** | **-** | **-** | - | - | - |
| Other assets | **-** | **-** | **-** | - | - | - |
| **Impact on financial assets** | **1,116** | **893** | **(893)** | 730 | 584 | (584) |
| **Financial liabilities** | | | | | | |
| Deposits from customers | **-** | **-** | **-** | - | - | - |
| Other liabilities | **-** | **-** | **-** | - | - | - |
| **Impact on financial liabilities** | **-** | **-** | **-** | - | - | - |
| **Total increase / (decrease)** | **1,116** | **893** | **(893)** | 730 | 584 | (584) |

(e) **Operational Risk Management**

FCMB defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems and/or from external events. Our operational risk processes capture the following major types of losses/exposures:

- Fraud (internal and external).
- Fines, penalties or expenses incurred as a result of settlement delays and regulatory infractions.
- Losses arising from litigation processes including out-of-court settlements.
- Un-reconciled cash (teller, vault, ATM) shortages written-off in the course of the period.
- Losses incurred as a result of damages to physical assets.
- Losses incurred as a result of disruption to business or system failure - system malfunction, downtime and/or disruption.

The Group’s appetite for operational risk losses is set by the Board Risk Management Committee and reviewed on an annual basis, and this sets the tone for operational risk management practices in the course of the period. The appetite is set in terms of the maximum amount of operational risk losses the Group expects to incur given risk-reward considerations for the period.

All business and process owners across the Group proactively identifies threats/risks across their respective functions, activities, processes and systems using the process risk assessment and risk and control self-assessment (RCSA). The Risk Management Division validates the results from the assessments for reasonability, completeness and recommends appropriate mitigating controls to reduce or eliminate inherent process risks. The Group conducts RCSA twice in a year and there is regular update of the risk register, triggered by change(s) to processes, activities, systems or other factors such as introduction of new product/service or the occurrence of risk events.

The results of the process risk assessments and completed RCSAs are further subjected to analysis by the Risk Management Department in order to understand the major threats to the achievement of corporate objectives and their root causes. The outcomes of such assessments, apart from being escalated to the Executive Management and Board, are useful for improving the control environment. They are a risk-based form of addressing major issues that cut across all functions in the Group, thereby increasing effectiveness and efficiency of resolution. The Group also conducts risk assessment for all new products and services, including any major changes to existing products, services and processes.

**Notes to the consolidated and separate financial statements**

Key risk indicators (KRIs) are used to track and measure as well as monitor operational risk exposures across all activities, processes and systems. KRIs are defined for significant risks that require active monitoring and control. This process enables the Group to identify and resolve risk issues and control failure points before they crystallize into losses. Thresholds are set for each risk indicator and used as the basis for reporting risk exposures to the respective risk committees, including the Operational Risk Committee and the Board Risk Management Committee.

Operational risk losses are periodically collated and analyzed by the Risk Management Division. The analyzed loss experience enables the Group to determine causal factors and put in place new controls/processes to prevent the re-occurrence of adverse events. In addition, the loss collation and analysis process provides the Group with the basis for justifying the cost of new/improving controls and assessing their effectiveness.
The Group's loss experience is escalated to the Board Risk Management Committee supported by clearly defined action plans to remediate the root causes leading to the losses. Periodic operational risk meetings are held across all functions to boost risk awareness and entrench risk management culture in the Group. This meeting also affords risk owners to enhance their knowledge of risk management, identify control gaps and proffer remedial actions.

Operational risk management processes have been linked to performance management through the use of a risk and control index (RCI) that represents a key component of employee performance appraisals. This initiative has helped to drive the desired behaviour in employees, ensuring that there is a concerted effort by all employees to manage operational risks across the Group.

Independent assurance of the adequacy and effectiveness of the operational risk management process is provided by the Group Internal Audit (GIA) function on an annual basis. The assessment report is presented to the Board Risk Management Committee as part of the annual review process.

The Group uses a combination of provision and insurance to mitigate residual risks arising from operational risk events. A number of insurance policies have been undertaken by the Group to minimize losses in the event of an operational risk incident while provision is also made for expected operational risk losses in order to minimise variations in the financial performance of the Group.

Capital is reserved for unexpected operational risks losses based on Basel II Basic Indicator Approach, as advised by the Central Bank of Nigeria. Enhanced operational risk practices will enable the Group adopt the more advanced approaches for operational risk capital computation in the near future - the Revised Standardized Approach.

The implemented operational risk management structures provide the Group with the capacity to continuously improve its processes and controls, thereby minimizing losses and protecting shareholder value. The Operational risk management processes have been automated and the Operational Risk champions across all functions of the organization report operational risk incidents using the operational risk management software.

**Operational risk loss experience**

The Group continues to manage its various operational risk exposures in order to be within the Board approved risk appetite. It also ensures that all operational risk losses are recognised immediately in the financial year.

In line with the provisions of the Basel II Accord, operational risk within credit and market risks is duly recognised for effective management. Boundary events are considered when capturing operational risk events in the loss database, which implies that only incidents considered to have operational risk undertone in other risk areas are considered.

Existing controls have been strengthened to address the identified lapses and the Group continues to collaborate with other stakeholders, including regulators to curb the spate of fraud, including cyber risk exposures, which has escalated in recent times across the industry because of remote operations, increased automation and migration of customers to alternate channels.

In response to the observed trend, and emerging risks, the Group took the following measures to curb the spate of operational risk events:

- Establishment of a fraud monitoring desk.
- Implementation of an operational risk management software and automation of the operational risk management process.
- Implementation of an enterprise fraud monitoring solution.
- Implementation of an automated fraud alert system that monitors suspicious inflow (transactions from other banks) and outflow transactions from various e-channel platforms based on fraud trends.
- Monthly operational risk/ fraud awareness tips sent to customers and periodic fraud awareness training for staff.
- Proactive implementation of fraud prevention rules on transacting applications based on global and local fraud trends, and in line with the Group's risk appetite.
- Activities around the major areas of vulnerabilities are reviewed in order to strengthen the controls in these areas.
- A second level (two-factor) authentication is being extended to critical internal and alternate channel applications.

Information and cyber security management has received increased attention in the Group. The information security office (ISO) has been restructured to improve security monitoring and incident response. Also, the Group has developed a cyber security strategy and approved the implementation of security tools including the security operations centre(SOC). Implementation of the cybersecurity strategy has reached an advanced stage with requisite skills upgrade within the Information Security Office and the appointment of a Chief Information security Officer (CISO).

Operational risk management function in Group extends to the management of legal, reputational and strategic risks.

**Strategic risk:** the risk of incurring an economic loss as a result of adverse impact of internal and external factors on the Group’s earnings and/or ability to achieve its strategic objectives. It is the current or prospective risk to earnings and capital arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. It is also the risk associated with future business plans and strategies, including plans for entering new business lines, expanding existing services and enhancing infrastructure.

The Group is exposed to strategic risks in its business planning activities and to strategic execution risk in all key operations impacted by the Group’s strategy. The crystallization of this risk could occur as a result of wrong strategic/ business decisions (e.g. poorly planned and executed decisions regarding mergers, divestures, acquisitions, etc.), inadequate corporate strategy, improper analysis that can impact the implementation of key decisions, inability to respond promptly to business opportunities, lack of responsiveness to industry changes, improper communication of the Group’s strategic objectives, inability to recruit personnel with skills and experience required to execute strategy and lack of complete and accurate information. These could all directly or indirectly erode the Group’s earnings.

FCMB addresses strategic risk through its strategic risk management framework, providing guidance for the management of the Group's strategic risks. It describes the processes, systems and controls established by the Group to identify, assess, monitor, control and report strategic risk. The Group also has a three year rolling corporate strategy plan, which is reviewed annually and closely monitored to ensure that strategic plans are properly aligned with the Group's operating model. The Group scans the environment for any economic, regulatory, legal and political changes that might affect its strategy.

**Reputational risk:** The potential loss due to damage or erosion of goodwill as a result of failed risk management, weak corporate governance practices, environmental, social and ethical performance, poor customer relationship management practices, non-compliance with regulatory and statutory requirements, weak financial performance or any other factor that affects stakeholders perception of the Group.

Reputational risks to the Group could crystallize as a result of operating in a highly regulated environment with significant vulnerability to regulatory actions that may adversely impact the Group's reputation. FCMB recognizes the following as its sources of reputational risk, among others:

• Poor corporate governance: conflict of interest, executive compensation, influence on Board members, insider related lending.

• Compliance breaches: violation of regulations and laws, aiding/abetting illegal activities, tax structures or fraud, fraudulent disclosures.
• Poor employee relations: discrimination/harassment, poor employment conditions and welfare.
• Poor financial performance: missed projection and earnings surprise, significant earnings volatility, financial irregularities.
• Social, environmental and ethical: bribes/kick-backs, facilitating corruption, community / environmental neglect.
• Control failures: significant operational risk failures.
• Communication / crisis management: adverse stakeholder relations (media, investors, regulators, customers, trade unions, etc.);
• Poor customer relationship management: mis-selling, unfair/deceptive practices (e.g. high pricing, hidden transaction costs, illegal charges, over-charging, etc.), mishandling of complaints, privacy/confidentiality breaches.

Reputational risk can materialize as a result of adverse opinions of stakeholders, operating losses, litigation, sanctions or fines imposed by regulators, failure of directors, management and staff to adhere to ethical code of conduct, failure to deliver quality service to customers, failure to address issues of public concern, labour unrest and failure to adhere to good employment practices. Consequently, the Group could suffer loss due to decline in customer base and loss of market share as well as deterioration of brand value.

The reputational risk management framework outlines how reputation risk is to be identified, assessed, mitigated and monitored. The Business and Operational Risk Management Department monitors the major drivers of this risk. The Group also has formal policies (whistle blower policies, confidentiality policies, performance management framework and policies, code of business ethics, service delivery model, CRM Strategy/Service Charter, etc.) and procedures to control exposure to its recognized reputational risk drivers. In addition, the Group has developed a self-assessment process to mitigate identified reputational loss events. Events in relation to customer query are tracked to ensure they are treated within the established service level agreement and issues are escalated where necessary. The Group consciously seeks to understand stakeholders' expectations and perception by conducting survey, which it uses to design and execute appropriate management responses.

**Legal risk:** is the possible consequence that flows from actions attributable to the Group's businesses and could be described as the risk of the unexpected application of a law or regulation, usually resulting in a loss. The Group has a Legal Department that primarily liaises with all functions to ensure legal risk is managed in the Group. The Operational Risk Management function ensures the development and maintenance of a Legal Risk Management policy, publicizing the knowledge of legal risks with a view to creating awareness and understanding among all levels of staff within the Group, carrying out quarterly legal risk assessment, ensuring that defined controls are risk focused and recommending risk policies to Legal Risk Management where there are control lapses.

**Business continuity management**
The Group has been certified compliant to the ISO 22301 Business Continuity Management System international standard, providing evidence of the Group's readiness and resilience against adverse incidents that could deter the achievement of business objectives. The Business Continuity Management System is fully operational in the Group with more capabilities established in the areas of Disaster Recovery and periodic testing of the Business Continuity Plan. The Business Continuity plans are reviewed and approved by the Board annually and the Business Continuity Management System is certified by TCIC Global LTD to ensure compliance with ISO 22301 standards.

**Operational risk awareness**
The Group intensified its operational risk awareness campaign in the course of the period through several mechanisms including electronic newsletters, risk meetings/workshops, operational risk diaries, continuous training and education of staff and customers. This is to embed risk management across the entire organization and significantly improve the risk management culture and buy-in amongst all employees.

**Group operational risk practices**
The subsidiary companies continue to improve on their operational risk management activities and reporting, thereby enhancing the enterprise risk management practices in the Group.

(f) **CAPITAL MANAGEMENT**
The Central Bank of Nigeria requires the banking subsidiary with international authorisation to hold minimum regulatory capital of N50 billion and maintain a capital adequacy ratio (total regulatory capital to risk weighted assets) of 15%. Whilst the finance company and microfinance banking subsidiaries are to maintain minimum regulatory capitals of N100 million and N1 billion and capital adequate ratios of 12.5% and 10% respectively. Capital Adequacy Ratio (CAR) as a measure of the ratio of Capital to Risk Weighted Assets (RWA).

The Risk Management Committee (RMC) has been delegated the mandate of ensuring that capital levels (capital adequacy ratio) remain adequate and appropriate for the level of risks undertaken in the normal course of business. The committee is responsible for implementing the capital strategy of the Group which includes:

- Ensuring the Bank fully complies with minimum regulatory capital adequacy requirements and remains a going concern.
- Ensuring the Bank is adequately capitalized – that the Bank has enough capital to support its level of risk exposures.
- Ensuring disciplined and selective asset growth (based on desired obligor risk profile).
- Maintaining expected losses (EL) within defined limits as a direct consequence of selective and disciplined asset growth.
- Ensuring risks taken by the respective Business Lines are within approved limits and allocated capital.
- Ensuring Business Lines generate adequate risk adjusted returns on allocated capital.
- Driving Business Unit and overall Group performance through the application of Economic Capital budgeting.

The Group’s regulatory capital can be segmented into two tiers:
· Tier 1 capital includes share capital, retained earnings and reserves created by appropriations to earnings. Book value of goodwill (where applicable) is deducted in arriving at Tier 1 capital. Deferred tax and regulatory risk reserve (RRR) are also deducted from capital but the RRR is recognised as balance sheet item (exposures are risk-weighted net of the provisions in the RRR).

· Tier 2 capital includes preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to a maximum of 1.25% of risk assets, and hybrid instruments – convertible bonds, debt security qualifies for the tier 2 capital having met the conditions specified by CBN.

As directed by the CBN, the Banking subsidiary adopts the following approaches for the computation of Capital Adequacy Ratio under Pillar 1:
- Standardised Approach for Credit Risk
- Standardised Approach for Market Risk and
- Basic Indicator Approach for Operational Risk

In line with the CBN guideline for the standardised approach, the risk weighted assets (RWA) for credit risks are derived using the CBN specified risk weights (RW) for the different asset classes.
The Banking subsidiary also complies with the Pillar 2 requirement, which requires it to do an assessment of internal capital required to cover all material risk exposures, including the credit, market and operational risks addressed under Pillar 1. This process, known as Internal Capital Adequacy Assessment Process (ICAAP), was completed for the financial year and submitted to the Central Bank of Nigeria (CBN). The ICAAP reveals that the Bank has sufficient capital under normal business conditions but would require additional capital under severe stress testing scenarios, triggered by events leading to significant non-performing loans and resultant provisioning. Apart from the possibility of having savings from the operating expenses and the raising of additional tier 1 capital, the Bank will continue to intensify effort in the following areas:

• Proactive loan monitoring and portfolio review of risk assets
• Proactive identification of loans showing signs of defaults to put them on remedial management
• Intense recovery of bad loans
• Implementation of the Bank's portfolio plan, including gradual deleveraging and diversification of the loan book
• Implementation of the Bank's revised lending framework and Risk Acceptance Criteria (RAC)
• Investment of funds in safer, alternative earning assets
• Optimise capital – risk adjusted pricing and return on capital/performance management
• Investment in product innovation
• Delivery of quality and superior service to customers. This will improve patronage and referral
• Optimisation of alternate channel opportunities
• Expansion of payment and settlement opportunities in Transaction Banking
• Cost management – optimal staffing and management of capital expenditure
• Control and monitoring of cost to income ratio
• Growing of stable low cost deposits.
• Continuous tracking and trapping of retail banking opportunities with corporate customers

**Internal capital adequacy assessment process (ICAAP)**
The Banking subsidiary observes the following procedures in the Internal Capital Adequacy Assessment Process (ICAAP):
(i) Computation of capital adequacy ratio (CAR) and capital requirement under Pillar 1
(ii) Material risk identification and assessment (MRIA) process
(iii) Stress testing and scenario analysis
(iv) Internal capital assessment
(v) ICAAP review and approval

**(i) Computation of capital adequacy ratio (CAR) and capital requirement under Pillar 1**
The banking subsidiary computed the capital adequacy ratio and capital requirement to cover Pillar 1 risks using the following methodologies:
- Credit risk – standardised approach
- Market risk – standardised approach
- Operational risk – basic indicator approach.

**(ii) Material risk identification and assessment (MRIA) process**
One of the key purposes of the ICAAP is to embed the principles of risk and capital management in the Bank's business activities. The MRIA process identifies the key risk exposures of the Bank, determines management's assessment of the residual risk exposures and the corresponding capital requirements. The steps below are essential to completing this risk assessment.

**Risk identification**
A catalogue of material risks relevant to the Bank are identified through a combination of the following activities:

(a) Review of the Bank's operating environment – a forward and backward looking analysis of the Bank's operating environment and business activities was conducted in order to identify various threats in the business and operating environment, including regulatory changes and implication on the business;

(b) Identification of the sources of risk, through a review of the products, services, business areas and activities that could generate the risks within the Bank;

(c) Review of available data from the business, internal control, risk and internal audit functions to assist with the material risk identification assessment (MRIA) process. The following are examples of some key data considered in completing the MRIA:
- Most recent risk and control self-assessment (RCSA) results.
- Near misses, incidents and frauds reports.
- Internal audit findings.

(d) Material risk assessment workshop: a material risk identification and assessment (MRIA) workshop was conducted to identify and assess the major risk exposures of the Bank – other than credit, market and operational risks. The workshop included key stakeholders representing the major functions and departments of the Bank (for Enterprise Risk Management) or the related business units (for specific/functional risk management). This workshop leveraged on different experiences and perspectives of the participants in the risk identification and assessment process. To ensure its effectiveness, the following guidelines were followed:

- The number of attendees were diverse but restricted;
- All relevant business process expertise and experience was represented;
- Sufficient time was allowed for the deliberation;
- The workshop started with an introduction by Risk Management on ICAAP and highlight of the purpose of the workshop;
- People were encouraged to express identified threats in their own words. This is to ensure they are not constrained to any Risk Management jargon and therefore limited in their expression.

The risks identified were reviewed and assessed at the workshop to determine the residual risk and capital requirement.

**Risk assessment**
The activities carried out are as follows:
(a) An assessment of the identified risks is conducted considering existing documentation, experience and expert judgement;
(b) The inherent likelihood of occurrence and impact of the risk is determined;
(c) The controls designed to mitigate the risks are reviewed in order to determine the residual risk exposure of the Bank.
Although coordinated by Risk Management, the initial assessment above is done in conjunction with key stakeholders across the business, before a more elaborate workshop is held with Management and key business and process owners. The risk assessment for the materials risks culminated in the computation of capital for each risk exposure, with the methodology also presented and validated at the workshop.

Usually, more than one material risk assessment workshop is held in order to complete and finalise review of the risk exposures, data and methodology used for the computation. This also becomes necessary in order to determine and agree the action plans to address observed lapses and gaps. The ICAAP documentation for the MRIA include:

- Definition and sources of the risk;
- Manifestation of the risk and how it could impact the Bank;
- Current mitigation techniques of the risks; and
- Capital required for the residual risk exposure.

The ICAAP is also forward looking, ensuring that the capital plan considers the Bank's strategic business plan and stress scenarios.

**(iii) Stress testing and scenario analysis**
Extreme but plausible scenario was run on the business projections and related total capital (ICAAP) required under normal condition in order to compute the capital required under stress condition and determine the need for any additional capital. This exercise was conducted by a group of people across the Group to ensure that they were relevant and robust enough.

We ensured that:
- the assumptions about the level of adverse shock scenarios and their duration were severe but plausible.
- the model used was risk sensitive to view the outcome based on changes to the different parameters or risk factors

**Notes to the consolidated and separate financial statements**

The exercise was conducted on the base case projections to assess the adequacy of FCMB's capital levels, capital buffer and capital ratios. The stress testing exercise determines the potential volatility of capital requirements with respect to the five year financial projections. The base case capital projections and stressed capital can vary based on changes to key assumptions or risk factors. The conservative approach has been adopted to ensure that the outcome of the exercise is reasonable and representative of a likely outcome in a stressed condition/situation.

The following sensitivities were considered before coming up with a plausible scenario, the macro-economic stress, which considers some of them:

- Reduction in net interest margin
- Increased operational costs
- Increased credit losses
- Sector concentration risk
- Liquidity stress

**(iv) Assessment of internal capital**

The banking subsidiary's internal capital (which is the capital required to cover material risk exposures) as determined by the internal capital assessment process (ICAAP) was compared to the capital available under normal and stress condition to determine the capital planning buffer (CPB) required by the Bank and the amount of shortfall to be provided.

**(v) ICAAP review and approval**

Although the Executive Management of the Bank and other key stakeholders play key role in the preparation of the Group's ICAAP, the Board of Directors (BOD) has overall responsibility for the ICAAP. Therefore, it is involved in the review of the ICAAP and the final approval of the document lies with it. Subsequent to the final review and approval of the Board of Directors, the ICAAP document is forwarded to the Central Bank of Nigeria (CBN), preparatory to its Supervisory Review and Evaluation Process (SREP).

The table below shows the break-down of the Commercial and Retail Banking Business Segment and the Banking subsidiary's regulatory capital as at **31 December 2024 and 31 December 2023**

Tier 1 capital includes share capital, share premium, retained earnings and reserves created by appropriations to earnings less the book value of goodwill (where applicable), deferred tax and under-impairment (regulatory risk reserve -RRR), losses for the current financial period, investment in own shares (treasury stock), including cross holding of related companies' equity, 50% of investments in unconsolidated banking and financial subsidiary/associate companies, excess exposure(s) over single obligor without CBN approval, exposures to own financial holding company, unsecured lending to subsidiaries within the same group.

Tier 2 capital includes preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, hybrid instruments – convertible bonds, hybrid (debt / equity) capital instruments, eligible subordinated term debt, other comprehensive income and fair reserves. This will be limited to a maximum of one-third (1/3) of Tier 1 capital after regulatory deductions.

Debt securities issued qualify under tier 2 capital have met the following Central Bank of Nigeria conditions - they are unsecured, subordinated and fully paid-up, they are not redeemable at the initiative of the holder or without the prior consent of the Central Bank of Nigeria, the debt has an original maturity of at least five years; where there is no set maturity, repayment shall be subject to at least five years' prior notice.

Investments in unconsolidated banking and financial subsidiary/associate companies are deducted from Tier 1 and 2 capital to arrive at total regulatory capital. 50% of investments in unconsolidated banking and financial subsidiary/associate companies from Tier 1 and 2 respectively.

**Notes to the consolidated and separate financial statements**

**CAPITAL ADEQUACY COMPUTATION:**

| | COMMERCIAL AND RETAIL | | BANKING SUBSIDIARY | |
|---|---|---|---|---|
| **In thousands of Naira** | **31 DEC 2024** | **31 DEC 2023** | **31 DEC 2024** | **31 DEC 2023** |
| **Tier 1 Capital** | | | | |
| Share capital | 8,500,000 | 6,500,000 | 7,000,000 | 5,000,000 |
| Additional tier 1 (AT1) capital issued | 46,686,000 | 46,686,000 | 46,686,000 | 46,686,000 |
| Share premium | 236,786,925 | 97,846,691 | 236,786,925 | 97,846,691 |
| Statutory reserves | 56,704,774 | 50,903,982 | 53,288,431 | 45,266,787 |
| AGSMEIS reserve | 11,200,323 | 8,577,124 | 11,200,323 | 8,526,442 |
| Retained earnings | 138,081,146 | 102,289,790 | 124,389,462 | 95,077,294 |
| Regulatory risk reserve | 25,274,431 | 23,079,146 | 24,680,712 | 22,720,000 |
| Forbearance reserve | - | 1,960,712 | - | 1,960,712 |
| **Total qualifying tier 1 capital** | 523,233,600 | 337,843,444 | 504,031,853 | 323,083,926 |
| **Less regulatory deductions:** | | | | |
| Goodwill | (5,993,863) | (5,993,863) | (5,993,863) | (5,993,863) |
| Deferred tax assets | (8,012,464) | (8,128,148) | (8,007,506) | (7,995,669) |
| Software | (15,252,644) | (10,174,324) | (14,782,203) | (9,755,665) |
| Regulatory risk reserve | (25,274,431) | (23,079,146) | (24,680,712) | (22,720,000) |
| **Adjusted total qualifying tier 1 capital** | 468,700,198 | 290,467,963 | 450,567,569 | 276,618,729 |
| **Tier 2 Capital** | | | | |
| Translation reserve | 70,127,829 | 37,072,315 | 70,127,829 | 36,922,919 |
| Fair value reserve | 44,911,779 | 48,730,998 | 44,911,779 | 48,338,762 |
| Debt securities issued | 120,233,568 | 94,955,936 | 120,233,568 | 94,955,936 |
| **Total qualifying tier 2 capital** | 235,273,176 | 180,759,249 | 235,273,176 | 180,217,617 |
| **Total qualifying tier 2 capital restricted to one-third (1/3) of Tier 1 capital after regulatory deductions** | 156,233,399 | 96,822,654 | 150,189,190 | 92,206,243 |
| **Total regulatory capital** | 624,933,597 | 387,290,617 | 600,756,759 | 368,824,972 |
| Less: Investments in unconsolidated subsidiaries | - | - | - | - |
| **Total qualifying capital** | 624,933,597 | 387,290,617 | 600,756,759 | 368,824,972 |
| **RISK WEIGHTED ASSETS** | | | | |
| Risk-weighted Amount for Credit Risk | 3,050,707,988 | 2,121,951,312 | 2,977,334,895 | 2,075,702,785 |
| Risk-weighted Amount for Operational Risk | 386,698,911 | 292,637,720 | 350,614,853 | 268,316,139 |
| Risk-weighted Amount for Market Risk | 36,387,010 | 72,868,404 | 36,387,010 | 72,868,404 |
| **Risk-weighted assets** | **3,473,793,909** | **2,487,457,436** | **3,364,336,758** | **2,416,887,328** |
| **Capital adequacy ratio** | **17.99%** | 15.57% | **17.86%** | 15.26% |

**Note on capital adequacy ratio**

The Basel II capital adequacy ratio is 17.99% and 17.86% for the Group and the Banking subsidiary respectively, as at 31 December 2024 (31 December 2023: 15.57% and 15.26%), with the Group and Banking subsidiary above the CBN minimum capital adequacy requirements of 15%.

**Capital adequacy ratio computation under Basel III guidelines**

According to the recent CBN circular on Basel III implementation guidelines for Banks in Nigeria, the recommendations contained therein will be implemented in a parallel run beginning November 2021 for a six-month period, which could be extended by another three months if supervisory expectations are achieved. According to the CBN, the Basel III Guidelines will run concurrently with the existing Basel II Guidelines during the parallel run, and the Basel Ill Guidelines will become completely effective after the parallel run is over.

(g) **Information/Cyber Security Risk**

In line with the requirements of section 3 of the CBN risk-based cyber security framework and guidelines for deposit money banks and payment service providers (Ref BSD/DIR/GEN/LAB/11/25), the Group has extended its ERM Framework, with respect to management of material risks, to cover cyber risk exposures of the Group, to ensure they are managed within the Board approved risk appetite. Therefore, the standard risk management process and options enumerated in the Group's ERM framework apply to cyber risks. In addition, cyber security risks management is guided by the provisions of the information/cyber security policies of the Group, as approved by the Board of Directors. The Chief Information Security Officer (CISO) is responsible for the implementation of the Board approved cyber security program, including day to day cyber security activities and mitigation of cyber risks. Risk Management division however continues to have oversight to ensure that such risks are identified and appropriately managed.

**Information Security Steering Committee (ISSC)**

The Group established Information Security Steering Committee (ISSC) as a Senior Management committee responsible for the governance of the Group's information/cyber security program. The Committee reports to the Board Risk Management Committee.

The roles and responsibilities of the Information Security Steering Committee include (but not limited to):

• Establish lines of authority and responsibility for managing all information / cyber risks in line with the Board's overall direction.

• Ensure written policies and procedures for managing all information / cyber security risk exposures of the Group are developed, implemented and effectively communicated throughout the Group.

• Review the Group's framework for managing information / cyber security risks and recommend improvements as may be required.

• Review the Group's cyber risk profile on a periodic basis and ensure risk exposures are managed within the Board approved appetite.

• Ensure the Group holds adequate regulatory and economic capital as cushion for unexpected information /cyber security losses through the internal capital adequacy assessment process (ICAAP).

• Provide feedback to the Board Risk Management Committee on the adequacy and effectiveness of the Group's information security framework and policies.

• Advise the Board on cyber risk appetite and tolerance, taking into consideration the Group's current financial situation, its future strategy and overall degree of risk aversion.

The ISSC meets quarterly or as may be required.

## 5 Use of estimates and judgments

The preparation of the consolidated and separate financial statements in conformity with IFRS requires Directors to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management discusses with the Group Audit Committee the development, selection and disclosure of the Group's critical accounting policies and their application and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are disclosed below.

These disclosures supplement the commentary on financial risk management (see Note 4).

**Key sources of estimation uncertainty**

**(a) Impairment**

**(i) Impairment losses on loans and advances**

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 expected credit losses, see Note 3(k)(vii).

**(b) Fair value**

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in the Group's accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the requirements:

- **Level 1**: Quoted market price in an active market for an identical instrument.
- **Level 2**: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3**: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair value using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arms length.

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

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include certain over the counter structured derivatives, certain loans and security for which there is no active market and retained interests in securitizations. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

**Valuation technique and Input used in Level 2 Fair Value Measurement**

Where there is limited trading activity in financial instruments, the Group uses valuation models, consensus pricing information from third party pricing services and quotes to determine an appropriate valuation. The Group adopted discounted cash flow technique in determining the fair value of the derivative, using observable market data (Forward rate, discount rate etc.)

**Disclosure Requirements for Level 3 Financial Instruments**
**Valuation Technique:**
The investment valuation policy of the Group provides the framework for accounting for the Group's investment in unquoted equity securities while also providing a broad valuation guideline to be adopted in valuing them. Furthermore, the policy details how the group decides its valuation policies and procedures and analyses changes in fair value measurements from year to year.

IFRS 13 - Fair Value Measurement outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the end of the financial year using the income approach.

The Discounted Cash flow (DCF) technique of the income approach was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the available financial information.

**Description of Valuation Methodology and inputs:**
**Discounted Cash flow Technique (DCF)**
The fair value of the other unquoted equity securities was derived using the Discounted Cash Flow technique. The steps involved in estimating the fair value of the Group's investment in each of the investees (i.e. unquoted equity securities) are as follows:

Step 1: A five-year forecast of the Free Cash Flow to the company (FCFC) for each of the equity investments was made (see (a) below for the definition, explanation and derivation of the Free Cash Flow to the company).

Step 2: The yearly FCFC forecasts were discounted to present value using the company's WACC. (See (b) below for the definition, explanation and derivation of WACC).

Step 3: The terminal value at year five was estimated by dividing the compounded (with 'g') year five FCFC by the capitalization rate (please see (c) below).

Step 4: The terminal value was discounted to present value using the company's WACC

Step 5: The firm value was obtained by adding the present value of the five-year FCFC obtained in step (2) above to the present value of terminal value obtained in step (4) above.

Step 6: The equity value of the company was obtained by deducting the value of the debt of the company from the company value obtained in step (5) above (i.e. Company value minus market value of debt = Equity value).

Step 7: The equity value per share was obtained by dividing the Equity value obtained in step (6) above by the number of shares outstanding in the company.

Step 8: The fair value of the group's investment in each of the relevant unquoted equity securities was derived by multiplying the number of the Groups' shares in the investee by the value per share obtained in step (7) above.

a. Free Cash flow to the Company (FCFC): A measure of financial performance that expresses the net amount of cash that is generated for the firm, consisting of expenses, taxes and changes in net working capital and investments. Free cash flow to the firm is the cash available to all investors, both equity and debt holders.

FCFC = NI + NCC + [Int x (1-tax rate)] – Changes in FCInv – Changes in WCInv

**Where:**
NI = Net Income
NCC = Non- Cash Charges
Int = Interest
T= tax rate
FCI = Fixed Capital Investment
WCI = Working Capital Investment

b. Weighted average Cost of Capital (WACC): This is the average cost of both equity and debt capital used in financing a business.
WACC= {(D/D+E) x Kd(1-T)} + {(E/D+E) x Ke }

**Where:**
D = Value of Debt
E = Equity value
Ke = Cost of equity
Kd = Cost of debt
T= tax rate

c. Capitalization Rate= WACC – g
Terminal value = (FCFC5 *(1+g))/ (WACC – g)

**Where:**
FCFC = Year 5 FCFC
g = Growth rates
WACC = Weighted average Cost of Capital

**Notes to the consolidated and separate financial statements**

**Valuation Assumptions – Discounted Cash flow**

(1). The Bank applies Capital Asset Pricing Model in determining the cost of equities for its various unquoted equities which were fair valued at the reporting period

(2). The risk-free rate was determined using the yield on the 10-year Nigerian Government bond (for unquoted securities denominated in Naira) of 13.7% and the yield on the 10-year US Government bond (for unquoted securities denominated in US $) of 3.82%.

(3). Market premium of 5.94% was adopted based on trend analysis and research of market premiums across the globe by Aswath Damodaran.

(4). Beta = 1

(5). Growth rate used is growth rate in earnings between the latest period and prior period.

**Financial instruments measured at fair value**

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

| **GROUP** | | | | | |
|---|---|---|---|---|---|
| **In thousands of Naira** | **Note** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **31 DEC 2024** | | | | | |
| **ASSETS** | | | | | |
| Trading assets | 22(a) | 319,109,270 | - | - | 319,109,270 |
| Derivative assets held for risk mana( | 23(a) | - | 1,451,932 | - | 1,451,932 |
| Assets pledged as collateral | 25(a) | 172,424 | - | - | 172,424 |
| Investment securities | 24(d)(d)(f) | 382,985,387 | - | 109,952,588 | 492,937,975 |
| | | 702,267,081 | 1,451,932 | 109,952,588 | 813,671,601 |
| **LIABILITIES** | | | | | |
| Trading liabilities | 22(b) | - | - | - | - |
| Derivative liabilities held for risk man | 23(b) | - | 2,608,146 | - | 2,608,146 |
| | | - | 2,608,146 | - | 2,608,146 |
| **31 DEC 2023** | | | | | |
| **ASSETS** | | | | | |
| Trading assets | 22(a) | 170,302,701 | - | - | 170,302,701 |
| Derivative assets held for risk mana( | 23(a) | - | 1,520,716 | - | 1,520,716 |
| Investment securities | 24(d)(d)(f) | 256,806,468 | - | 65,449,363 | 322,255,831 |
| | | 427,109,169 | 1,520,716 | 65,449,363 | 494,079,248 |
| **LIABILITIES** | | | | | |
| Trading liabilities | 22(b) | - | - | - | - |
| Derivative liabilities held for risk man | 23(b) | - | 998,332 | - | 998,332 |
| | | - | 998,332 | - | 998,332 |

| **COMPANY** | | | | | |
|---|---|---|---|---|---|
| **In thousands of Naira** | **Note** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **31 DEC 2024** | | | | | |
| **ASSETS** | | | | | |
| Trading assets | 22(a) | - | - | - | - |
| Investment securities | 24(d)(d)(f) | - | - | 45,457,558 | 45,457,558 |
| | | - | - | 45,457,558 | 45,457,558 |
| **LIABILITIES** | | | | | |
| Trading liabilities | 22(b) | - | - | - | - |
| Derivative liabilities held for risk man | 23(b) | - | - | - | - |
| | | - | - | - | - |
| **31 DEC 2023** | | | | | |
| **ASSETS** | | | | | |
| Trading assets | 22(a) | - | - | - | - |
| Assets pledged as collateral | 25(a) | - | - | - | - |
| Investment securities | 24(d)(d)(f) | - | - | 49,851,607 | 49,851,607 |
| | | - | - | 49,851,607 | 49,851,607 |
| **LIABILITIES** | | | | | |
| Trading liabilities | 22(b) | - | - | - | - |
| Derivative liabilities held for risk man | 23(b) | - | - | - | - |
| | | - | - | - | - |

The carrying amount under Level 3 represents the fair value of unquoted equity investments. The movement has been disclosed in Note 24(i).

**Financial instruments not measured at fair value**

The table below sets out the fair value of financial instruments not measured at fair value and analyses them by level in the fair value hierarchy into which each fair value measurement is categorised.

**GROUP**

**31 DEC 2024**

| In thousands of Naira | Note | Level 1 | Level 2 | Level 3 | Total fair value | Total carrying amount |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Loans and advances to customers | 26 | - | - | 2,485,078,216 | 2,485,078,216 | 2,357,303,173 |
| Assets pledged as collateral | 25 | 69,076,992 | - | - | 69,076,992 | 333,112,327 |
| Investment securities | 24(a) | 910,224,863 | - | - | 910,224,863 | 696,472,731 |

**31 DEC 2023**

| In thousands of Naira | Note | Level 1 | Level 2 | Level 3 | Total fair value | Total carrying amount |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Loans and advances to customers | 26 | - | - | 1,929,584,201 | 1,929,584,201 | 1,841,516,196 |
| Assets pledged as collateral | 25 | 76,429,167 | - | - | 76,429,167 | 76,429,167 |
| Investment securities | 24(a) | 466,880,848 | - | - | 466,880,848 | 472,490,548 |

**COMPANY**

**31 DEC 2024**

| In thousands of Naira | Note | Level 1 | Level 2 | Level 3 | Total fair value | Total carrying amount |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Loans and advances to customers | 26 | - | - | - | - | - |
| Assets pledged as collateral | 25 | - | - | - | - | - |
| Investment securities | 24(a) | 23,145,791 | - | - | 23,145,791 | 23,145,791 |

**31 DEC 2023**

| In thousands of Naira | Note | Level 1 | Level 2 | Level 3 | Total fair value | Total carrying amount |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Loans and advances to customers | 26 | - | - | - | - | - |
| Assets pledged as collateral | 25 | - | - | - | - | - |
| Investment securities | 24(a) | 14,070,554 | - | - | 14,070,554 | 14,070,554 |

**(c ) Income Taxes**

The Group is subject to income taxes in the jurisdictions where the Group operate. Significant estimates are required in determining the groupwide provision for income taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**(d) Deferred tax**

The deferred tax assets and liabilities recognized by the Group is dependent on the availability of taxable profit in the foreseeable future to utilize the deferred tax. The Group reviews the carrying amount of the deferred tax at the end of each reporting period and recognizes an amount such that it is probable that sufficient taxable profit will be available which the Group can use the benefit therefrom.

In determining the deferred tax assets recognized in the financial statements, the Group has applied judgement in estimating the deferred tax recoverable in the foreseeable future. This involves the estimation of future income and expenses, and the consideration of non-taxable income and disallowable expenses in order to arrive at the future taxable profit / loss.

Effective January 2022, the tax exemption granted on short term Federal Government of Nigeria securities [such as Treasury bills, promissory notes etc.] and non-Federal Government of Nigeria Bonds, and the interest earned by the holder of these instruments, under the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011, elapses. In determining the extent to which it is probable that future taxable profit will be available against which the unused tax losses of the Group can be utilized, the Group has applied judgment that the Federal Government of Nigeria (FGN) will likely extend the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011, beyond 2021, in order to stimulate continuous participation in the treasury bills market and to meet government funding needs. See note 31 for details on deferred tax.

**(f) Assessment of impairment of goodwill**

Goodwill was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 34.77%; 35.35%% and 36.72% for FCMB Pensions Limited , CSLS Limited and the Personal Banking Group of the Banking subsidiary respectively (December 2023: 26.54%; 31.50%; and 30.99%) and a cash flow growth rate of 5.0% for the three GGUs (December 2023: 5.0%; 5.0% and 5.0% for FCMB Pensions Limited , CSLS Stockbrokers Limited and the Personal Banking Group of the Banking subsidiary respectively) over a period of five years. For FCMB Pensions Limited and CSL Stockbrokers Limited, the Group determined the appropriate discount rate at the end of the year by using the capital asset pricing model (CAPM) approach and that reflects the inherent risks of the specific CGU, while for the Personal banking group, reference was made to a pre-tax measure based on the yield of the 10-year Naira bond issued in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the CGU. See note 31(d) & (e) for further details.

**(g) Determination of regulatory risk reserves**

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the expected loss model (IFRS 9). As a result of the differences in the methodology/provision regime, there will be variances in the impairment allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

(i) Provisions for loans recognised in profit or loss should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

- Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the retained reserve account to a "regulatory risk reserve".
- Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of profit or loss and other comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the retained earnings account

**Notes to the consolidated and separate financial statements**

(ii) The non-distributable reserve (excluding regulatory risk reserve) should be classified under Tier 1 as part of the core capital.

The Banking subsidiary has complied with the requirements of the guidelines as follows:

**Prudential adjustments for the year ended 31 December 2024**

| In thousands of Naira | Note | 31 DEC 2024 | 31 DEC 2023 |
|---|---|---|---|
| **Impairment assessment under IFRS** | | | |
| **Loans & advances:** | | | |
| Stage 1 | 26(c) | 28,130,696 | 10,467,277 |
| Stage 2 | 26(c) | 39,437,930 | 12,071,496 |
| Stage 3 | 26(c) | 60,205,275 | 59,061,521 |
| **Total impairment allowances on loans** | | **127,773,901** | **81,600,294** |
| **Other financial assets:** | | | |
| Stage 1 | 27(c) | 22,128,293 | 3,349,310 |
| Stage 2 | 27(c) | 8,723,053 | 7,127,069 |
| Stage 3 | 27(c) | 36,729,497 | 39,907,741 |
| Provision | 38 | 13,022,246 | 10,875,242 |
| Investment securities at amortised cost | 24(b) | 13,637,058 | 6,813,133 |
| Investment securities at FVOCI | 24(d) | 199,371 | 340,040 |
| Cash and cash equivalents | 21(a) | 18,017 | 9,824 |
| **Total impairment allowances on other financial assets and provision** | | **94,457,535** | **68,422,359** |
| **Total impairment allowances by the Bank (a)** | | **222,231,436** | **150,022,653** |
| **Total regulatory impairment based on prudential guidelines (b)** | | **222,512,060** | **157,762,653** |
| **Required balance in regulatory risk reserves (c = b - a) <0 returned 0, else (b-a)** | | **280,624** | **7,740,000** |
| **Balance, 1 January** | | **22,720,000** | **14,980,000** |
| **Transfer from regulatory risk reserve** | | **280,624** | **7,740,000** |
| **Balance, 31 December** | | **23,000,624** | **22,720,000** |

**Notes to the consolidated and separate financial statements**

6 **Operating segments**

The Group has seven reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the Executive Management Committee reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

**Investment Banking -** provides comprehensive banking services to highly structured large corporate organisations. The Group is also involved in capital raising activities for organisations both in money and capital markets as well as provides financial advisory services to organisations in raising funds.

**Investment Management -** administer and manages the pension fund assets and other investment porfolios for structured retiree savings account holders and other equity fund account holders.

**SME Banking** - provides banking services to Small and Medium Enterprises (SME) and commercial registered businesses with an annual turnover less than N2.5billion.

**Commercial Banking** - provides banking services to Small and Medium Enterprises (SME) and commercial registered businesses with an annual turnover between N2.5bn and N5billion.

**Corporate Banking –** incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products. The corporate banking business unit caters for the specific needs of companies and financial institutions with an annual turnover in excess of N5billion.

**Personal Banking** - incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages. Retail banking business unit caters for needs of individuals.

**Institutional Banking** - government financing, financial institutions, multilateral agencies. The business unit caters for governments at the various levels and their agencies.

**Treasury and Financial Markets –** Treasury and financial markets group provides funding support to various business segments while ensuring the liquidity of the Bank is not compromised. The Group is also involved in currency trading incorporating financial instruments trading and structured financing.

Information regarding the results of each reporting segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

No single external customer accounts for 10% or more of the Group's revenue.

Information about operating segments;

(i) **The business segment results are as follows:**

**GROUP:**
**31 DEC 2024**

| In thousands of Naira | Investment Banking | Investment Management | SME Banking | Commercial Banking | Corporate Banking | Personal Banking | Institutional Banking | Treasury & Financial Markets | Total |
|---|---|---|---|---|---|---|---|---|---|
| **External revenues:** | | | | | | | | | |
| Interest Income | 61,113,723 | 623,860 | 132,261,566 | 14,474,582 | 190,128,242 | 161,612,803 | 17,495,512 | 44,093,506 | **621,803,795** |
| Interest Expense | (25,175,910) | - | (100,453,043) | (9,120,903) | (134,608,736) | (84,062,535) | (12,806,653) | (30,275,811) | **(396,503,592)** |
| Net interest income | 35,937,813 | 623,860 | 31,808,523 | 5,353,679 | 55,519,506 | 77,550,268 | 4,688,859 | 13,817,695 | **225,300,203** |
| Net fee and commission income | 6,687,745 | 10,904,338 | 11,897,721 | 1,212,797 | 17,609,238 | 10,137,862 | 370,791 | (23,668) | **58,796,824** |
| Net trading income | 462,767 | - | - | - | - | - | - | 53,330,178 | **53,792,945** |
| Other revenue | 6,062,174 | 907,783 | 5,017,471 | 331,047 | 2,486,589 | 3,272,509 | 2,590 | 21,475,169 | **39,555,332** |
| Other income | 3,287,905 | - | - | - | - | - | - | 1,682,691 | **4,970,596** |
| **Inter-segment revenue** | - | - | (1,347,584) | 130,908 | 6,240,281 | 7,076,815 | 1,491,020 | (13,591,440) | **-** |
| **Total segment revenue** | **52,438,404** | **12,435,981** | **47,376,131** | **7,028,431** | **81,855,614** | **98,037,454** | **6,553,260** | **76,690,625** | **382,415,900** |
| **Expenses:** | | | | | | | | | |
| Operating expenses | (30,248,016) | (6,420,412) | (28,291,443) | (5,288,753) | (56,271,313) | (72,125,062) | (7,572,645) | (8,961,758) | **(215,179,402)** |
| Net Impairment losses on financial instruments | 1,443,432 | (24,935) | (12,611,012) | (1,499,134) | (10,097,698) | (2,422,797) | (336,505) | (15,691,815) | **(41,240,464)** |
| Depreciation and amortisation expenses | (1,369,173) | (478,667) | (1,407,959) | (568,295) | (4,120,184) | (5,028,101) | (498,699) | (406,374) | **(13,877,452)** |
| | **(30,173,757)** | **(6,924,014)** | **(42,310,414)** | **(7,356,182)** | **(70,489,195)** | **(79,575,960)** | **(8,407,849)** | **(25,059,947)** | **(270,297,318)** |
| **Reportable segment profit /(loss) before income tax** | **22,264,647** | **5,511,967** | **5,065,717** | **(327,751)** | **11,366,419** | **18,461,494** | **(1,854,589)** | **51,630,678** | **112,118,582** |
| Reportable segment assets | 662,334,374 | 12,326,769 | 1,309,738,512 | 128,211,141 | 483,744,253 | 330,659,120 | 18,758,069 | 2,544,219,128 | **5,508,982,625** |
| Reportable segment liabilities | 558,771,158 | 9,463,862 | 1,219,899,594 | 149,400,014 | 1,493,800,843 | 1,465,715,709 | 260,095,657 | 1,185,432,196 | **6,306,531,888** |

**Notes to the consolidated and separate financial statements**

**31 DEC 2023**

| In thousands of Naira | Investment Banking | Investment Management | SME Banking | Commercial Banking | Corporate Banking | Personal Banking | Institutional Banking | Treasury & Financial Markets | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| **External revenues:** | | | | | | | | | |
| Net interest income | 14,171,931 | 746,949 | 51,307,197 | 6,512,059 | 39,150,560 | 58,913,787 | 5,576,375 | 217,466 | 176,596,324 |
| Net fee and commission income | 5,990,767 | 9,094,481 | 10,498,146 | 1,649,272 | 6,815,938 | 9,749,443 | 322,193 | 1,297,384 | 45,417,624 |
| Net trading income | 2,154,362 | - | - | - | - | 3,988.00 | - | 6,947,648 | 9,105,998 |
| Other revenue | 4,932,101 | 1,040,139 | 110,259 | 77,610 | 35,997,419 | 324,757 | 1,038 | 46,825,031 | 89,308,354 |
| Other income | 139,780 | - | - | - | - | 429,625.00 | - | 130,276 | 699,681 |
| **Inter-segment revenue** | - | - | 4,214,673 | -194,655 | (2,914,929) | 5,584,236 | 1,066,185 | (7,755,510) | - |
| **Total segment revenue** | **27,388,941** | **10,881,569** | **66,130,275** | **8,044,286** | **79,048,988** | **75,005,836** | **6,965,791** | **47,662,295** | **321,127,981** |
| **Expenses:** | | | | | | | | | |
| Operating expenses | (13,170,409) | (5,410,693) | (40,202,913) | (5,581,762) | (20,702,454) | (49,623,729) | (6,706,112) | (4,614,163) | (146,012,235) |
| Net Impairment losses on financial instruments | (1,481,074) | (9,905) | (4,750,341) | (1,450,920) | (44,441,494) | (2,229,504) | (368,284) | (4,778,603) | (59,510,125) |
| Depreciation and amortisation expenses | (657,244) | (380,383) | (3,373,568) | (417,332) | (1,136,021) | (4,243,994) | (640,548) | (325,082) | (11,174,172) |
| | **(15,308,727)** | **(5,800,981)** | **(48,326,822)** | **(7,450,014)** | **(66,279,969)** | **(56,097,227)** | **(7,714,944)** | **(9,717,848)** | **(216,696,532)** |
| **Reportable segment profit /(loss) before income tax** | **12,080,214** | **5,080,588** | **17,803,453** | **594,272** | **12,769,019** | **18,908,609** | **(749,153)** | **37,944,447** | **104,431,449** |
| Reportable segment assets | 276,324,478 | 11,264,893 | 337,321,184 | 122,842,978 | 1,100,673,898 | 272,252,724 | 21,334,252 | 1,387,317,890 | 3,529,332,297 |
| Reportable segment liabilities | 316,061,543 | 8,266,969 | 993,547,305 | 92,535,149 | 841,569,058 | 1,143,028,850 | 187,339,681 | 353,249,905 | 3,935,598,460 |

(ii) **Reconciliations of reportable segments revenues, profit or loss and assets and liabilities**

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 |
|---|---|---|
| **Revenues** | | |
| Total revenue for reportable segments | **382,415,900** | 321,127,981 |
| Unallocated amounts | **-** | - |
| Elimination of inter-segment revenue | **-** | - |
| **Total net revenue** | **382,415,900** | 321,127,981 |
| **Profit or loss** | | |
| Total profit or loss for reportable segments | **112,118,582** | 104,431,449 |
| Unallocated amounts | **-** | - |
| **Profit before income tax** | **112,118,582** | 104,431,449 |

| | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 |
|---|---|---|
| **Assets** | | |
| Total assets for reportable segments | **5,508,982,625** | 3,529,332,297 |
| Other unallocated amounts | **1,545,183,294** | 894,562,331 |
| **Total assets** | **7,054,165,919** | 4,423,894,628 |
| **Liabilities** | | |
| Total liabilities for reportable segments | **6,306,531,888** | 3,935,598,460 |
| Other unallocated amounts | **58,653,000** | 25,669,610 |
| Total liabilities | **6,365,184,888** | 3,961,268,070 |

**Notes to the consolidated and separate financial statements**

**Geographical areas**

In presenting information on the basis of geographical areas, revenue is based on the customers' country of domicile and assets are based on the geographical location of the assets.

| GROUP: | | | |
|---|---|---|---|
| **External revenues:** | **NIGERIA** | **EUROPE** | **TOTAL** |
| Interest Income | 560,690,072 | 61,113,723 | 621,803,795 |
| Interest Expense | (371,327,682) | (25,175,910) | (396,503,592) |
| **Net interest income** | **189,362,390** | **35,937,813** | **225,300,203** |
| Net fee and commission income | 52,109,079 | 6,687,745 | 58,796,824 |
| Net trading income | 53,330,178 | 462,767 | 53,792,945 |
| Other revenue | 33,493,158 | 6,062,174 | 39,555,332 |
| Other income | 1,682,691 | 3,287,905 | 4,970,596 |
| **Inter-segment revenue** | - | 3,287,905.11 | 3,287,905.11 |
| **Total revenue** | **329,977,496** | **52,438,404** | **382,415,900** |
| | | | |
| **Expenses:** | | | |
| Operating expenses | (184,931,386) | (30,248,016) | (215,179,402) |
| Net Impairment losses on financial instruments | (42,683,896) | 1,443,432 | (41,240,464) |
| Depreciation and amortisation expenses | (12,508,279) | (1,369,173) | (13,877,452) |
| | **(240,123,561)** | **(30,173,757)** | **(270,297,318)** |
| | | | |
| **Reportable segment profit /(loss) before income tax** | **89,853,935** | **22,264,647** | **112,118,582** |
| | | | |
| Reportable assets | 4,827,656,992 | 662,334,374 | 5,489,991,366 |
| Reportable liabilities | 5,783,807,875 | 558,771,158 | 6,342,579,033 |
| | | | |
| **31 DEC 2023** | | | |
| **External revenues:** | **NIGERIA** | **EUROPE** | **TOTAL** |
| Net interest income | 162,424,393 | 14,171,931 | 176,596,324 |
| Net fee and commission income | 39,426,857 | 5,990,767 | 45,417,624 |
| Net trading income | 6,951,636 | 2,154,362 | 9,105,998 |
| Other revenue | 84,376,254 | 4,932,100 | 89,308,354 |
| Other income | 559,901 | 139,780 | 699,681 |
| **Total segment revenue** | **293,739,041** | **27,388,940** | **321,127,981** |
| | | | |
| **Expenses:** | | | |
| Operating expenses | (132,841,826) | (13,170,409) | (146,012,235) |
| Net Impairment losses on financial instruments | (58,029,051) | (1,481,074) | (59,510,125) |
| Depreciation and amortisation expenses | (10,516,928) | (657,244) | (11,174,172) |
| | **(201,387,805)** | **(15,308,727)** | **(216,696,532)** |
| | | | |
| **Reportable segment profit /(loss) before income tax** | **92,351,236** | **12,080,213** | **104,431,449** |
| | | | |
| Reportable assets | 3,253,007,819 | 276,324,478 | 3,529,332,297 |
| Reportable liabilities | 3,619,536,917 | 316,061,543 | 3,935,598,460 |

(iii) Included in the Personal Banking reportable segment were group lending (mirco-lending) business performance. The group lending business recorded profit of N1.04billion for the year ended 31 December 2024, (31 December 2023: N515.85million) and customer loans and advances of N9.04billion (31 December 2023: N5.69billion) and deposit from customer of N4.54billion (31 December 2023: N2.49billion).

7 **Financial assets and liabilities**

**Accounting classification measurement basis and fair values**

Listed below are assets and liabilities that the carrying amount approximates the fair value as at the reporting date. These assets and liabilities have been excuded from the fair value table by hierachcy analysed below

- Cash and cash equivalents
- Restricted reserve deposits
- Other financial assets
- Deposits from banks
- Deposits from customers
- Borrowings
- Debt securities
- Other financial liabilities

The table below sets out the carrying amounts and fair values of the Group's financial assets and liabilities:

| **GROUP** | | **31 DEC 2024** | | | **31 DEC 2023** | | |
|---|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Note** | **Carrying value** | **Fair value** | **Fair value hierarchy** | **Carrying value** | **Fair value** | **Fair value hierarchy** |
| **Assets** | | | | | | | |
| **Carried at FVTPL:** | | | | | | | |
| Non-pledged trading assets | 22(a) | 319,109,270 | 319,109,270 | 1 | 170,302,701 | 170,302,701 | 1 |
| Derivative assets held for risk management | 23(a) | 1,451,932 | 1,451,932 | 2 | 1,520,716 | 1,520,716 | 2 |
| Assets pledged as collateral | 25(b) | 172,424 | 172,424 | 1 | - | - | 1 |
| **Carried at FVOCI:** | | | | | | | |
| Investment securities - debts | 24(d)(d) | 382,985,387 | 382,985,387 | 1 | 256,806,468 | 256,806,468 | 1 |
| Investment securities - unquoted equity investments | 24(f) | 109,952,588 | 109,952,588 | 3 | 65,449,363 | 65,449,363 | 3 |
| Assets pledged as collateral | 25(a) | 68,418,990 | 68,418,990 | 1 | 10,285,173 | 10,285,173 | 1 |
| **Carried at amortized cost:** | | | | | | | |
| Cash and cash equivalents | 21 | 795,387,019 | 795,387,019 | 3 | 579,167,508 | 579,167,508 | 3 |
| Restricted reserve deposits | 28 | 1,441,465,091 | 1,441,465,091 | 3 | 799,640,417 | 799,640,417 | 3 |
| Loans and advances to customers (Gross) | 26(a) | 2,485,078,216 | 2,485,078,216 | 3 | 1,929,584,201 | 1,929,584,201 | 3 |
| Investment securities | 24(a) | 696,363,806 | 878,140,827 | 1 | 472,383,924 | 434,796,810 | 1 |
| Assets pledged as collateral | 25(c) | 333,112,327 | 69,076,992 | 1 | 76,429,167 | 76,429,167 | 1 |
| Other financial assets | 27(a) | 419,870,245 | 419,870,245 | 3 | 42,835,750 | 42,835,750 | 3 |
| **Liabilities** | | | | | | | |
| **Carried at FVTPL:** | | | | | | | |
| Trading liabilities | 22(b) | - | - | | - | - | |
| Derivative liabilities held for risk management | 23(b) | 2,608,146 | 2,608,146 | 1 | 998,332 | 998,332 | 1 |

| **COMPANY** | | **31 DEC 2024** | | | **31 DEC 2023** | | |
|---|---|---|---|---|---|---|---|
| **In thousands of Naira** | **Note** | **Carrying value** | **Fair value** | **Fair value hierarchy** | **Carrying value** | **Fair value** | **Fair value hierarchy** |
| **Assets** | | | | | | | |
| **Carried at FVTPL:** | | | | | | | |
| Non-pledged trading assets | 22(a) | - | - | - | - | - | - |
| Derivative assets held for risk management | 23(a) | - | - | - | - | - | |
| Investment securities | 24(c) | 45,457,558 | 45,457,558 | 3 | 49,851,607 | 49,851,607 | 3 |
| Assets pledged as collateral | 25(b) | - | - | - | - | - | |
| **Carried at FVOCI:** | | | | | | | |
| Investment securities - debts | 24(d)(d) | - | - | - | - | - | - |
| Investment securities - unquoted equity investments | 24(f) | - | - | - | - | - | - |
| Assets pledged as collateral | 25(a) | - | - | - | - | - | - |
| **Carried at amortized cost:** | | | | | | | |
| Cash and cash equivalents | 21 | 14,371,980 | 14,371,980 | 3 | 4,577,221 | 4,577,221 | 3 |
| Restricted reserve deposits | 28 | - | - | - | - | - | - |
| Loans and advances to customers (Gross) | 26(a) | - | - | - | - | - | - |
| Investment securities | 24(a) | 23,145,791 | 23,145,791 | 1 | 14,070,554 | 14,070,554 | 1 |
| Assets pledged as collateral | 25(c) | - | - | - | - | - | - |
| Other financial assets | 27(a) | 13,101,405 | 13,101,405 | 3 | 6,081,702 | 6,081,702 | 3 |
| **Liabilities** | | | | | | | |
| **Carried at FVTPL:** | | | | | | | |
| Trading liabilities | 22(b) | - | - | - | - | - | - |
| Derivative liabilities held for risk management | 23(b) | - | - | - | - | - | - |

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral – dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

The fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

**Notes to the consolidated and separate financial statements**
**In thousands of Naira**
**For the period ended**

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 DEC 2024 | 31 DEC 2023 | 31 DEC 2024 | 31 DEC 2023 |
| **8** | **Interest and discount income** | | | | |
| | Cash and cash equivalents | **12,800,764** | 3,452,440 | **7,059,430** | 321,199 |
| | Loans and advances to customers | **433,214,628** | 272,924,102 | **-** | - |
| | Investment securities at amortised cost | **109,747,642** | 53,653,915 | **1,365,735** | 569,168 |
| | Investment securities at FVOCI | **66,040,761** | 24,962,464 | **432,041** | 220,611 |
| | **Total interest income** | **621,803,795** | 354,992,921 | **8,857,206** | 1,110,978 |
| **9** | **Interest expense** | | | | |
| | Deposits from banks | **45,073,055** | 9,901,527 | **-** | - |
| | Deposits from customers | **254,377,756** | 126,646,305 | **-** | - |
| | | **299,450,811** | 136,547,832 | **-** | - |
| | Borrowings | **76,027,513** | 24,837,434 | **928,052** | 192,580 |
| | Debt securities issued | **16,609,376** | 12,431,407 | **-** | - |
| | Onlending facitilies | **4,137,462** | 4,338,408 | **-** | - |
| | Interest expense on lease liabilities | **278,430** | 241,516 | **-** | - |
| | | **396,503,592** | 178,396,597 | **928,052** | 192,580 |

**The amounts reported above include interest income and expense, calculated using the effective interest method, that relate to the following financial assets and financial liabilities.**

| | | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|---|
| | Financial assets measured at amortised cost | **555,763,034** | 330,030,457 | **8,425,165** | 890,367 |
| | Financial assets measured at FVOCI | **66,040,761** | 24,962,464 | **432,041** | 220,611 |
| | **Total** | **621,803,795** | 354,992,921 | **8,857,206** | 1,110,978 |
| | Financial liabilities measured at amortised cost | **396,503,592** | 178,396,597 | **928,052** | 192,580 |
| **10** | **Net impairment loss on financial assets** | | | | |
| | Loan and advances (see note 26(c)) | **43,791,850** | 55,185,391 | **-** | - |
| | Other assets (see note 27(c)) | **3,852,727** | 11,367,137 | **48,794** | 44,586 |
| | Investment securities - amortised cost (see note 24(b)) | **3,080,857** | 1,925,338 | **92,207** | 110,795 |
| | Investment securities - fair value other comprehensive income (see note 24(c)) | **199,371** | (532,966) | **-** | - |
| | Cash and cash equivalents (see note 21(b)) | **(9,824)** | 5,240 | **-** | - |
| | Financial guarantee contracts and loan commitment issued (see note 37(a)) | **154,140** | (1,455,945) | **-** | - |
| | Recoveries on loans previously written off | **(9,828,657)** | (6,984,070) | **-** | - |
| | | **41,240,464** | 59,510,125 | **141,001** | 155,381 |

**Notes to the consolidated and separate financial statements**

| **In thousands of Naira**<br>**For the period ended** | **GROUP**<br>**31 DEC 2024** | <br>**31 DEC 2023** | **COMPANY**<br>**31 DEC 2024** | <br>**31 DEC 2023** |
|---|---|---|---|---|
| **11 Disaggregation of fee and commission income by major type of services;** | | | | |
| Credit related fees | **932,620** | 687,169 | **-** | - |
| Account Maintenance | **13,897,338** | 8,688,922 | **-** | - |
| Letters of credit commission | **2,879,659** | 983,681 | **-** | - |
| Asset Management Fees | **8,593,398** | 6,995,685 | **-** | - |
| Administration Fees | **285,332** | 269,406 | **-** | - |
| Commission on off-balance sheet transactions | **3,075,286** | 1,386,108 | **-** | - |
| Electronics fees and commissions | **13,652,059** | 17,698,919 | **-** | - |
| Service fees and commissions | **30,991,723** | 25,538,296 | **2,799,664** | 1,675,185 |
| **Gross Fee and commission income** | **74,307,415** | 62,248,186 | **2,799,664** | 1,675,185 |
| | | | | |
| Electronics fees and commissions recoverable expenses | **(11,704,619)** | (13,611,753) | **-** | - |
| Cheque books recoverable expenses | **(77,240)** | (39,192) | **-** | - |
| Other banks charges | **(3,728,732)** | (3,179,617) | **(12,046)** | (7,814) |
| **Fee and commission expense** | **(15,510,591)** | (16,830,562) | **(12,046)** | (7,814) |
| | | | | |
| **Net fee and commission income** | **58,796,824** | 45,417,624 | **2,787,618** | 1,667,371 |

(a) **Disaggregation of fee and commission income with the Group's reportable segments;**

**For the period ended 31 December 2024**

| **In thousands of Naira** | **Investment Banking** | **Investment Management** | **SME Banking** | **Commercial Banking** | **Corporate Banking** | **Personal Banking** | **Institutional Banking** | **Treasury & Financial Markets** | **TOTAL** |
|---|---|---|---|---|---|---|---|---|---|
| Credit related fees | - | - | 514,304 | 117,137 | 213,035 | 88,144 | - | - | 932,620 |
| Account Maintenance | - | - | 9,362,685 | 483,979 | 1,616,044 | 2,224,757 | 209,865 | 8.00 | 13,897,338 |
| Letters of credit commission | - | - | 369,078 | 50,218 | 2,460,360 | 3 | - | - | 2,879,659 |
| Asset Management Fees | - | 8,593,398 | - | - | - | - | - | - | 8,593,398 |
| Administration Fees | - | 285,332 | - | - | - | - | - | - | 285,332 |
| Commission on off-balance sheet transactions | - | - | 1,103,720 | 296,440 | 1,418,366 | 256,597 | 163 | - | 3,075,286 |
| Electronics fees and commissions | - | - | 1,361,190 | 97,800 | 3,775,323 | 8,354,553 | 62,890 | 303 | 13,652,059 |
| Service fees and commissions | 13,276,523 | 57,809 | 5,941,745 | 189,196 | 5,927,264 | 5,032,942 | 114,087 | 452,157 | 30,991,723 |
| **Gross Fee and commission income** | 13,276,523 | 8,936,539 | 18,652,722 | 1,234,770 | 15,410,392 | 15,956,996 | 387,005 | 452,468 | 74,307,415 |
| | | | | | | | | | |
| Electronics fees and commissions recoverable e | - | - | (1,020,777) | (21,480) | (3,495,575) | (7,150,717) | (16,070) | - | (11,704,619) |
| Cheque books recoverable expenses | - | - | (1,716) | (37) | (1,939) | (73,537) | (11) | 0 | (77,240) |
| Other banks charges | (2,772,463) | (11,546) | (20,991) | (456) | (15,156) | (431,850) | (134) | (476,136) | (3,728,732) |
| **Fee and commission expense** | (2,772,463) | (11,546) | (1,043,484) | (21,973) | (3,512,670) | (7,656,104) | (16,215) | (476,136) | (15,510,591) |
| | | | | | | | | | |
| **Net fee and commission income** | 10,504,060 | 8,924,993 | 17,609,238 | 1,212,797 | 11,897,722 | 8,300,892 | 370,790 | (23,668) | 58,796,824 |

**Notes to the consolidated and separate financial statements**

**For the period ended 31 December 2023**

| In thousands of Naira | Investment Banking | Investment Management | SME Banking | Commercial Banking | Corporate Banking | Personal Banking | Institutional Banking | Treasury & Financial Markets | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Credit related fees | - | - | 391,295 | 136,922 | 110,057 | 48,398 | 497 | - | 687,169 |
| Account Maintenance | - | - | 5,599,818 | 519,995 | 1,132,377 | 1,335,212 | 101,520 | - | 8,688,922 |
| Letters of credit commission | - | - | 107,997 | 56,017 | 819,655 | 11 | - | - | 983,681 |
| Asset Management Fees | - | 6,995,685 | - | - | - | - | - | - | 6,995,685 |
| Administration Fees | - | 269,406 | - | - | - | - | - | - | 269,406 |
| Commission on off-balance sheet transactions | - | - | 285,690 | 235,030 | 452,145 | 406,106 | 7,137 | - | 1,386,108 |
| Electronics fees and commissions | - | - | 2,041,944 | 170,288 | 970,560 | 14,335,917 | 180,154 | 56 | 17,698,919 |
| Service fees and commissions | 9,402,860 | 1,829,391 | 3,266,247 | 555,430 | 6,458,097 | 2,371,282 | 54,977 | 1,600,012 | 25,538,296 |
| **Gross Fee and commission income** | 9,402,860 | 9,094,482 | 11,692,991 | 1,673,682 | 9,942,891 | 18,496,926 | 344,285 | 1,600,068 | 62,248,186 |
| Electronics fees and commissions recoverable expenses | - | - | (1,091,932) | (21,694) | (3,121,198) | (9,358,685) | (18,244) | - | (13,611,753) |
| Cheque books recoverable expenses | - | - | (6,712) | (177) | (1,030) | (30,926) | (251) | (96) | (39,192) |
| Other banks charges | (2,614,684) | (3,002) | (96,202) | (2,540) | (4,726) | (167,274) | (3,597) | (287,592) | (3,179,617) |
| **Fee and commission expense** | (2,614,684) | (3,002) | (1,194,846) | (24,411) | (3,126,954) | (9,556,885) | (22,092) | (287,688) | (16,830,562) |
| **Net fee and commission income** | 6,788,176 | 9,091,480 | 10,498,145 | 1,649,271 | 6,815,937 | 8,940,041 | 322,193 | 1,312,380 | 45,417,624 |

(b) The fees and commission income reported above excludes amount included in determining effective interest rates on financial assets that are not carried at fair value through profit or loss.

(c) Performance obligations and revenue recognition policies;

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

| **Type of service** | **Nature and timing of satisfaction of performance obligations, including significant payment terms** | **Revenue recognition under IFRS 15** |
|---|---|---|
| **Retail and corporate banking service** | The Group provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, credit card and servicing fees. Fees for ongoing account management are charged to the customer's account on a monthly basis. The Group sets the rates separately for retail and corporate banking customers in each jurisdiction on an annual basis. Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Group. | Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place. |
| **Investment banking service** | The Group's investment banking segment provides various finance-related services, including loan administration and agency services, administration of a loan syndication, execution of client transactions with exchanges and securities underwriting. Fees for ongoing services are charged annually at the end of the calendar year to the customer's account. However, if a customer terminates the contract before 31 December, then on termination it is charged the fee for the services performed to date. Transaction-based fees for administration of a loan syndication, execution of transactions, and securities underwriting are charged when the transaction takes place. | Revenue from administrative agency services is recognised over time as the services are provided. The amounts to be collected from customers are recognised as trade receivables. Revenue related to transactions is recognised at the point in time when the transaction takes place. |
| **Investment management service** | The Group provides investment management services.<br>Fees for asset management services are calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on a monthly basis.<br>In addition, the Group charges a non-refundable up-front fee when opening an account. | Revenue from investment management services is recognised over time as the services are provided.<br>Non-refundable up-front fees give rise to material rights for future services and are recognised as revenue over the period for which a customer is expected to continue receiving asset management services. |

**Notes to the consolidated and separate financial statements**

| In thousands of Naira<br>For the period ended | | GROUP<br>31 DEC 2024 | <br>31 DEC 2023 | COMPANY<br>31 DEC 2024 | <br>31 DEC 2023 |
|---|---|---|---|---|---|
| **12** | **Net trading income** | | | | |
| | Foreign exchange trading income | **12,230,660** | 2,348,585 | **-** | - |
| | FGN bonds trading income | **35,660,029** | 11,092,441 | **-** | - |
| | Treasury bills trading income/(loss) | **5,902,256** | (4,335,028) | **-** | - |
| | | **53,792,945** | 9,105,998 | **-** | - |
| **13** | **Net income from financial instruments mandatorily measured at fair value through profit or loss** | | | | |
| | Net income arising on: | | | | |
| | Fair value instruments held | **-** | - | **(4,394,049)** | 3,165,607 |
| | Fair value gain on derivative financial instruments held for risk management | **-** | - | **-** | - |
| | | **-** | - | **(4,394,049)** | 3,165,607 |
| **14(a)** | **Other gains** | | | | |
| | Dividends on unquoted equity securities (see note (a)(i)) | **1,754,901** | 1,708,284 | **-** | - |
| | Foreign exchange gains (see note (a)(ii)) | **36,469,263** | 83,956,087 | **7,110,602** | 5,627,580 |
| | Modification gain on restructured facilities (see note (a)(iii)) | **1,331,168** | 3,643,983 | **-** | - |
| | | **39,555,332** | 89,308,354 | **7,110,602** | 5,627,580 |

(i) This amount represent dividend received from unquoted equity securities held for strategic purposes and for which the Group has elected to present the fair value gain and loss in other comprehensive income.
(ii) Foreign currency revaluation gain represents unrealised foreign gains from the revaluation of foreign currency-denominated assets and liabilities held for the year ended 31 December 2024.
(iii) This represents the unrealised gain on restructured facilities during the period, which is unwinded over the restructured facilities.

| | | GROUP<br>31 DEC 2024 | <br>31 DEC 2023 | COMPANY<br>31 DEC 2024 | <br>31 DEC 2023 |
|---|---|---|---|---|---|
| **14(b)** | **Other income** | | | | |
| | Gain on sale of property and equipment | **2,409,966** | 39,401 | **517** | (1,837) |
| | Fair value gain on investment in associate (Note 30) | **-100,862** | - | **-** | - |
| | Loss on disposal of associate | **-227,177** | | | |
| | Rental income | **2,888,669** | 660,280 | **193,281** | 210,431 |
| | | **4,970,596** | 699,681 | **193,798** | 208,594 |
| **14(c)** | **Intra group revenue** | | | | |
| | Dividends on equity investment securities in the subsidiaries (see note (c)(i)) | **-** | - | **21,530,385** | 10,870,868 |
| | Investment securities at FVTPL | **-** | - | **7,409,672** | 1,641,278 |
| | | **-** | - | **28,940,057** | 12,512,146 |

(i) The amount of N21.53billion in the Company represents N2.6billion (2023: N912.8million) from FCMB Pensions Limited , N10billion (2023: N5.6billion) from First City Monument Bank Limited, N2.8billion (2023: N1.2billion) from CSL Stockbrokers Limited, N979.8million (2023: N298million) from FCMB Capital Markets Limited, N124.6million (2023: N40.6million) from FCMB Trustees Limited and N5.0billion (2023: N3.3billion) from Credit Direct Limited .

| In thousands of Naira<br>For the period ended | | GROUP<br>31 DEC 2024 | <br>31 DEC 2023 | COMPANY<br>31 DEC 2024 | <br>31 DEC 2023 |
|---|---|---|---|---|---|
| **15** | **Personnel expenses** | | | | |
| | Wages and salaries | **58,535,271** | 34,132,597 | **522,623** | 392,415 |
| | Contributions to defined contribution plans (see note 36) | **1,377,528** | 1,010,131 | **25,048** | 18,748 |
| | Other employee benefits (see note (a) below) | **19,388,782** | 14,434,414 | **922,184** | 776,112 |
| | | **79,301,581** | 49,577,142 | **1,469,855** | 1,187,275 |

**Notes to the consolidated and separate financial statements**

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

| | | | | | |
|---|---|---|---|---|---|
| **16** | **Depreciation and amortisation** | | | | |
| | Amortisation of intangibles (see note 32) | **3,809,054** | 3,094,464 | **2,046** | - |
| | Depreciation of property and equipment and right of use assets (see note 31(a)) | **10,068,398** | 8,079,708 | **59,304** | 26,380 |
| | | **13,877,452** | 11,174,172 | **61,350** | 26,380 |

| | In thousands of Naira | GROUP<br>31 DEC 2024 | <br>31 DEC 2023 | COMPANY<br>31 DEC 2024 | <br>31 DEC 2023 |
|---|---|---|---|---|---|
| **17** | **General and administrative expenses** | | | | |
| | Communication, stationery and postage | **5,624,133** | 3,255,263 | **19,747** | 9,671 |
| | Business travel expenses | **4,305,123** | 2,650,431 | **144,436** | 24,270 |
| | Advert, promotion and corporate gifts | **6,667,631** | 6,512,443 | **48,260** | 32,139 |
| | Business premises and equipment costs | **11,928,343** | 8,573,882 | **44,492** | 20,385 |
| | Operating lease expenses | **1,250,523** | 1,394,942 | **7,882** | 7,174 |
| | Directors' emoluments and expenses | **3,506,052** | 3,090,574 | **985,064** | 614,318 |
| | IT & IS expenses | **26,802,311** | 16,932,299 | **48,760** | 14,718 |
| | Contract Services and training expenses | **13,758,175** | 9,781,565 | **20,407** | 2,049 |
| | Vehicles maintenance expenses | **1,736,845** | 1,074,587 | **26,548** | 14,266 |
| | Security expenses | **2,959,106** | 2,354,748 | **-** | 1,167 |
| | Auditors' remuneration (see note 17a below) | **1,492,918** | 787,550 | **68,500** | 60,000 |
| | Professional charges | **7,515,433** | 7,324,470 | **644,938** | 402,948 |
| | | **87,546,593** | 63,732,754 | **2,059,034** | 1,203,105 |

(a) Auditors' remuneration

| | Group Auditors | Component Auditors |
|---|---|---|
| Audit of the Group's annual consolidated and separate financial statements. | **616,652** | **876,266** |
| Other Assurance related services - ICFR | **89,000** | - |
| Tax services | - | |
| Other non-audit services (NDIC Certification) | **7,000** | |

Included in professional fees is the amount paid to Deloitte as ICFR audit support fee: N89 million (December 2023; Nill) and NDIC certification fee: N7 million (31 December 2023; 5 million). The auditors were not paid for any non-audit services except as stated in the table above.

| | In thousands of Naira | GROUP<br>31 DEC 2024 | <br>31 DEC 2023 | COMPANY<br>31 DEC 2024 | <br>31 DEC 2023 |
|---|---|---|---|---|---|
| **18** | **Other operating expenses** | | | | |
| | NDIC Insurance Premium | **13,616,700** | 8,581,707 | **-** | - |
| | AMCON Levy | **21,926,026** | 15,657,004 | **-** | - |
| | FRCN expense (see note (c) below) | **222,669** | - | **-** | - |
| | Insurance expenses | **1,763,534** | 1,326,245 | **41,166** | 24,286 |
| | Others (see note (a) below) | **10,802,299** | 7,137,383 | **619,544** | 147,932 |
| | | **48,331,228** | 32,702,339 | **660,710** | 172,218 |

**Notes to the consolidated and separate financial statements**

| | | | | |
|---|---|---|---|---|
| (a) Others comprises: | | | | |
| AGM, meetings and shareholders expenses | **676,416** | 424,053 | **389,856** | 89,500 |
| Donation and sponsorship expenses (see note (b) below) | **495,245** | 221,325 | **-** | - |
| Entertainment expenses | **1,432,412** | 828,407 | **21,668** | 11,162 |
| Fraud and forgery expense | **1,224,263** | 908,346 | **-** | - |
| Regulatory charges | **23,770** | 12,903 | **23,770** | 12,903 |
| Other accounts written off | **590,035** | 439,665 | **-** | 121 |
| PENCOM Recovery Agent Fee | **973** | 4,363 | **-** | - |
| Pension Protection Fund Expenses | **259,191** | 213,957 | **-** | - |
| Provision for litigation (see note 37(a)) | **3,410,000** | 2,525,000 | **-** | - |
| Industrial training fund levy | **579,453** | 335,923 | **26,028** | 15,204 |
| Nigeria Social Insurance Trust Fund expenses | **413,606** | 265,304 | **14,284** | 8,754 |
| Penalties (see note 46) | **136,653** | 145,102 | **-** | - |
| Miscellaneous expenses | **1,560,282** | 813,035 | **143,938** | 10,288 |
| | **10,802,299** | 7,137,383 | **619,544** | 147,932 |

(b) The Group made contributions to charitable and non-political organisations amounting to N495.25million (31 December 2023: N221.33million) during the year. The detailed analysis is in the Directors' report, page 19.

(c) Financial Reporting Council of Nigeria (Amendment) Act, 2023, which amended some provisions of the Financial Reporting Council of Nigeria Act of 2011. levy an amount equals to 0.04% of market capitalisation for listed companies and 0.005% of annual turnover, where the annual turnover of the entity is greater than N10 billion.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **In thousands of Naira** | **31 DEC 2024** | **31 DEC 2023** | **31 DEC 2024** | **31 DEC 2023** |
| **19 Earnings per share** | | | | |
| **Basic and diluted earnings per share** | | | | |
| Profit attributable to ordinary equity holders (N'000) | **65,724,641** | 90,988,046 | **22,993,015** | 19,159,419 |
| Weighted average number of ordinary shares in issue ('000) | **26,755,662** | 20,330,782 | **26,755,662** | 20,330,782 |
| | **2.46** | 4.48 | **0.86** | 0.94 |

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue for both year presented. The dilluted earnings per share is the same as the basic EPS because there are no poitential ordinary shares outstanding during the reporting period (see note 42 on share capital)

In line with the requirements of IAS 33. P64, the number of shares used in the determination of the EPS for the year 2023 has also been adjusted accordingly. The weighted average number of shares was determined by:

| **Determination of weighted average number of shares** | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31 DEC 2024** | **31 DEC 2023** | **31 DEC 2024** | **31 DEC 2023** |
| Opening balance number of shares | 19,802,710 | 19,802,710 | 19,802,710 | 19,802,710 |
| Additional shares from public offer | 19,802,710 | - | 19,802,710 | - |
| Total number of shares in issue | **39,605,420** | **19,802,710** | **39,605,420** | **19,802,710** |
| **Weighted average number of shares:** | | | | |
| Pre issuance of new shares (see note a) | 13,553,855 | 20,330,782 | 13,553,855 | 20,330,782 |
| Post issuance of new shares (see note b) | 13,201,807 | - | 13,201,807 | - |
| | **26,755,662** | **20,330,782** | **26,755,662** | **20,330,782** |

**(a)** The pre-issuance number of shares for the year 2024 has been determined by applying the adjusting factor on the number of shares in issue from 1 January to 4 September 2024 while for the year 2023 this was derived by applying the adjusting factor on the total number of shares in issue during the year.

**(b)** The post-issuance number of shares for the year 2024 has been determined by applying the adjusting factor on the number of shares in issue from 5 September 2024 to 31 December 2024.

Adjusting factor (1.027) was determined by dividing the market price per share at the date of share issue closure (N7.70k) by the theoretical ex-rights FV per share (N7.50k) considering the discount on share price at issuance of 5%, i.e. N7.30k.

**Notes to the consolidated and separate financial statements**

**20 Tax expense**

| | | | | |
|---|---|---|---|---|
| (i) **Current tax expense:** | | | | |
| Minimum tax (see note 20(iv)) | **3,289,172** | 2,218,204 | **-** | - |
| National Information Technology Development Agency (NITDA) levy | **208,186** | 1,002,116 | **208,186** | 213,553 |
| Nigeria Police Trust Fund levy | **1,898** | 5,011 | **1,898** | 1,068 |
| National Agency for Science and Engineering Infrastructure levy | **-** | 197,141 | **-** | - |
| Tertiary education tax | **423,990** | 61,735 | **423,990** | 61,735 |
| Capital gain tax | **-** | - | **-** | - |
| Corporate income tax | **14,435,903** | 5,632,862 | **4,611,358** | 85,201 |
| | **18,359,149** | 9,117,069 | **5,245,432** | 361,557 |
| (ii) **Deferred tax expense:** | | | | |
| Origination of temporary differences (see note 33(b)) | **2,527,111** | 2,296,761 | **2,527,111** | 1,834,361 |
| | **2,527,111** | 2,296,761 | **2,527,111** | 1,834,361 |
| Income tax expense | **17,597,088** | 9,195,626 | **7,772,543** | 2,195,918 |
| (iii) **Windfall tax (see note (v))** | **17,671,442** | - | **-** | - |
| | **38,557,702** | 11,413,830 | **7,772,543** | 2,195,918 |

(iv) **Reconciliation of effective tax rate**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31 DEC 2024 | | | |
| Profit before tax | | **112,118,582** | | **38,175,230** |
| Income tax using the domestic corporation tax rate | **30.0%** | **33,635,575** | **30.00%** | **11,452,569** |
| National Information Technology Development Agency (NITDA) levy | **0.2%** | **208,186.00** | **0.55%** | **208,186.00** |
| Nigeria Police Trust Fund levy | **0.00%** | **1,898.00** | **0.00%** | **1,898.00** |
| National Agency for Science and Engineering Infrastructure levy | **0.00%** | **-** | **0.00%** | **-** |
| Non-deductible expenses | **143.8%** | **161,279,659** | **422.5%** | **161,279,659** |
| Tax exempt income | **(173.1%)** | **(194,105,892)** | **(476.1%)** | **(181,747,431)** |
| Minimum tax | **2.9%** | **3,289,172** | **0.0%** | **-** |
| Windfall tax | **15.8%** | **17,671,442** | | |
| Unrecognised current year tax losses | **10.7%** | **11,966,304** | **31.3%** | **11,966,304** |
| **Total tax expense** | **34.4%** | **38,557,702** | **20.4%** | **7,772,543.00** |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31 DEC 2023 | | | |
| Profit before tax | | 104,431,449 | | 21,355,337 |
| Income tax using the domestic corporation tax rate | 30.0% | 31,329,435 | 30.0% | 6,406,601 |
| National Information Technology Development Agency (NITDA) levy | 1.0% | 1,002,116 | 1.0% | 213,553 |
| Nigeria Police Trust Fund levy | 0.0% | 5,011 | 0.0% | 1,068 |
| National Agency for Science and Engineering Infrastructure levy | 0.2% | 197,141 | 0.0% | - |
| Non-deductible expenses | 24.5% | 25,572,343 | 119.7% | 25,572,343 |
| Tax exempt income | (46.9%) | (48,995,621) | (140.9%) | (30,082,848) |
| Minimum tax | 2.1% | 2,218,204 | 0.0% | - |
| Tertiary education tax | 0.1% | 85,201 | 0.4% | 85,201 |
| **Total tax expense** | 10.9% | 11,413,830 | 10.3% | 2,195,918 |

**Notes to the consolidated and separate financial statements**

(iv) The Banking subsidiary was assessed based on the minimum tax legislation for the year ended 31 December 2024. The Finance Act 2020 and 2021 provides for a reduction in the Minimum tax rate from 0.5% to 0.25% of gross turnover for only two accounting years with respect to financcial years ending on any date between 1 January 2019 and 31 Decemeber 2020 or 1 January 2020 and 31 Decemeber 2021. The Banking subsidiary took advantage of the reduction in minimum tax rate for the financial years ending 31 December 2020 and 2021.

The group takes into cognisance the expiration of the Order exempts all interests earned on Bonds (Federal, state, local and corporate bodies including supra-national) and other short term securities such as Treasury Bills and Promissory Notes from being subjected to tax imposed under the Companies Income Tax Act. The Order is valid for a period of 10 years from the effective date of the Order, except for Bonds issued by the Federal Government, which will continue to enjoy the exemption. The exemption order has expired on 1 January 2022.

A significant portion of the Banking subsidiary’s investment income is derived from short-term securities and government bonds, and as a result, the Banking subsidiary’s current income tax assessment for the year under review yields a tax credit in its favour. Consequently, the Banking subsidiiary has applied the provisions of the Companies Income Tax Act that mandates a minimum tax assessment, where a tax payer does not have any tax liability arising from its tax assessment.

The Banking subsidiary has not recognised income tax on the Other Comprehensive Income (OCI) because the gain in the Banking subsidiary's OCI is as a result of net unrealised fair value gains on Government securities. The Banking subsidiary has also not recognized deferred tax on these gains as they will not be taxable when they are realised and as such do not represent temporary differences. Realised gains on Nigerian government securities, stocks and share are also exempt from Capital Gains Tax in line with section 30 of the CGT Act.

Nigeria Police Trust Fund Levy: On 24 June 2019, the Nigerian President signed the Nigeria Police Trust Fund (Establishment) Bill (“Police Trust Fund Act” or “the Act”) into law. The Act establishes the Nigeria Police Trust Fund (Trust Fund) to provide funds for, inter alia, the training and welfare of personnel of the Nigeria Police Force. The levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year) of companies operating a business in Nigeria.

National Agency for Science and Engineering Infrastructure (NASENI) levy: (NASENI or “the Agency”) was established by the NASENI Act, Cap N3 LFN 2004 (“the Act”) in 1992. The Agency has a mandate to manage the research and development of capital goods, production and reverse engineering to enhance local mass production of standard parts, goods, and services required for the nation’s technological advancement. In line with Finance Act 2021, the levy is computed on 0.25% of Profit Before Tax for commercial companies in the banking, mobile communication, ICT, aviation, maritime and oil and gas sectors.

(v) **Windfall tax**

The Finance Act 2023 as enacted by the National Assembly of the Federal Republic of Nigeria was amended by Finance Act (Amendment) Bill 2024 to impose and charge Windfall Tax on banks and to provide for the administration of the Tax. The windfall tax on foreign exchange is levied on all banks and paid to the benefits of the Federal Government of Nigeria. It is set at 70% of the realized profits from all foreign exchange transactions of banks within the 2023 and 2025 financial years. The Act was signed into law in 23 July 2024. The Federal Inland Revenue Service (FIRS) is responsible for assessing, collecting, and enforcing the payment of this tax.

Following a series of engagements, provision of information, reconciliation meetings with the FIRS, a provisional Windfall Levy of N17.671 billion was estimated to be payable by the Banking subsidiary for the 2023 and 2024 financial years, broken down as follows:

FY2023:N7.573bn

FY2024: N10.098bn

The Group utilized the services of the following tax consultants during the year under review:

| NAME OF PROFESSIONAL | FRC_NUMBER |
|---|---|
| Kreston Pedabo Professional Services | FRC/2013/ICAN/00000000908 |

**Notes to the consolidated and separate financial statements**

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| (ii) **Current income tax liability** | | | | |
| At 1 January | **11,296,167** | 7,180,286 | **410,283** | 72,584 |
| Tax paid | **(9,107,292)** | (5,380,741) | **(273,498)** | (12,751) |
| Tax refund (see note (a) below) | **-** | (34,989) | **-** | (11,107) |
| Minimum tax (see note 20(i)) | **3,289,172** | 2,218,204 | **-** | - |
| Windfall tax (see note 20(iii)) | **17,671,442** | - | **-** | - |
| National Information Technology Development Agency (NITDA) levy (see note 20(i)) | **208,186** | 1,002,116 | **208,186** | 213,553 |
| Nigeria Police Trust Fund levy (see note 20(i)) | **1,898** | 5,011 | **1,898** | 1,068 |
| Tertiary education tax (see note 20(i)) | **423,990** | 61,735 | **423,990** | 61,735 |
| National Agency for Science and Engineering Infrastructure (NASENI) levy (see note 20(i)) | **-** | 197,141 | **-** | - |
| Income tax expense (see note 20(i)) | **14,435,903** | 5,632,862 | **4,611,358** | 85,201 |
| Effect of movement in exchange rates | **8,365** | 414,542 | **-** | - |
| | **38,227,831** | 11,296,167 | **5,382,217** | 410,283 |

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| 21 **Cash and cash equivalents** | | | | |
| Cash | **33,636,696** | 34,869,093 | **-** | - |
| Current balances with banks within Nigeria | **643,838** | 99,189 | **14,371,980** | 4,577,221 |
| Current balances with banks outside Nigeria (see note (c) below) | **733,807,053** | 376,361,162 | **-** | - |
| Placements with local banks | **7,259,998** | 13,063,999 | **-** | - |
| Unrestricted balances with Central banks | **20,057,451** | 154,815,173 | **-** | - |
| | **795,405,036** | 579,208,616 | **14,371,980** | 4,577,221 |
| Less impairment allowances (note (a) below) | **(18,017)** | (41,108) | **-** | - |
| | **795,387,019** | 579,167,508 | **14,371,980** | 4,577,221 |
| Current | **795,387,019** | 579,167,508 | **14,371,980** | 4,577,221 |
| Non-current | **-** | - | **-** | - |
| | **795,387,019** | 579,167,508 | **14,371,980** | 4,577,221 |
| (a) **Impairment allowance** | | | | |
| Balance at 1 January | **41,108** | 25,257 | **-** | - |
| Net remeasurement of loss allowance (see note 10) | **(9,824)** | 5,240 | **-** | - |
| Effect of movement in exchange rates | **(13,267)** | 10,611 | **-** | - |
| Closing balance | **18,017** | **41,108** | **-** | **-** |

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

(c) Balances with banks outside Nigeria include N163.84billion (31 December 2023: N120.20billion) which represents the naira value of foreign currency amounts held by the Bank on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see Note 37(a)).

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

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 DEC 2024 | 31 DEC 2023 | 31 DEC 2024 | 31 DEC 2023 |
| **22(a)** | **Non-pledged trading assets** | | | | |
| | Federal Government of Nigeria Bonds - fair value through profit or loss (FVTPL) | **86,181,607** | 38,636,240 | **-** | - |
| | Treasury Bills - fair value through profit or loss (FVTPL) | **10,887,401** | 1,583,654 | **-** | - |
| | Fund investments Government and others | **222,040,262** | 130,082,807 | **-** | - |
| | | **319,109,270** | 170,302,701 | **-** | - |
| | Current | **315,316,426** | 166,509,857 | **-** | - |
| | Non-current | **3,792,844** | 3,792,844 | **-** | - |
| | | **319,109,270** | 170,302,701 | **-** | - |

| | | | | | |
|---|---|---|---|---|---|
| **23** | **Derivative assets and liabilities held for risk management** | | | | |
| | **Instrument type** | | | | |
| (a) | Assets: - Non-deliverable forwards transactions | **1,451,932** | 1,520,716 | **-** | - |
| | | **1,451,932** | 1,520,716 | **-** | - |
| | Current | **1,451,932** | 1,520,716 | **-** | - |
| | Non-current | **-** | - | **-** | - |
| | | **1,451,932** | 1,520,716 | **-** | - |
| (b) | Liabilities - Non-deliverable forwards transactions | **2,608,146** | 998,332 | **-** | - |
| | - Total return swap transactions | **-** | - | **-** | - |
| | | **2,608,146** | 998,332 | **-** | - |
| | Current | **2,608,146** | 998,332 | **-** | - |
| | Non-current | **-** | - | **-** | - |
| | | **2,608,146** | 998,332 | **-** | - |

Derivative financial instruments consist of short-term foreign exchange contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. All derivative contracts open at the year-end have intended settlement dates within twelve months. All derivative financial instruments are considered to be level two and are priced with reference to observable market data including prices from exchanges. The fair values of the foreign exchange contracts are reflected in the table above.

All derivative assets and liabilities are current.

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 DEC 2024 | 31 DEC 2023 | 31 DEC 2024 | 31 DEC 2023 |
| **24** | **Investment securities** | | | | |
| | Investment securities at amortised cost (see note (a)) | **696,363,806** | 472,383,924 | **23,145,791** | 14,070,554 |
| | Investment securities at FVTPL - debt instruments (see note (c) below) | **-** | - | **45,457,558** | 49,851,607 |
| | Investment securities at FVOCI - debt instruments (see note (d) below) | **382,985,387** | 256,806,468 | **-** | - |
| | Investment securities at FVOCI - quoted equity investments (see note (e) below) | **108,925** | 106,624 | **-** | - |
| | Investment securities at FVOCI - unquoted equity investments (see note (f) below) | **109,952,588** | 65,449,363 | **-** | - |
| | | **1,189,410,706** | 794,746,379 | **68,603,349** | 63,922,161 |
| | Current | **360,535,878** | 238,538,397 | **10,108,897** | 5,990,642 |
| | Non-current | **828,874,828** | 556,207,982 | **58,494,452** | 57,931,519 |
| | | **1,189,410,706** | 794,746,379 | **68,603,349** | 63,922,161 |

**Notes to the consolidated and separate financial statements**

| | | | | |
|---|---|---|---|---|
| (a) **Investment securities at amortised cost** | | | | |
| Federal Government of Nigeria (FGN) Bonds - listed | **451,231,683** | 372,141,965 | **2,394,609** | - |
| Federal Government of Nigeria (FGN) EuroBonds - listed | **222,759,378** | 77,430,273 | **-** | - |
| State Government Bonds - unlisted | **11,502,992** | 12,822,522 | **-** | - |
| Corporate bonds - unlisted | **15,075,382** | 9,846,054 | **13,036,894** | 8,079,912 |
| Unclaimed dividend investment fund | **2,601,872** | 2,525,674 | **2,601,872** | 2,525,674 |
| Placements | **6,829,557** | 4,832,333 | **5,511,484** | 3,771,829 |
| | **710,000,864** | 479,598,821 | **23,544,859** | 14,377,415 |
| Less impairment allowances (see note (b) below) | **(13,637,058)** | (7,214,897) | **(399,068)** | (306,861) |
| | **696,363,806** | 472,383,924 | **23,145,791** | 14,070,554 |
| (b) **Impairment allowance** | | | | |
| At 1 January | **7,214,897** | 2,939,123 | **306,861** | 196,066 |
| Net remeasurement of loss allowance (see note 10) | **3,080,857** | 1,925,338 | **92,207** | 110,795 |
| Translation difference | **3,341,304** | 2,350,436 | **-** | - |
| Closing balance | **13,637,058** | 7,214,897 | **399,068** | 306,861 |
| (c) **Investment securities at FVTPL** | | | | |
| Bond - AT1 instrument | **-** | - | **45,457,558** | 49,851,607 |
| | **-** | - | **45,457,558** | 49,851,607 |

The N45.46billion (2023: N49.85 billion) in the company represents the fair value of AT1 raised by the Group (in two series), used for the purchase of the Intercompany Notes issued by First City Monument Bank Limited (banking subsidiary), for purposes of financing incremental term lending in focus sectors and shoring up the Banking subsidiary's regulatory capital base. The Intercompany Notes were issued under the same terms as the AT1 issued by the Group (see Note 41(c) for details of the terms of the AT1).

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| (d) **Investment securities at FVOCI** | | | | |
| Federal Government of Nigeria (FGN) Bonds - listed | **119,275,196** | 32,918,562 | **-** | - |
| Federal Government of Nigeria (FGN) Sukuk Bonds | **10,463,903** | 21,672,197 | **-** | - |
| Treasury bills - listed | **170,037,192** | 136,189,663 | **-** | - |
| Bank, Government bonds, and HQLA Investments | **82,743,616** | 65,508,846 | **-** | - |
| Legacy Debt Fund | **41,883** | 46,537 | **-** | |
| Legacy USD Bond Fund | **268,079** | 297,865 | **-** | |
| Legacy Money Market Fund | **155,518** | 172,798 | **-** | |
| | **382,985,387** | 256,806,468 | **-** | - |
| **Impairment allowance** | | | | |
| At 1 January | **845,199** | 1,378,165 | **-** | - |
| Net remeasurement of loss allowance (see note 10) | **(645,828)** | (532,966) | **-** | - |
| Closing balance | **199,371** | 845,199 | **-** | - |
| (e) **Investment securities at FVOCI - quoted equity investments** | | | | |
| Industrial and General Insurance Plc | **4,227** | 4,449 | | |
| Food Concepts | **3,081** | 3,243 | | |
| Legacy Equity Fund | **101,618** | 98,932 | | |
| | **108,925** | 106,624 | **-** | - |

**Notes to the consolidated and separate financial statements**

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| (f) **Investment securities at FVOCI - unquoted equity investments** | | | | |
| Credit Reference Company Limited | **425,917** | 916,285 | **-** | - |
| Nigeria Inter-bank Settlement System Plc | **23,321,317** | 17,895,438 | **-** | - |
| Africa Finance Corporation | **68,156,000** | 36,168,020 | **-** | - |
| Africa Export-Import Bank, Cairo | **6,147,981** | 3,650,050 | **-** | - |
| Smartcard Nigeria Plc | **2,816,110** | 2,101,650 | **-** | - |
| FMDQ (OTC) Plc | **8,685,327** | 4,605,458 | **-** | - |
| Financial Derivative Ltd | **22,450** | 28,062 | **-** | - |
| Shared Agent Network Expansion Facilities Limited (SANEF) | **377,486** | 84,400 | **-** | - |
| | **109,952,588** | 65,449,363 | **-** | - |

(g) The Group designated certain equity investments shown above in note (e) as equity securities at fair value through other comprehensive income. The fair value through other comprehensive income designation was made because the investments are expected to be held for the long-term for strategic purposes. None of these strategic investments was disposed during year ended 31 December 2024 / 31 December 2023.

(h) Debt securities classified at amortised cost have interest rates of 8.5% to 19.89% (31 December 2023: 6.13% to 17.50%) and mature between 2025 and 2053 years. Debt securities at fair value through other comprehensive income have stated interest rates of 11.2% to 19.98% (31 December 2023: 11.2% to 16.29%) and mature between 2025 and 2053 years.

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

(j) Movement in investment securities
The movement in investment securities for the Group may be summarised as follows:

**In thousands of Naira**

**GROUP**

**Movements in investment securities during the year ended 31 December 2024**

| | Unquoted equity securities at fair value through other comprehensive income | Debt securities at fair value through profit or loss | Debt securities at amortised cost | Debt securities at fair value through other comprehensive income | Quoted equity securities measured at fair value through profit or loss | Total |
|---|---|---|---|---|---|---|
| At 1 January | 65,449,363 | - | 472,383,924 | 256,806,468 | 106,624 | 794,746,379 |
| Foreign currency exchange differences recognised profit and loss | - | - | 53,519,809 | - | - | 53,519,809 |
| Additions | 3,958,207 | - | 246,327,610 | 253,294,968 | 2,301 | 503,583,086 |
| Disposals | - | - | (46,460,305) | (119,178,764) | - | (165,639,069) |
| Gains from changes in fair value recognised in other comprehensive income | 11,897,452 | - | - | (43,327,659) | - | (31,430,207) |
| Foreign currency translation differences recognised in other comprehensive income | 28,647,566 | - | - | - | - | 28,647,566 |
| Amortised cost adjustments | - | - | (15,770,174) | - | - | (15,770,174) |
| Impairment allowance | - | - | (13,637,058) | - | - | (13,637,058) |
| Translation difference | - | - | - | 35,390,374 | - | 35,390,374 |
| Closing balance | 109,952,588 | - | 696,363,806 | 382,985,387 | 108,925 | 1,189,410,706 |

**Notes to the consolidated and separate financial statements**

**Movements in investment securities during the year ended 31 December 2023:**

| | Unquoted equity securities at fair value through other comprehensive income | Debt securities at fair value through profit or loss | Debt securities at amortised cost | Debt securities at fair value through other comprehensive income | Quoted equity securities measured at fair value through profit or loss | Total |
|---|---|---|---|---|---|---|
| At 1 January | 37,507,207 | - | 255,867,805 | 231,092,599 | 105,414 | 524,573,025 |
| Foreign currency exchange differences recognised profit and loss | - | - | 41,422,970 | - | - | 41,422,970 |
| Additions | 221,808 | - | 241,826,504 | 240,001,580 | 1,210 | 482,051,102 |
| Disposals | - | - | (50,009,509) | (224,367,584) | - | (274,377,093) |
| Gains from changes in fair value recognised in other comprehensive income | 14,350,107 | - | - | 1,025,665 | - | 15,375,772 |
| Foreign currency translation differences recognised in other comprehensive income | 13,370,241 | - | - | - | - | 13,370,241 |
| Amortised cost adjustments | - | - | (9,508,949) | - | - | (9,508,949) |
| Impairment allowance | - | - | (7,214,897) | - | - | (7,214,897) |
| Translation difference | - | - | - | 9,054,208 | - | 9,054,208 |
| Closing balance | 65,449,363 | - | 472,383,924 | 256,806,468 | 106,624 | 794,746,379 |

**In thousands of Naira**

**COMPANY**

**Movements in investment securities during the year ended 31 December 2024**

| | Unquoted equity securities at fair value through other comprehensive income | Debt securities at fair value through profit or loss | Debt securities at amortised cost | Debt securities at fair value through other comprehensive income | Quoted equity securities measured at fair value through profit or loss | Total |
|---|---|---|---|---|---|---|
| At 1 January | - | 49,851,607 | 14,070,554 | - | - | 63,922,161 |
| Foreign currency exchange differences recognised profit and loss | - | | 7,110,602 | - | - | 7,110,602 |
| Additions | - | - | 2,363,703 | - | - | 2,363,703 |
| Gains from changes in fair value recognised in profit or loss | - | (4,394,049) | - | - | - | (4,394,049) |
| Impairment allowance | - | | (399,068) | - | - | (399,068) |
| Closing balance | - | 45,457,558 | 23,145,791 | - | - | 68,603,349 |

**Movements in investment securities during the year ended 31 December 2023:**

| | Unquoted equity securities at fair value through other comprehensive income | Debt securities at fair value through profit or loss | Debt securities at amortised cost | Debt securities at fair value through other comprehensive income | Quoted equity securities measured at fair value through profit or loss | Total |
|---|---|---|---|---|---|---|
| At 1 January | - | | 8,023,508 | - | - | 8,023,508 |
| Foreign currency exchange differences recognised profit and loss | - | | 5,692,567 | - | - | 5,692,567 |
| Additions | - | 46,686,000 | 661,340 | - | - | 47,347,340 |
| Gains from changes in fair value recognised in profit or loss | - | 3,165,607 | - | - | - | 3,165,607 |
| Impairment allowance | - | | (306,861) | - | - | -306,861 |
| Closing balance | - | 49,851,607 | 14,070,554 | - | - | 63,922,161 |

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| **25 Assets pledged as collateral** | | | | |
| The nature and carrying amounts of the non tradable financial assets pledged as collaterals are as follows: | | | | |
| (a) **Investment Securities - FVOCI** | | | | |
| Treasury Bills - listed | **54,170,491** | 10,285,173 | **-** | - |
| Federal Government of Nigeria (FGN) Bonds - listed | **14,248,499** | - | **-** | - |
| | **68,418,990** | 10,285,173 | **-** | - |
| (b) **Investment Securities - FVTPL** | | | | |
| Federal Government of Nigeria (FGN) Bonds - listed | **172,424** | | | |
| Treasury Bills - listed | **-** | - | **-** | - |
| | **172,424** | - | **-** | - |
| (c) **Investment Securities - Amortized cost** | | | | |
| Treasury Bills - listed | - | - | - | - |
| Federal Government of Nigeria (FGN) Bonds - listed | **333,112,327** | 76,429,167 | **-** | - |
| | **333,112,327** | 76,429,167 | **-** | - |
| | **401,703,741** | **86,714,340** | **-** | **-** |
| Current | **584,829** | 25,997,826 | **-** | - |
| Non-current | **401,118,912** | 60,716,514 | **-** | - |
| | **401,703,741** | 86,714,340 | **-** | - |

As at the year end, the Group held no collateral, which it was permitted to sell or re-pledge in the absence of default by the owner of the collateral (31 December 2023: nil).

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

| **Counterparties** | **Reasons for pledged securities** | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|---|
| Nigeria Inter-bank Settlement Plc (NIBSS) | Cards, POS transactions settlements | **2,346,237** | 2,320,850 | **-** | - |
| Interswitch Nigeria Limited | Cards, POS transactions settlements | **24,782,565** | 24,514,412 | **-** | - |
| Federal Inland Revenue Service(FIRS) | Third parties collection transactions | **1,611,071** | 1,593,639 | **-** | - |
| Central Bank of Nigeria (CBN) | Third parties clearing instruments | **13,962,613** | 13,811,535 | **-** | - |
| Bank of Industry (BOI) | On-lending facilities to customers | **15,251,380** | 15,086,357 | **-** | - |
| System Specs/Remita | Remita Transfer Transactions | **322,214** | 318,728 | **-** | - |
| E-transact | Cards, POS transactions settlements | **1,310,338** | 1,296,159 | **-** | - |
| Development Bank of Nigeria (DBN) | On-lending facilities to customers | **6,205,845** | 6,138,696 | **-** | - |
| Central Bank of Nigeria (CBN) | FMDQ OTC settlement transactions | **3,222,142** | 3,187,277 | **-** | - |
| Keystone Bank Plc | Interbank Funding under repurchase agreement | **331,615,291** | 9,904,783 | **-** | - |
| Citi Nominee | FMDQ OTC settlement transactions | **1,074,045** | 8,541,904 | **-** | - |
| | | **401,703,741** | 86,714,340 | **-** | - |

**Notes to the consolidated and separate financial statements**

| In thousands of Naira | | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|---|
| **26** | **Loans and advances to customers** | | | | |
| (a) | Overdrafts | **278,970,027** | 324,800,170 | **-** | - |
| | Term loans | **1,971,070,343** | 1,339,105,534 | **-** | - |
| | On-lending facilities | **234,120,454** | 264,548,415 | **-** | - |
| | Advances under finance lease (see note (b) below) | **917,392** | 1,130,082 | **-** | - |
| | **Gross loans and advances to customers at amortised costs** | **2,485,078,216** | 1,929,584,201 | **-** | - |
| | Less impairment loss allowance | **(127,775,043)** | (88,068,005) | **-** | - |
| | **Net loans and advances to customers** | **2,357,303,173** | 1,841,516,196 | **-** | - |
| | Current | **1,614,376,101** | 1,018,902,729 | **-** | - |
| | Non-current | **742,927,072** | 822,613,467 | **-** | - |
| | | **2,357,303,173** | 1,841,516,196 | **-** | - |

| **GROUP** | 31 DEC 2024 Gross amount | 31 DEC 2024 ECL allowance | 31 DEC 2024 Carrying Amount | 31 DEC 2023 Gross amount | 31 DEC 2023 ECL allowance | 31 DEC 2023 Carrying Amount |
|---|---|---|---|---|---|---|
| Retail customers: | | | | | | |
| Mortgage lending | **4,606,777** | **(153,280)** | **4,453,497** | 4,296,095 | (141,430) | 4,154,665 |
| Personal loans | **196,372,224** | **(6,121,525)** | **190,250,699** | 229,320,155 | (8,234,843) | 221,085,312 |
| Credit cards | **7,072,079** | **(453,086)** | **6,618,993** | 6,517,402 | (210,005) | 6,307,397 |
| Corporate customers: | | | | | | |
| Finance leases (see note (b) below) | **917,392** | **-** | **917,392** | 1,130,082 | (49,687) | 1,080,395 |
| Other secured lending | **2,276,109,744** | **(121,047,152)** | **2,155,062,592** | 1,688,320,467 | (79,432,040) | 1,608,888,427 |
| | **2,485,078,216** | **(127,775,043)** | **2,357,303,173** | 1,929,584,201 | (88,068,005) | 1,841,516,196 |

**Notes to the consolidated and separate financial statements**

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| (b) **Finance lease** | | | | |
| Loan and advances to customer at amortised cost include the following finance lease: | | | | |
| Gross investment: | | | | |
| Less than one year | 325,629 | 518,884 | - | - |
| Between one and five years | 1,378,326 | 1,150,852 | - | - |
| | 1,703,955 | 1,669,736 | - | - |
| Unearned finance income | (786,563) | (539,654) | - | - |
| Net investment in finance leases | 917,392 | 1,130,082 | - | - |
| Less impairment allowance | - | (49,687) | - | - |
| | 917,392 | 1,080,395 | - | - |
| **Net investment in finance leases** | | | | |
| Net investment in finance leases, receivables: | | | | |
| Less than one year | 325,629 | 518,884 | - | - |
| Between one and five years | 591,763 | 611,198 | - | - |
| | 917,392 | 1,130,082 | - | - |

In thousands of Naira

(c) Movement on ECL allowance loans and advances to customers at amortised cost

| GROUP | 31 DEC 2024 Stage 1 | 31 DEC 2024 Stage 2 | 31 DEC 2024 Stage 3 | 31 DEC 2024 Total | 31 DEC 2023 Stage 1 | 31 DEC 2023 Stage 2 | 31 DEC 2023 Stage 3 | 31 DEC 2023 Total |
|---|---|---|---|---|---|---|---|---|
| At 1 January | 15,156,299 | 12,737,070 | 60,174,636 | 88,068,005 | 17,876,098 | 11,613,853 | 21,623,108 | 51,113,059 |
| Transfer to stage 1 | 3,245,328 | (1,283,759) | (1,961,569) | - | 5,261,623 | (1,733,072) | (3,528,551) | - |
| Transfer to stage 2 | (620,469) | 754,891 | (134,422) | - | (345,800) | 355,152 | (9,352) | - |
| Transfer to stage 3 | (259,975) | (1,893,826) | 2,153,801 | - | (1,558,475) | (1,823,956) | 3,382,431 | - |
| Net remeasurement of loss allowances (see note 10) | 8,227,553 | 25,110,892 | 10,453,405 | 43,791,850 | (14,285,301) | 1,027,915 | 68,442,777 | 55,185,391 |
| Write-offs | - | - | (23,276,237) | (23,276,237) | - | - | (37,211,861) | (37,211,861) |
| Translation difference | 2,381,960 | 4,012,662 | 12,795,661 | 19,190,283 | 8,208,154 | 3,297,178 | 7,470,967 | 18,976,299 |
| Closing balance | 28,130,696 | 39,437,930 | 60,205,275 | 127,775,043 | 15,156,299 | 12,737,070 | 60,169,519 | 88,068,005 |

| (d) **Classification of loans by security type** | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| Secured against real estate | 279,774,589 | 302,677,758 | - | - |
| Secured by shares of quoted and unquoted companies | 12,123,683 | 18,739,691 | - | - |
| Cash Collateral | 197,328,551 | 165,288,530 | - | - |
| Fixed and floating assets | 1,138,697,331 | 970,489,101 | - | - |
| Otherwise secured | 168,251,237 | 48,769,968 | - | - |
| Unsecured | 688,902,825 | 423,619,153 | - | - |
| | 2,485,078,216 | 1,929,584,201 | - | - |

(e) Information about the Group's credit analysis, market risks, and impairment losses for loans and advances is included in Note 4.

**Notes to the consolidated and separate financial statements**

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| **27 Other assets** | | | | |
| (a) **Other financial assets:** | | | | |
| E-settlement receivables (See note (d) below) | **31,508,947** | 38,703,068 | **-** | - |
| Agric SMEIS receivables (See note (e) below) | **4,697,909** | 4,697,909 | **-** | - |
| Related parties receivables | **-** | - | **10,545,855** | 4,546,395 |
| Insurance claims and fraud receivables (See note (f) below) | **8,159,970** | 7,343,655 | **-** | - |
| Judgement debt receivables (See note (g) below) | **9,770,882** | 6,730,232 | **-** | - |
| Accounts receivable - deposits for investments (See note (h) below) | **30,577,260** | - | **-** | - |
| Accounts receivable- TSA refunds | **433,101** | 433,101 | **-** | - |
| Accounts receivable- remittances | **1,168,382** | 6,406,673 | **-** | - |
| FX forwards receivable (See note i) below) | **292,453,902** | - | **-** | - |
| Accounts receivables | **108,680,735** | 29,296,776 | **2,741,117** | 1,672,080 |
| | **487,451,088** | 93,611,414 | **13,286,972** | 6,218,475 |
| Less impairment allowances (note (c) below) | **(67,580,843)** | (50,775,664) | **(185,567)** | (136,773) |
| | **419,870,245** | 42,835,750 | **13,101,405** | 6,081,702 |
| (b) **Other non-financial assets:** | | | | |
| Prepayments | **23,476,985** | 12,285,835 | **117,979** | 203,308 |
| Consumables | **2,721,486** | 1,763,588 | **-** | - |
| | **26,198,471** | 14,049,423 | **117,979** | 203,308 |
| | **446,068,716** | 56,885,173 | **13,219,384** | 6,285,010 |
| Current | **264,448,617** | 38,137,841 | **12,915,838** | 4,409,622 |
| Non-current | **181,620,099** | 18,747,332 | **303,546** | 1,875,388 |
| | **446,068,716** | 56,885,173 | **13,219,384** | 6,285,010 |
| (c) **Movement in impairment on other financial assets** | | | | |
| At 1 January | **50,775,664** | 28,784,201 | **136,773** | 92,187 |
| Net remeasurement of loss allowances (see note 10) | **3,852,727** | 11,367,137 | **48,794** | 44,586 |
| Write-offs | **(25,628)** | (73,263) | **-** | - |
| Translation difference | **12,978,080** | 10,697,589 | **-** | - |
| Balance at the end | **67,580,843** | 50,775,664 | **185,567** | 136,773 |

(d) E-settlement receivables represent settlements due from other banks use of the Banking subsidiary's electronic channels by their customers. The Group's payables to other banks is contained in Note 37.

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

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

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

(h) Accounts receivable - deposits for investments balance relates to deposits paid for the Federal Government of Nigeria (FGN) US Dollar denominated Bond investment for which bond certificate have not been issued to the Banking subsidiary.

(i) The balance represents the Naira transaction value of matured forwards contracts with the Central Bank of Nigeria (CBN).

**Notes to the consolidated and separate financial statements**

| In thousands of Naira | | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|---|
| 28 | **Restricted reserve deposits** | | | | |
| | Restricted mandatory reserve deposits with central banks (see note (a) below) | **1,236,331,958** | 776,548,992 | **-** | - |
| | Special Cash Reserve Requirement (see note (b) below) | **23,019,130** | 23,019,130 | **-** | - |
| | Differentiated Cash Reserve Requirement Scheme (DCRR) (see note (c) below) | **182,041,708** | - | **-** | - |
| | LDR Cash Reserve (see note (d) below) | **72,295** | 72,295 | **-** | - |
| | | **1,441,465,091** | 799,640,417 | **-** | - |
| | Current | **-** | - | **-** | - |
| | Non-current | **1,441,465,091** | 799,640,417 | **-** | - |
| | | **1,441,465,091** | 799,640,417 | **-** | - |

(a) Restricted mandatory reserve deposits are not available for use in the Bank and Group's day-to-day operations. Mandatory reserve deposits are non interest-bearing and are computed as a fixed percentage of the Bank's qualifying deposit liabilities.

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

(c) Differentiated Cash Reserve Requirement Scheme (DCRR) represents restricted reserve set up scheme to fund Real Sector Support Facility (RSSF)

(d) LDR Cash Reserve represents restricted reserve for failure of the banking subsidiary to meet the Loan to Deposit Ratio of 65% as at 31 December 2024 was N72.30million (2023: N184.16million).

(e) For the purposes of the Statement of cashflow, these balances are excluded from cash and cash equivalents.

| In thousands of Naira | | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|---|
| 29 | **Investment in Subsidiaries** | | | | |
| (a) | Investment in subsidiaries comprises: | | | | |
| | First City Monument Bank Limited (see note (i ) below) | **-** | - | **256,362,560** | 115,422,326 |
| | FCMB Capital Markets Limited (see note (ii ) below) | **-** | - | **240,000** | 240,000 |
| | CSL Stockbrokers Limited (CSLS) (see note (iii) below) | **-** | - | **3,053,777** | 3,053,777 |
| | FCMB Trustees Limited (see note (iv) below) | **-** | - | **220,000** | 220,000 |
| | FCMB Microfinance Bank Limited (see note (v) below) | **-** | - | **1,000,000** | 1,000,000 |
| | FCMB Pensions Limited (see note (vi) below) | **-** | - | **11,925,884** | 11,925,884 |
| | Credit Direct Finance Company Limited (see note (vii) below) | **-** | - | **366,210** | 366,210 |
| | Carrying amount | **-** | - | **273,168,431** | 132,228,197 |

(b) **Group entities**

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

| Company Name | Country of incorporation | Nature of Business | Percentage of equity capital held (Direct | Financial year end |
|---|---|---|---|---|
| (1) First City Monument Bank Limited (see Note (i) below) | Nigeria | Banking | 100% | 31 Dec 2024 |
| (2) FCMB Capital Markets Limited (see Note (ii) below) | Nigeria | Capital Market | 100% | 31 Dec 2024 |
| (3) CSL Stockbrokers Limited (CSLS) (see Note (iii) below) | Nigeria | Stockbroking | 100% | 31 Dec 2024 |
| (4) FCMB Trustees Limited (see Note (iv) below) | Nigeria | Trusteeship | 100% | 31 Dec 2024 |
| (5) FCMB Microfinance Bank Limited (see Note (v) below) | Nigeria | Micro-lending | 100% | 31 Dec 2024 |
| (6) FCMB Pensions Limited (see Note (vi) below) | Nigeria | Pension Fund Administrator | 91.71% | 31 Dec 2024 |
| (7) Credit Direct Finance Company Limited (see Note (vii) below) | Nigeria | Micro-lending | 100% | 31 Dec 2024 |

**Notes to the consolidated and separate financial statements**

(i) This represents the cost of the Company's 100% equity holding in First City Monument Bank Limited. The Company was incorporated under the Companies and Allied Matters Act as a Private Limited Liability Company on 20 April, 1982. It was licensed on 11 August, 1983 to carry on the business of Commercial Banking and Commercial Business on 1 September 1983. The Bank was converted into a Public Limited Liability Company and its shares listed on the Nigerian Stock Exchange on 21 December, 2004. The Bank was however delisted from the Nigerian Stock Exchange on 21 June 2013 and registered as a Limited Liability Company on 4 September 2013 following the group restructuring. In line with the Central Bank of Nigeria recapitalisation policy, the company invested additional N140.9bn to shore up the capital base of the Bank.

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

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

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

(v) This represents the cost of the Company's 100% equity holding in FCMB Microfinance Bank Limited. The Company was incorporated on February 25, 2015 and started operations on January 1, 2017. The company invested additional N850m in FCMB Micrifinance Bank Limited in December 2022 in order to recapitalise the business in line with the Central Bank of Nigeria directive to recapitalise Microfinance Banks with State License to N1billion.

(vi) This represents the Company's 91.71% equity holding in FCMB Pensions Limited, a pension fund manager licensed to carry on the business of fund and pension management. The company was incorporated in April 2005 and commenced operations in May 2005. FCMB Pensions Limited was a former associate company to the Group by virtue of the Group's initial 28.22% equity holding. However, the Group acquired additional 60% ,3.42% and 1.16% equity holding in November 2017, August 2018 and August 2020 repectively thereby raising the total equity holding to 92.80%. The company changed it's name from Legacy Pension Managers Limited to FCMB Pensions Limited in November 2018.

In October 2021, FCMB Pensions Limited obtained approval for the acquisition of 60% stake in AIICO Pensions Limited. Another approval was obtained in February 2022 for additional 36.3% shareholding of AIICO Pension Limited bringing the total interest in the entity to 96%. FCMB Pensions concluded the acquisition of the 96% stake in AIICO Pensions on February 28, 2022 and integrated both businesses. After the integration, the Group's equity interest in FCMB Pensions was 91.71% from 92.80%. With this integration the FCMB Pensions Limited now accounts for one of the largest PFAs in Nigeria with a combined total Assets Under Management of N592billion and increase in the number of contributors nationwide. In 2022, FCMB Group Plc took up a right issue of N4billion in FCMB Pensions Limited.

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

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

(ix) The investments are carried at cost less impairment. There was no impairments on any of the subsidiaries as at the reporting date (2023; nil).

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| **30 Investment in associates** | | | | |
| (a) Investment in associate company: | | | | |
| Balance at 1 January | - | - | - | - |
| Net assets transferred on disposal of subsidiary | 1,733,907 | - | - | - |
| Loss on remeasurement of disposed interest | (100,862) | - | - | - |
| Dividend received during the year | 332,928 | - | - | - |
| Share of profit after tax | (223,412) | - | - | - |
| Share of associate's other comprehensive income/(loss) | (3,765) | - | - | - |
| Balance at year end | 1,738,796 | - | - | - |
| (b) Summarised Financial information of the Group's principal associate are as follows: | | | | |
| Current assets | 14,355,058 | - | - | - |
| Non-current assets | 375,764 | - | - | - |
| Current liabilities | 10,744,009 | - | - | - |
| Total equity | 4,171,700 | - | - | - |
| Revenue | 4,080,994 | - | - | - |
| Loss for the year | (984,443) | - | - | - |
| Other comprehensive income for the year | (8,366) | - | - | - |
| Total comprehensive income for year | (992,809) | - | - | - |

(i) In February 2024, the Company disposed 30% of its 75% stake in CSL Capital UK Limited for £545,823 effectively making the subsidiary obtain associate status during the year. The purchase consideration on this divestment is yet to be received and as such not reflected in the Statement of Cashflow.

Similarly, the residual investment of 45% was re-measured to its fair value at £818,733. Furthermore at the date of the sale the carrying amount of the Net Assets of CSL Capital UK Limited was stated at £2,029,291. The portion, £1,244,355 relates to cash and has been duly accounted for in the cashflow.

(ii) The fair value gain relates to measurement of the residual investment of 45% to its fair value at the date of disposal. See Note 14b.

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

**31** This comprises:

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

**GROUP**

**31 DEC 2024**

| In thousands of Naira | Leasehold land | Buildings | Right-of-use Assets - Buildings | Leasehold improvement | Motor vehicles | Furniture, fittings and Equipment | Computer equipment | Capital Work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At 1 January | **4,684,910** | **26,003,021** | **4,563,320** | **6,791,093** | **6,257,772** | **35,218,293** | **5,583,036** | **2,484,198** | **91,585,643** |
| Additions during the year | - | 379,773 | 1,285,686 | 164,247 | 1,561,159 | 3,506,639 | 862,843 | 2,039,515 | 9,799,862 |
| Reclassifications | - | 595,911 | - | - | 137,671 | 658,687 | 375,006 | (1,767,275) | - |
| Disposal during the year | - | - | - | - | (56,183) | (114) | (200,471) | (351,021) | (607,789) |
| Derecognised during the year | - | (462,820) | (1,083,503) | - | - | - | - | - | (1,546,323) |
| Items written-off during the year | - | - | - | - | - | - | - | (217) | (217) |
| Effect of movements in exchange rates | (167) | - | 895,059 | 235,695 | - | 284,079 | 276,183 | - | 1,690,849 |
| Balance at the end | **4,684,743** | **26,978,705** | **5,660,562** | **7,191,035** | **7,900,419** | **39,667,584** | **6,896,597** | **2,405,200** | **101,384,845** |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January | - | 6,220,016 | 1,713,362 | 5,012,656 | 4,809,341 | 18,143,166 | 1,554,238 | - | **37,452,779** |
| Depreciation for the year (see note 16) | - | 579,226 | 1,182,817 | 166,814 | 692,928 | 6,054,786 | 1,391,826 | - | 10,068,397 |
| Eliminated on Disposal | - | (462,820) | - | - | (56,183) | (101) | (194,528) | - | (713,632) |
| Derecognised during the year | - | - | (1,703,526) | - | - | - | - | - | (1,703,526) |
| Effect of movements in exchange rates | - | - | - | 658,384 | (230,204) | (147,592) | 5,771 | - | 286,359 |
| Balance at the end | **-** | **6,336,422** | **1,192,653** | **5,837,854** | **5,215,882** | **24,050,259** | **2,757,307** | **-** | **45,390,377** |

**31 DEC 2023**

| In thousands of Naira | Leasehold land | Buildings | Right-of-use Assets - Buildings | Leasehold improvement | Motor vehicles | Furniture, fittings and Equipment | Computer equipment | Capital Work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At 1 January | **4,704,743** | **25,535,079** | **5,318,604** | **6,448,345** | **5,616,046** | **44,895,798** | **10,668,909** | **4,284,954** | **107,472,478** |
| Additions during the year | 167 | 497,152 | 1,370,663 | 101,741 | 699,996 | 3,818,755 | 3,246,426 | 3,235,384 | 12,970,283 |
| Reclassifications | (20,000) | 29,686 | - | - | - | 4,808,518 | 190,598 | (5,008,802) | - |
| Transfer from intangible assets (see note 31) | - | - | - | - | - | - | - | (19,731) | (19,731) |
| Disposal during the year | - | (58,896) | - | (104,353) - | 58,270.15 | (18,441,754) | (8,904,176) | - | (27,567,449) |
| Derecognised during the year | - | - | (3,524,049) | - | - | - | - | - | (3,524,049) |
| Items written-off during the year | - | - | - | - | - | (6,168) | (1,196) | (7,607) | (14,970) |
| Effect of movements in exchange rates | - | - | 1,398,102 | 345,360 | - | 143,144 | 382,475 | - | 2,269,081 |
| Balance at the end | **4,684,910** | **26,003,021** | **4,563,320** | **6,791,093** | **6,257,772** | **35,218,293** | **5,583,036** | **2,484,198** | **91,585,643** |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January | - | **5,685,790** | **1,904,781** | **4,621,153** | **4,484,489** | **30,207,882** | **9,600,861** | **-** | **56,504,956** |
| Depreciation for the year (see note 16) | - | 544,909 | 755,995 | 204,626 | 417,786 | 5,542,935 | 613,457 | - | 8,079,708 |
| Eliminated on Disposal | - | (10,683) | - | (54,747) | (92,934) | (17,740,780) | (8,664,356) | - | (26,563,500) |
| Derecognised during the year | - | - | (1,241,356) | - | - | (6,077) | (602) | - | (1,248,035) |
| Effect of movements in exchange rates | - | - | 293,942 | 241,624 | - | 139,206 | 4,878 | - | 679,650 |
| Balance at the end | **-** | **6,220,016** | **1,713,362** | **5,012,656** | **4,809,341** | **18,143,166** | **1,554,238** | **-** | **37,452,779** |
| **Carrying amounts:** | | | | | | | | | |
| **Balance at end of the year** | **4,684,743** | **20,642,283** | **4,467,909** | **1,353,181** | **2,684,537** | **15,617,325** | **4,139,290** | **2,405,200** | **55,994,468** |
| **Balance at 31 December 2023** | 4,684,910 | 19,783,005 | 2,849,958 | 1,778,437 | 1,448,431 | 17,075,127 | 4,028,798 | 2,484,198 | 54,132,864 |
| | | | 4,242,443 | 225,466 | | | | | |

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2023: nil).

(ii) There were no restrictions on title of any property and equipment.

(iii) There were no property and equipment pledged as security for liabilities.

(iv) There were no contractual commitments for the acquisition of property and equipment.

(v) There were no impairment losses on any class of property and equipment during the year (31 December 2023: nil).

(vi) Property, plant and equipment includes right-of-use assets of N2.77billion for 31 December 2024 (31 December 2023: N2.64billion) related to leased properties that do not meet the definition of investment property.

**Notes to the consolidated and separate financial statements**

**COMPANY**

**31 DEC 2024**

| In thousands of Naira | Leasehold land | Buildings | Right-of-use Assets - Buildings | Leasehold improvement | Motor vehicles | Furniture, fittings and Equipment | Computer equipment | Capital Work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At 1 January | **-** | **-** | **-** | **5,181** | **191,815** | **21,971** | **17,497** | **-** | **236,464** |
| Additions during the year | - | - | - | 62,952 | 53,212 | 11,099 | 15,652 | - | 142,915 |
| Disposal during the year | - | - | - | - | (52,500) | (114) | (671) | - | (53,285) |
| Balance at the end | **-** | **-** | **-** | **68,133** | **192,527** | **32,956** | **32,478** | **-** | **326,094** |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January | - | - | - | 5,143 | 61,207 | 11,157 | 6,793 | - | **84,300** |
| Depreciation for the year (see note 16) | - | - | - | 3,551 | 44,806 | 5,424 | 5,523 | - | 59,304 |
| Eliminated on Disposal | - | - | - | - | (52,500) | (101) | (671) | - | (53,272) |
| Derecognised during the period | - | - | - | - | - | - | - | - | - |
| Balance at the end | **-** | **-** | **-** | **8,694** | **53,513** | **16,480** | **11,645** | **-** | **90,332** |

**31 DEC 2023**

| In thousands of Naira | Leasehold land | Buildings | Right-of-use Assets - Buildings | Leasehold improvement | Motor vehicles | Furniture, fittings and Equipment | Computer equipment | Capital Work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At 1 January | **-** | **-** | **-** | **5,181** | **52,500** | **27,700** | **11,647** | **-** | **97,028** |
| Additions during the year | - | - | - | - | 139,315 | 844 | 8,920 | - | 149,079 |
| Disposal during the year | - | - | - | - | - | (406) | (1,874) | - | (2,280) |
| Items written-off | - | - | - | - | - | (6,168) | (1,196) | - | (7,363) |
| Balance at the end | **-** | **-** | **-** | **5,181** | **191,815** | **21,971** | **17,497** | **-** | **236,464** |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January | - | **-** | **-** | **4,785** | **42,656** | **13,365** | **6,057** | **-** | **66,863** |
| Depreciation for the year (see note 16) | - | - | - | 358 | 18,551 | 4,274 | 3,197 | - | 26,380 |
| Eliminated on Disposal | - | - | - | - | - | (405) | (1,859) | - | (2,264) |
| Derecognised during the year | - | - | - | - | - | (6,077) | (602) | - | (6,679) |
| Balance at the end | **-** | **-** | **-** | **5,143** | **61,207** | **11,157** | **6,793** | **-** | **84,300** |
| **Carrying amounts:** | | | | | | | | | |
| **Balance at end of the year** | **-** | **-** | **-** | **59,439** | **139,014** | **16,476** | **20,833** | **-** | **235,762** |
| **Balance at 31 December 2023** | - | - | - | 38 | 130,608 | 10,814 | 10,704 | - | 152,164 |

**Notes to the consolidated and separate financial statements**

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 DEC 2024 | 31 DEC 2023 | 31 DEC 2024 | 31 DEC 2023 |
| **32** | **Intangible assets** | | | | |
| | Software (see note (a) below) | **15,653,567** | 10,477,411 | **157,345** | 181,887 |
| | Goodwill (see note (d) below) | **19,291,037** | 19,291,037 | **-** | - |
| | Customer relationships (see note (e) below) | **1,397,682** | 1,496,342 | **-** | - |
| | | **36,342,286** | 31,264,790 | **157,345** | 181,887 |
| (a) | **Software** | | | | |
| | **Cost** | | | | |
| | At 1 January | **26,991,562** | 21,438,903 | **185,738** | 15,945 |
| | Additions during the year | **7,479,708** | 2,615,709 | **147,298** | 169,793 |
| | Work-in-progress - additions during the year | **6,022,137** | 1,928,529 | **-** | - |
| | Capitalised during the year | **(5,948,885)** | - | **-** | - |
| | Transfer from property and equipment (see note 30) | **(169,793)** | 19,731 | **(169,793)** | - |
| | Effect of movement in exchange rates | **2,497,588** | 988,690 | **-** | - |
| | Balance at the end | **36,872,317** | 26,991,562 | **163,243** | 185,738 |
| | **Accumulated amortisation** | | | | |
| | At 1 January | **16,514,151** | 12,687,346 | **3,851** | 3,851 |
| | Amortisation for the year (see note 16) | **3,809,054** | 3,094,464 | **2,047** | - |
| | Effect of movement in exchange rates | **895,545** | 732,341 | **-** | - |
| | Balance at the end | **21,218,750** | 16,514,151 | **5,898** | 3,851 |
| | **Carrying amount** | **15,653,567** | **10,477,411** | **157,345** | **181,887** |

(b) There were no capitalised borrowing costs related to any acquisition during the year (31 December 2023: nil)

(c) There was no impairment loss on the Group's software during the year (31 December 2023: nil)

| | | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|---|
| (d) | **Goodwill** | | | | |
| | At 1 January | **19,291,037** | 19,291,037 | **-** | - |
| | **Carrying amount** | **19,291,037** | 19,291,037 | **-** | - |
| (e) | **Customer relationships** | | | | |
| | At 1 January | **1,677,217** | 1,677,217 | **-** | - |
| | | **1,677,217** | 1,677,217 | **-** | - |
| | **Accumulated depreciation** | | | | |
| | At 1 January | **180,875** | 82,218 | **-** | - |
| | Charged during the year: | **98,660** | 98,657 | **-** | - |
| | | **279,535** | 180,875 | **-** | - |
| | Net book value | **1,397,682** | 1,496,342 | **-** | - |
| | | **36,342,286** | 31,264,790 | **157,345** | 181,887 |
| | Current | **-** | - | **-** | - |
| | Non-current | **36,342,286** | 31,264,790 | **157,345** | 181,887 |
| | | **36,342,286** | 31,264,790 | **157,345** | 181,887 |

**Notes to the consolidated and separate financial statements**

(e) Goodwill is reviewed annually or more frequently for impairment when there are objective indicators that impairment may have occurred by comparing the carrying value to its recoverable amount. The recoverable amount has been calculated based on the value in use of the Personal Banking Segment Cash Generating Units (CGU), determined by discounting the future cashflows expected to be generated from the continuing use of the CGU assets and the ultimate disposals.

No impairment losses were recognised during the year ended 31 December 2024 (31 December 2023: nil) because the recoverable amounts of these CGU were determined to be higher than the carrying amount by N24.34billion.

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

| | FCMB Pensions Limited | | CSL Stockbrokers Limited | | Personal Banking Group | |
|---|---|---|---|---|---|---|
| | **31 DEC 2024** | 31 DEC 2023 | **31 DEC 2024** | 31 DEC 2023 | **31 DEC 2024** | 31 DEC 2023 |
| Goodwill | N13.09billion | N13.09billion | N0.21billion | N0.21billion | N5.99billion | N5.99billion |
| Discount rate (see below) | **34.77%** | 26.54% | **35.35%** | 31.50% | **36.72%** | 30.99% |
| Terminal value growth rate | **5.00%** | 5.00% | **5.00%** | 5.00% | **5.00%** | 5.00% |
| Forecast profit before taxes (average of next five years) | **N5.96billion** | N26.075billion | **N5.99billion** | N5.2billion | **N28.39billion** | N23.02billion |
| Forecast profit before taxes growth rate (average of next five years) | **17.10%** | 28.78% | **9.10%** | 13.15% | **43.13%** | 16.00% |

For FCMB Pensions Limited and CSL Stockbrokers Limited, the discount rate was a pre-tax measure (26.54% and 31.50% respectively) derived using the capital asset pricing model (CAPM) approach and that reflects the inherent risks of the specific CGU. The discount rate for the Personal Banking Group of FCMB Limited was a pre-tax measure based on the yield of the 10-year Naira bond issued in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the CGU.

Five years of cash flows were included in the discounted cash flow model. The terminal growth rate was derived from the average GDP growth rate of Nigeria from 1982 until 2023, and adjusted for industry expectations on the growth of the relevant CGU

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

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

**In thousands of Naira**

**33 Deferred tax assets and liabilities**

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

Deferred tax assets and liabilities are attributable to the following:

| **Group** | **Assets** | **Liabilities** | **Net** | **Assets** | **Liabilities** | **Net** |
|---|---|---|---|---|---|---|
| | | **31 DEC 2024** | | | **31 DEC 2023** | |
| Property and equipment | 1,202,215 | (380,803) | 821,412 | 1,202,215 | (520,592) | 681,623 |
| Allowances for loan losses | 2,403,788 | - | 2,403,788 | 2,403,788 | - | 2,403,788 |
| Tax loss carried forward | 4,384,209 | - | 4,384,209 | 4,384,209 | - | 4,384,209 |
| Effects of movement in exchange rates | 47,495 | (4,361,472) | (4,313,977) | 13,332 | (1,834,361) | (1,821,029) |
| **Net tax assets/ (liabilities)** | 8,190,721 | (4,742,275) | 3,295,432 | 8,003,544 | (2,354,953) | 5,648,591 |

| **Company** | **Assets** | **Liabilities** | **Net** | **Assets** | **Liabilities** | **Net** |
|---|---|---|---|---|---|---|
| | | **31 DEC 2024** | | | **31 DEC 2023** | |
| Property and equipment | - | - | - | - | - | - |
| Allowances for loan losses | - | - | - | - | - | - |
| Tax loss carried forward | - | - | - | - | - | - |
| Effects of movement in exchange rates | - | (4,361,472) | (4,361,472) | | (1,834,361) | (1,834,361) |
| **Net tax assets/ (liabilities)** | - | (4,361,472) | (4,361,472) | - | (1,834,361) | (1,834,361) |

**Notes to the consolidated and separate financial statements**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31 DEC 2024 | 31 DEC 2023 | 31 DEC 2024 | 31 DEC 2023 |
| **Deferred tax assets** | | | | |
| Current | - | - | - | - |
| Non-current | 8,190,721 | 8,003,544 | - | - |
| | 8,190,721 | 8,003,544 | - | - |

(b) **Movements in temporary differences during the period ended**

| | GROUP | | | |
|---|---|---|---|---|
| | Balance at 1 January 2024 | Recognised in profit or loss | Recognised in other comprehensive income | Balance at period ended 2024 |
| Balance transferred to Holdco | - | - | - | - |
| Property and equipment | 1,202,215 | - | - | 1,202,215 |
| Allowances for loan losses | 2,403,788 | - | - | 2,403,788 |
| Tax loss carried forward | 4,384,209 | - | - | 4,384,209 |
| Effects of movement in exchange rates | 13,332 | 34,163 | - | 47,495 |
| | 8,003,544 | 34,163 | - | 8,190,721 |

**Movements in temporary differences during the year ended 31 December 2023**

| | GROUP | | | |
|---|---|---|---|---|
| | Balance at 1 January 2023 | Recognised in profit or loss | Recognised in other comprehensive income | Balance at 31 December 2023 |
| Property and equipment | 1,202,215 | - | - | 1,202,215 |
| Allowances for loan losses | 2,403,788 | - | - | 2,403,788 |
| Tax loss carried forward | 4,845,892 | (461,683) | - | 4,384,209 |
| Effects of movement in exchange rates | 28,165 | (14,833) | - | 13,332 |
| | 8,480,060 | (476,516) | - | 8,003,544 |

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

**In thousands of Naira**

(c) **Unrecognised deferred tax assets**

The amount of deductible temporary differences for which no deferred tax asset is recognised in the Bank & Group is detailed below:

| | 31 DEC 2024 | | 31 DEC 2023 | |
|---|---|---|---|---|
| | Gross amount | Tax Impact | Gross amount | Tax Impact |
| Tax losses | 180,639,036 | 54,191,711 | 130,612,859 | 39,183,858 |
| Allowance for loan losses and other losses | 73,489,654 | 24,251,586 | 43,196,239 | 13,822,796 |
| Property and equipment (unutilised capital allowance) | 45,125,408 | 13,537,622 | 16,662,891 | 4,998,867 |
| Other deductible temporary differences | 98,088,896 | 32,369,336 | 71,158,167 | 21,347,450 |
| | 397,342,994 | 124,350,255 | 261,630,156 | 79,352,971 |

Deferred tax assets have not been recognized in respect of these items because it is not presently probable that future taxable profits will be available against which the Group can use the benefits therefrom.

(d) The tax losses for which no deferred tax asset was recognised, will never expire.

**Notes to the consolidated and separate financial statements**

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| **34 Deposits from banks** | | | | |
| Money market deposits | **212,984,828** | 10,392,523 | **-** | - |
| Trade related obligations to foreign banks | **621,908,400** | 270,085,596 | **-** | - |
| | **834,893,228** | 280,478,119 | **-** | - |
| Current | **834,893,228** | 280,478,119 | **-** | - |
| Non-current | **-** | - | **-** | - |
| | **834,893,228** | 280,478,119 | **-** | - |

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| **35 Deposits from customers** | | | | |
| Term deposits | **1,349,044,126** | 861,658,961 | **-** | - |
| Current deposits | **698,176,489** | 737,189,359 | **-** | - |
| Savings | **1,041,700,659** | 728,350,988 | **-** | - |
| | **3,088,921,274** | 2,327,199,308 | **-** | - |
| **Corporate customers:** | | | | |
| Term deposits | **477,846,252** | 326,930,394 | **-** | - |
| Current deposits | **729,718,323** | 428,841,310 | **-** | - |
| | **1,207,564,575** | 755,771,704 | **-** | - |
| | **4,296,485,849** | 3,082,971,012 | **-** | - |
| Current | **4,288,780,515** | 3,082,641,497 | **-** | - |
| Non-current | **7,705,334** | 329,515 | **-** | - |
| | **4,296,485,849** | 3,082,971,012 | **-** | - |

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

**36 Retirement benefit obligations**

Defined contribution scheme

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

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| Total contributions to the scheme for the year were as follows: | | | | |
| At 1 January | **123,631** | 23,384 | **-** | - |
| Charged to profit or loss for the year (see note 15) | **1,377,528** | 1,010,131 | **25,048** | 18,748 |
| Employee contribution for the year | **1,102,022** | 808,105 | **20,038** | 14,998 |
| Total amounts remitted for the year | **(2,550,679)** | (1,717,989) | **(45,086)** | (33,746) |
| Balance at the end | **52,502** | 123,631 | **-** | - |
| Current | **52,502** | 123,631 | **-** | - |
| Non-current | **-** | - | **-** | - |
| | **52,502** | 123,631 | **-** | - |

**Notes to the consolidated and separate financial statements**

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| **37 Other liabilities** | | | | |
| (a) **Other financial liabilities:** | | | | |
| Customers' deposit for letters of credit | **163,839,967** | 120,195,226 | **-** | - |
| Bank cheques/drafts | **7,297,034** | 5,902,685 | **-** | - |
| Negotiated letters of credits | **77,704,567** | 37,935,037 | **-** | - |
| E-settlement payables | **5,149,453** | 8,081,504 | **-** | - |
| Collections account balances (see note (c)) | **80,135,408** | 10,075,064 | **-** | - |
| Unclaimed items | **4,023,174** | 4,169,503 | **-** | - |
| Undisbursed intervention funds & payable suspense (see note (d)) | **12,167,572** | 3,262,448 | **-** | - |
| Accounts payables | **17,629,343** | 25,260,357 | **561,247** | 2,150,008 |
| Accounts payable - unclaimed dividend | **1,600,580** | 2,097,463 | **1,600,580** | 2,097,463 |
| | **369,547,098** | 216,979,287 | **2,161,827** | 4,247,471 |
| (b) **Other non-financial liabilities:** | | | | |
| Deferred income & Rent received in advance (see note (f)) | **1,465,064** | 1,214,809 | **-** | - |
| Withholding tax and value added tax payables | **6,779,562** | 2,439,405 | **103,769** | 17,269 |
| Accrued expenses | **30,645,805** | 22,680,283 | **1,495,009** | 1,019,629 |
| Lease liability (see note (g)) | **2,973,675** | 1,785,305 | **-** | - |
| | **41,864,106** | 28,119,802 | **1,598,778** | 1,036,898 |
| | **411,411,204** | 245,099,089 | **3,760,605** | 5,284,369 |
| Current | **177,067,105** | 215,249,189 | **2,411,502** | 2,167,277 |
| Non-current | **234,344,099** | 29,849,900 | **1,349,103** | 3,117,092 |
| | **411,411,204** | 245,099,089 | **3,760,605** | 5,284,369 |

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

(d) This relates to onlending facilities undisbursed as customers are yet to meet conditions precedent to drawdown as well as the related accrued payables..

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

(g) The Banking subsidiary leases a number of properties to serve as its branch outlets. The net carrying amount of leased assets, included within property and equipment as right-of-use assets is N2.70billion and N2.45billion as at 31 December 2024 (31 December 2023: N2.84billion and N2.54billion) for Banking subsidiary. The Banking subsidiary has applied 16.0% as the weighted average incremental borrowing rate to
The undiscounted cash flow payments on the lease liabilities extend over a number of years. This is analysed as follows:

| | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| Not more than one year | **909,260** | 404,078 | **-** | - |
| Over one year but less than five years | **(989,977)** | (461,473) | **-** | - |
| More than five years | **3,054,392** | 1,842,700 | **-** | - |
| | **2,973,675** | 1,785,305 | **-** | - |
| The table below shows the movement in lease liability during the year: | | | | |
| As at 1 January | **1,785,305** | 2,425,035 | **-** | - |
| Additions during the year | **380,851** | 307,390 | **-** | - |
| Interest expense on lease liabilities | **278,430** | 241,343 | **-** | - |
| Less: Lease payments | **(668,736)** | (703,619) | **-** | - |
| Less: Derecognised lease liability | **874,766** | (1,107,903) | **-** | - |
| Lease modification | **(12,292)** | (12,292) | **-** | - |
| Effects of movement in exchange rates | **335,351** | 635,351 | **-** | - |
| Balance at the end | **2,973,675** | 1,785,305 | **-** | - |

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

**Notes to the consolidated and separate financial statements**

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| **38 Provision** | | | | |
| Legal claims (see note (d)) | **12,294,936** | 10,317,304 | **-** | - |
| Financial guarantee contracts and loan commitments issued (see note (b)) | **727,310** | 579,223 | **-** | - |
| | **13,022,246** | 10,896,527 | **-** | - |
| Current | **-** | - | **-** | - |
| Non-current | **13,022,246** | 10,896,527 | **-** | - |
| | **13,022,246** | 10,896,527 | **-** | - |

(a) **Movement in provision during the period**

| | 31 DEC 2024 Legal claims | 31 DEC 2024 Financial guarantee contracts and loan commitments issued | 31 DEC 2024 Total | 31 DEC 2023 Legal claims | 31 DEC 2023 Financial guarantee contracts and loan commitments issued | 31 DEC 2023 Total |
|---|---|---|---|---|---|---|
| **GROUP** | | | | | | |
| At 1 January | **10,317,304** | **579,223** | **10,896,527** | 5,492,417 | 2,022,467 | 7,514,884 |
| Transfer to 12-month ECL | **-** | **-** | **-** | - | - | - |
| Net remeasurement loss allowance (see note 10) | **-** | **154,140** | **154,140** | - | (1,455,945) | (1,455,945) |
| Provisions made during the year (see note 18(a)) | **2,852,258** | **-** | **2,852,258** | 2,525,000 | - | 2,525,000 |
| Provisions write-back during the year (see note 18(a)) | **-** | **-** | **-** | - | - | - |
| Amount utilised during the year | **(4,485,426)** | **-** | **(4,485,426)** | (153,563) | - | (153,563) |
| Amount reclassifed to the other liabilities during the year | **-** | **-** | **-** | - | - | - |
| Amount recognised and amortised during the year | **-** | **-** | **-** | - | - | - |
| Effects of movement in exchange rates | **3,610,800** | **(6,053)** | **3,604,747** | 2,453,450 | 12,701 | 2,466,151 |
| Balance at the end | **12,294,936** | **727,310** | **13,022,246** | 10,317,304 | 579,223 | 10,896,527 |

(b) The amount represents the sum of ECL provision of N2.06million (31 December 2023: N436.19million) on financial guarantee contracts and N201.38million (31 December 2023: N121.75million on undrawn loan commitments respectively in respect of financial guarantee contracts and loan commitment issued.

(c) Legal claims: This represents provision reserved for pending probable legal cases that may crystallize, see note 43.

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| **39 On-lending facilities** | | | | |
| Bank of industry (BOI) (see note (a) below) | **2,914,996** | 2,365,572 | **-** | - |
| Commercial Agriculture Credit Scheme (CACS) (see note (b) below) | **908,896** | 1,375,601 | **-** | - |
| Real Sector Support Facility (RSSF) (see note (c) below) | **2,047,486** | 2,082,020 | **-** | - |
| Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement Scheme (DCRR) (see note (d) below) | **169,178,058** | - | **-** | - |
| Power & Aviation Intervention Fund (see note (e) below) | **1,033,679** | 7,455,301 | **-** | - |
| Babagona Agricultural Scheme (see note (f) below) | **2,023,753** | | **-** | - |
| Micro, Small and Medium Enterprises Development Fund (MSMEDF) (see note (g) below) | **1,288** | 812,054 | **-** | - |
| Development Bank of Nigeria (DBN) (see note (h) below) | **20,059,392** | 40,820,973 | **-** | - |
| Nigerian Export - Import Bank (NEXIM) (see note (i) below) | **6,636,083** | 2,513,560 | **-** | - |
| | **204,803,631** | 57,425,081 | **-** | - |
| Current | **20,452,236** | 17,717,618 | **-** | - |
| Non-current | **184,351,395** | 39,707,463 | **-** | - |
| | **204,803,631** | 57,425,081 | **-** | - |

**Notes to the consolidated and separate financial statements**

(a) **Bank of Industry (BOI) Intervention**

The Bank of Industry (BOI) - SME / Manufacturing Intervention Fund represents an intervention credit granted to the Bank for the purpose of refinancing / restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and Manufacturing Companies. The facility is secured by Nigerian Government Securities. The value of Government securities pledged as collateral is N15.25billion for 31 December 2024 (31 December 2023: N14.20billion), (see note 26 (c)). The maximum tenor for term loans under the programme is 15 years while the tenor for working capital is one year, renewable annually subject to a maximum tenor of five years. A management fee of 1% per annum is deductible at source in the first year, and quarterly in arrears thereafter, is paid by the Bank under the intervention programme and The facility attracts an interest rate of 16.00% per annum for loan tenors up to 3 year and above and the Bank is under obligation to on-lend to customers at an all-in interest spread of 6% per annum. The Bank is the primary obligor to BOI and assumes the credit risk.

(b) **Commercial Agriculture Credit Scheme (CACS)**

The fund received under the Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme represents a credit line granted to the Bank for the purpose of providing concessionary funding to the agricultural sector. The facility has a tenor of 16 years with effect from 2009 and will expire in September 2025. The facility attracts an interest rate of 2% per annum and the Bank is under obligation to on-lend to the Bank's qualified customers at an all-in interest rate of not more than 9% per annum. Based on the structure of the facility, the Bank assumes the credit risk of all amounts lent to the Bank's customers. This facility is not secured.

(c) **Real Sector Support Facility (RSSF)**

The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, productivity and job creation has established a N300 billion Real Sector Support Facility (RSSF). The facility is disbursed to large enterprises and startups with financing needs of N500 million up to a maximum of N10.0 billion. The activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The funds are received from the CBN at 3%, and disbursed at 9% to the beneficiary.

(d) **Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement Scheme (DCRR)**

The amount represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria (CBN) in respect of the Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement scheme (DCRR) established by CBN supporting the Real Sector (agriculture and manufacturing). The facility is for a minimum period of 7 years inclusive of 24 months moratorium at all-in 9% interest rate on a quarterly basis. The fund arose from the restricted reserve deposits of the Bank under the differentitaed restricted reserve deposits regime by CBN, (see note 28(c)).

(e) **Power & Aviation intervention Fund**

The purpose of granting new loans and refinancing / restructuring existing loans to companies in the power and aviation industries is to support Federal Government's focus on the sectors. The facility is secured by Irrevocable Standing Payment Order (ISPO). The maximum tenor for term loans under the programme is 15 years while the tenor for working capital is one year, with option to renew the facility annually subject to a maximum tenor of five years. The facility attracts an interest rate of 1% per annum payable quarterly in arrears and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. This facility is not secured.

(f) **Babagona Agricultural Scheme**

The Babagona Agricultural Scheme is an intervention fund received from Mastercard Foundation, to support the Micro Small & Medium Scale Enterprises (MSME) sub-sector of the Nigerian economy. The facility attracts an interest rate of 9% per annum and the Bank is obligated to on-lend to MSMEs at 9% per annum. This facility is not secured. It was provided to support financially disadvantaged persons and communities in order to develop entrepreneurs as a means of relieving porverty through Agricultural sector.

(g) **Micro, Small and Medium Enterprises Development Fund (MSMEDF)**
The Micro Small & Medium Scale Enterprises Development Fund (MSMEDF) is an intervention fund received from Central Bank of Nigeria, established to support the channeling of low interest funds to the Micro Small & Medium Scale Enterprises sub-sector of the Nigerian economy. The facility attracts an interest rate of 2% per annum and the Bank is obligated to on-lend to SMEs at 9% per annum. The maximum tenor is 5 years while the tenor for working capital is 1 year. This facility is not secured.

(h) **Development Bank of Nigeria (DBN)**
The Micro Small & Medium Scale Enterprises Development Fund (MSMEDF) is an intervention fund received from Central Bank of Nigeria, established to support the channeling of low interest funds to the Micro Small & Medium Scale Enterprises sub-sector of the Nigerian economy. The facility attracts an interest rate of 2% per annum and the Bank is obligated to on-lend to SMEs at 9% per annum. The maximum tenor is 5 years while the tenor for working capital is 1 year. This facility is not secured.

(i) **Nigerian Export - Import Bank (NEXIM)**
The Nigerian Export - Import Bank (NEXIM) is a line of credit granted to the Bank for the purpose of providing on lending concessionary trade finance loans to export-oriented enterprises in agricultural sector. The facility has a maximum tenor of 2 years for term loans and a maximum tenor of 1 year for working capital requirements. The facility attracts an interest rate of 6.0% per annum for loan tenors up to 2 year and above and the Bank is under obligation to on-lend to customers at an all-in interest spread of 9% per annum.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **In thousands of Naira** | **31 DEC 2024** | **31 DEC 2023** | **31 DEC 2024** | **31 DEC 2023** |
| **40 Debt securities issued** | | | | |
| **Debt securities at amortised cost:** | | | | |
| Note issued (see note (a) below) | **72,260,850** | 44,401,004 | **-** | - |
| Note issued (see note (b) below) | **81,946,349** | 49,605,817 | **-** | - |
| Note issued (see note (c) below) | **29,998,350** | 29,998,331 | **-** | - |
| Note issued (see note (d) below) | **14,870,400** | 9,137,184 | **-** | - |
| | **199,075,949** | 133,142,336 | **-** | - |
| Current | **101,160,234** | 10,206,701 | **-** | - |
| Non-current | **97,915,715** | 122,935,635 | **-** | - |
| | **199,075,949** | 133,142,336 | **-** | - |

(a) The amount of N72.26billion (31 December 2023: N44.40billion) represents the amortised cost of $46.65million, 5years and 6months 9.5% Fixed Rate Unsecured Note Due 2025 issued at par on 31 December 2019. The Principal amount is repayable on 30 June 2025 while the coupon is paid semi-annually.

(b) The amount of N81.95billion (31 December 2023: N49.61billion) represents the amortised cost of $50million, 5years 8.53% Flunctuating Rate Unsecured Note Due 2030 issued on 3 September 2020. The Principal amount is repayable on 20 quarterly instalmental effective from 20 September 2025 to 20 June 2030 while the coupon is paid quarterly.

(c) The amount of N30.00billion (31 December 2023: N30.00billion) represents the amortised cost of N30.00billion, 7year 6.1% Fixed Rate Unsecured Note Due 2030 issued on 30 November 2020. The Principal amount is repayable in November 2030 while the coupon is paid semi-annually.

(d) The amount of N14.29billion, ($9.6million) (31 December 2023: N9.14billion) represents the amortised cost of $9.6million), 10years 6.0% Fixed Rate Unsecured Note Due 2030 issued on 31 December 2020. The Principal amount is repayable in December 2030 while the coupon is paid semi-annually.

(e) Movement in Debt securities issued during the year was as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **In thousands of Naira** | **31 DEC 2024** | **31 DEC 2023** | **31 DEC 2024** | **31 DEC 2023** |
| At 1 January | **133,142,336** | 84,745,841 | **-** | - |
| Accrued coupon interest for the year | **9,560,464** | 6,188,962 | **-** | - |
| Coupon interest paid during the year | **(8,279,934)** | (5,297,990) | **-** | - |
| Effects of movement in exchange rates | **64,653,083** | 47,505,523 | **-** | - |
| Balance at the end | **199,075,949** | 133,142,336 | **-** | - |

**Notes to the consolidated and separate financial statements**

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| **41 Borrowings** | | | | |
| (a) Borrowings comprise: | - | | - | |
| Oikocredit Cooperative Society, Netherlands (See note (b)(i) below) | **6,311,397** | 5,831,978 | - | - |
| Societe De Promotion et De Participation Pour La Cooperation Economique SA. (Proparco) (See note (b)(ii) below) | **31,283,113** | 28,972,989 | - | - |
| African Export-Import Bank (Afrexim) (See note (b)(iii) below) | - | 18,934,688 | - | - |
| African Development Bank (AfDB) (See note (b)(iv) below) | **53,322,856** | 32,824,761 | - | - |
| African Export-Import Bank (Afrexim) (See note (b)(v) below) | **103,526,388** | - | - | - |
| ECOWAS Bank for Investment & Development (EBID) (See note (b)(vi) below) | **77,599,251** | - | - | - |
| FCMB Asset Management(See note (b)(vii) below) | **87,819,022** | 49,918,407 | **5,320,125** | 2,917,689 |
| | **359,862,027** | 136,482,823 | **5,320,125** | 2,917,689 |
| Current | **87,819,022** | 2,917,689 | **5,320,125** | 2,917,689 |
| Non-current | **272,043,005** | 133,565,134 | - | - |
| | **359,862,027** | 136,482,823 | **5,320,125** | 2,917,689 |

(b) i) The amount of N6,311,397,000 (31 December 2023: N5,831,978,000) represents an unsecured facility of $10million granted by Oikocredit Cooperative Society, Netherlands repayable installmentally over a tenor of 5 years maturing 20 April 2026 with an interest rate of 6 months USD SOFR + 5.0%.

ii) The amount of N31,283,113,000 (31 December 2023: N28,972,989,000) represents an unsecured facility of $35million granted by Societe De Promotion et De Participation Pour La Cooperation Economique SA. (Proparco) repayable after a tenor of 5 years maturing 15 November 2026 with an interest rate of 6 months USD SOFR + 5.83%.

iii) This represents a facility that has been repaid as at 31 December 2024, (31 December 2023: N18,934,688,000) granted by African Export-Import Bank (Afrexim).

iv) The amount of N53,322,856,000 (31 December 2023: N32,824,761,000) represents an unsecured facility of $33million granted by African Development Bank (AfDB) repayable after a tenor of 7 years maturing 1 August 2029 with an interest rate of 6 months USD SOFR + 4.75%.

v) The amount of N103,526,388,000, represents an unsecured facility of $75million granted by African Export-Import Bank (Afrexim) repayable installmentally over a tenor of 5 years maturing 3 January 2028 with an interest rate of 3 months USD SOFR + 5.2%.

vi) The amount of N77,599,251,000 represents an unsecured facility of $50million granted by Ecowas Bank for Investment and Development (EBID), repayable installmentally over a tenor of 2 years maturing 28 December 2025 with an interest rate of 6 months USD SOFR + 5.9%.

vii) The amount of N87,819,022,000 (31 December 2023: N49,918,407,000) represents promissory notes issued to various parties, by the company and Credit Direct Limited (CDL) through First City Asset Management Limited. The borrowings comprise of several individual amounts ranging from N21million to N3billion, with interest rates ranging from 18% to 25.55% and tenor ranging from 3 to 12 months

The Group has not defaulted in the payment of principal or interest neither has the Group been in breach of any covenant relating to the liabilities during the year (31 December, 2023: nil).

**Notes to the consolidated and separate financial statements**

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| (c) Movement in borrowings account during the period was as follows: | | | | |
| At 1 January | **136,482,823** | 88,364,968 | **2,917,689** | 856,858 |
| Additions during the year | **219,026,254** | 24,391,167.00 | **3,120,000** | 2,000,000 |
| Repayments during the year | **(62,476,333)** | (44,734,130) | **-** | - |
| Accrued interest for the year | **3,460,344** | 8,634,690 | **200,125** | 192,581 |
| Interest paid during the year | **(2,798,117)** | (7,108,797) | **(917,689)** | (131,750) |
| Effects of movement in exchange rates | **66,167,056** | 66,934,925 | **-** | - |
| Balance at the end | **359,862,027** | 136,482,823 | **5,320,125** | 2,917,689 |

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| **42 Share capital** | | | | |
| (a) **Authorised** | | | | |
| 39.6 billion ordinary shares of 50k each (31 December 2023: 19.8billion) | **19,802,711** | 9,901,355 | **19,802,711** | 9,901,355 |

During the year, the Authorized Share Capital of the Company was increased by 19.8billion ordinary shares of 50kobo each as approved by the Board and certified by Corporate Affair Commission (CAC).

| | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| (b) **Issued and fully paid** | | | | |
| 39.6 billion ordinary shares of 50k each (31 December 2023: 19.8billion) | **19,802,711** | 9,901,355 | **19,802,711** | 9,901,355 |
| **The movement on the issued and fully paid-up share capital account during the year was as follows:** | | | | |
| At 1 January | **9,901,355** | 9,901,355 | **9,901,355** | 9,901,355 |
| Issue of shares (see 41 (c) below) | **9,901,355** | - | **9,901,355** | - |
| Balance at the end | **19,802,710** | 9,901,355 | **19,802,710** | 9,901,355 |

In July 2024, FCMB Group Plc issued shares through a public offer. The offer was concluded on september 4, 2024 and offer for subscription was 39.6billion ordinary shares of 50k each. The offer was issued to the public at N7.30 per share, reflecting a 5% discount to the market price on september 4, 2024.

(c) During the year, Company issued additional 19,802,710,781 (nineteen billion) units of ordinary shares of 50 kobo each.

| | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| (c) **Additional Tier 1 (AT1) Capital (Series I & II)** | **46,686,000** | 46,686,000 | **46,686,000** | 46,686,000 |

On the 16 February 2023, FCMB Group Plc issued a N20,686,000,000.00 (series 1) Perpetual 16% Fixed Rate Resettable NC 5.25 Additional Tier 1 Subordinated Bonds (''the Bonds'' or ''AT1 Instrument'') under the Issuer's N300,000,000,000 Debt Issuance Programme listed on the FMDQ Exchange and/or The NGX. The proceeds was used for the purchase of the Intercompany Notes issued by First City Monument Bank Limited, for purposes of the Bank financing incremental term lending in focus sectors and shoring up the Bank's regulatory capital base. The Intercompany Notes were issued under the same terms as the AT1.

On the 24 October 2023, FCMB Group Plc issued a N26,000,000,000.00 (series 2) Perpetual 16% Fixed Rate Resettable NC 5.25 Additional Tier 1 Subordinated Bonds (''the Bonds'' or ''AT1 Instrument'') under the Issuer's N300,000,000,000 Debt Issuance Programme listed on the FMDQ Exchange and/or The NGX. The proceeds was used for the purchase of the Intercompany Notes issued by First City Monument Bank Limited, for purposes of the Bank financing incremental term lending in focus sectors and shoring up the Bank's regulatory capital base. The Intercompany Notes were issued under the same terms as the AT1.

The principal terms of the issue are described below:

(i) The AT1 security will rank in claim behind all present and future Senior Obligation; pari passu without any preference among themselves with all present and future parity obligations and in priority to all payments in respect of all present and future Junior Obligations.

(ii) The AT1 security is undated and are redeemable, at the option of FCMB Group PLC in whole at any time from the fifth year up to and including the First Reset Date, and every Interest Payment Date thereafter; subject to the prior approval of the Central Bank of Nigeria and the CBN Guidelines on Regulatory Capital (as amended from time to time).

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(iii) AT1 security will bear a fixed rate of interest of 16% percent until the initial call date or the initial reset date, as the case may be. After the initial call date or the initial reset date, as the case may be, in the event that they are not redeemed, the AT1 security shall bear interest on its Outstanding Principal Amount at a rate per annum (the "Interest Rate") equal to:

(a). In respect of the period from (and including) the Issue Date to (but excluding) the First Reset Date, 16% per annum; and
(b). In respect of each Reset Period, the aggregate of: (i) the Reset Margin of 1.44% per annum and (ii) the then applicable Benchmark Rate,

The Interest Rate in (b) above ("Reset Interest Rate") shall apply in the event that the Bonds are not redeemed on any Reset Date, and it shall be determined by the Calculation Agent on the Reset Determination Date. The Reset Margin will be fixed, and there will be no step-up in the interest rate. Interest rate is subject to "Coupon Discretion" and/ "Loss Absorption".

(iv) Interest on the AT1 security will be due and payable only at the sole discretion of the Bank, and it has sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date. Interest on the Notes will be payable semi-annually in arrears on the 16 February and 16 August of each year, from the Issue Date of 16 February 2023, and 24 April and 24 October of each year from the Issue Date of 16 October 2023 respectively up to and, including, the Call Date or Reset Date.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31 DEC 2024 | 31 DEC 2023 | 31 DEC 2024 | 31 DEC 2023 |
| Interest coupon paid on Additional Tier 1 (AT1) Capital | **7,409,672** | 1,641,278 | **7,409,672** | 1,641,278 |
| | **7,409,672** | 1,641,278 | **7,409,672** | 1,641,278 |

**43 Share premium and reserves**

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

(a) **Share premium:** is the excess paid by shareholders over the nominal value for their shares. Premiums from the issue of shares are reported in share premium. The premium paid by subscribers of the public offer made in 2024 is N131.04bn.

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

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

**(i)**. **Statutory reserve**: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The Bank transferred 15% of its 'profit after tax to statutory reserves as at year end (31 December 2023: 15%).

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

**(iii). Fair Value Reserve:** The fair value reserves comprise:
- the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income and
- the cumulative net change in fair value of debt securities at fair value through other comprehensive income until the assets are derecognised or reclassified. The amount is reduced by the amount of loss allowance.

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

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

**(vi) Forbearance reserve**: this is a non-distributable reserve which arose from forbearance granted by Central Bank of Nigeria being an additional appropriation of 15% of profit after tax to account for potential future provisions valid until 31 December 2024.

**44 Non-controlling Interest (NCI)**

Disclosure of NCI in the Group's subsidiary

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

| | CSL CAPITAL (UK) LIMITED | | FCMB PENSIONS LIMITED | | GROUP | |
|---|---|---|---|---|---|---|
| | 31 DEC 2024 | 31 DEC 2023 | 31 DEC 2024 | 31 DEC 2023 | 31 DEC 2024 | 31 DEC 2023 |
| NCI Percentage | **25.00%** | 25.00% | **8.29%** | 8.29% | | |
| | | | | | | |
| Total Assets | - | 4,885,321 | 20,974,536 | 18,804,148 | 20,974,536 | 23,689,469 |
| Total Liabilities | - | 1,032,195 | 8,248,564 | 7,284,608 | 8,248,564 | 8,316,803 |
| Net Assets | - | 3,853,126 | 12,725,972 | 11,519,540 | 12,725,972 | 15,372,666 |
| Estimated NCI share of Net Assets | - | 963,281 | 1,054,983 | 954,970 | 1,054,983 | 1,918,251 |
| Adjustment to NCI | - | - | (244,354) | (244,354) | (244,354) | (244,354) |
| Net assets attributable to NCI | - | 963,281 | 810,629 | 710,615 | 810,629 | 1,673,897 |
| | | | | | | |
| Movement in NCI | | | | | | |
| Balance at 1 January | 963,281 | 327,040 | 710,615 | 651,382 | 1,673,897 | 978,422 |
| Transfer to associate | (963,281) | - | - | - | (963,281) | - |
| Dividend paid/declared | - | (11,905) | (103,142) | (127,080) | (103,142) | (138,986) |
| Adjustment in NCI | - | - | - | - | - | - |
| Share of profit post acquisition | - | 199,986 | 203,155 | 188,308 | 203,155 | 388,295 |
| Share of other comprehensive income | - | 448,160 | - | (1,994) | - | 446,166 |
| | | | | | | |
| **Total NCI at 31 December** | - | 963,281 | 810,629 | 710,615 | 810,629 | 1,673,897 |

**45 Contingencies**

**(a) Legal Proceedings**

The Group in its ordinary course of business is presently involved in 499 cases as a defendant (31 December 2023: 484) and 133 cases as a plaintiff (31 December 2023: 29). The total amount claimed in the 499 cases against the Group is estimated at N152.98billlion (31 December 2023: N34.01 billion) while the total amount claimed in the 133 cases instituted by the Group is N46.2billion (31 December 2023: N15.87 billion).

The Directors of the Group are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Group and are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements. Based on the realistic reserves as recommended by solicitors in charge of these ongoing litigations, a provision has been made for the period ended 31 December 2024 of N12.49billion (31 December 2023: N8.9billion), See note 37(a) for the provisions made in the books for claims.

**Other contingent liabilities and commitments**

The Banking subsidiary conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

**Nature of instruments**

An acceptance is undertaken by a bank to pay a bill of exchange drawn on a customer. The Banking subsidiary expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Banking subsidiary in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Banking subsidiary will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related custom and performance bonds and are generally short term commitments to third parties which are not directly dependent on the customer's credit worthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed year, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The table below summarises the fair value amount of contingent liabilities and commitments off-financial position risk:

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **In thousands of Naira** | 31 DEC 2024 | 31 DEC 2023 | 31 DEC 2024 | 31 DEC 2023 |
| Performance bonds and guarantees | **471,245,217** | 317,635,552 | **-** | - |
| Loan commitments | **3,146,449** | 3,468,603 | **-** | - |
| Clean line letters of credit | **234,849,922** | 96,357,177 | **-** | - |
| | **709,241,588** | 417,461,332 | **-** | - |
| Other commitments | **32,010** | 764 | **-** | - |
| | **709,273,598** | 417,462,096 | **-** | - |
| | | | | |
| Current | **182,520,105** | 119,877,344 | **-** | - |
| Non-current | **526,753,493** | 297,584,752 | **-** | - |
| | **709,273,598** | 417,462,096 | **-** | - |

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

**Notes to the consolidated and separate financial statements**
**For the period ended**

**46 Group subsidiaries and related party transactions**

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

FCMB Group Plc is the ultimate parent company and its subsidiaries are as listed in note 46(b) below.

(b) **Subsidiaries:**

Transactions between FCMB Group Plc and its subsidiaries which are eliminated on consolidation are not separately disclosed in the consolidated financial statements. The Group's effective interests and investments in subsidiaries as at 31 December 2024 are shown below.

| Entity | Form of holding | Effective holding | Nominal share capital held N'000 | Country of incorporation | Nature of Business |
|---|---|---|---|---|---|
| (1) First City Monument Bank Limited | Direct | 100% | 256,362,560 | Nigeria | Banking |
| (2) FCMB Capital Markets Limited | Direct | 100% | 240,000 | Nigeria | Capital Market |
| (3) CSL Stockbrokers Limited (CSLS) | Direct | 100% | 3,053,777 | Nigeria | Stockbroking |
| (4) FCMB Trustees Limited | Direct | 100% | 220,000 | Nigeria | Trusteeship |
| (5) FCMB Microfinance Bank Limited | Direct | 100% | 1,000,000 | Nigeria | Micro-lending |
| (6) FCMB Pensions Limited | Direct | 91.71% | 11,925,884 | Nigeria | Pension Fund Manager |
| (7) Credit Direct Finance Company Limited (CDFCL) | Direct | 100% | 366,210 | Nigeria | Micro-lending |
| (8) FCMB (UK) Limited (FCMB UK) | Indirect | 100% | 7,791,147 | United Kingdom | Banking |
| (9) FCMB Asset Management Limited | Indirect | 100% | 50,000 | Nigeria | Asset Management |
| (10) FCMB Financing SPV Plc. | Indirect | 100% | 250 | Nigeria | Capital Raising |

(c ) **Significant restrictions**

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which its subsidiaries operate. The carrying amounts of subsidiaries' assets and liabilities are N7053.18billion andN6412.69billion respectively (31 December 2023: N67.81billion and N74billion respectively).

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

(d) **Condensed Financial Information**

(i) The condensed financial data of the consolidated entities as at 31 December 2024 were as follows:

**RESULTS OF OPERATIONS**

| *In thousands of Naira* | FCMB GROUP PLC | FCMB LIMITED GROUP | FCMB CM LIMITED | CSL STOCKBROKERS LIMITED GROUP | FCMB TRUSTEES LIMITED | FCMB MFB LIMITED | FCMB PENSIONS LIMITED | CREDIT DIRECT FINANCE COMPANY LIMITED | TOTAL | CONSOLIDATION JOURNAL ENTRIES | GROUP |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Interest and discount income | 8,857,206 | 574,141,330 | 310,902 | 838,412 | 72,297 | 348,752 | 498,265 | 39,755,205 | 624,822,369 | (3,018,574) | 621,803,795 |
| Interest expense | (928,052) | (384,917,408) | - | (213,253) | - | (31,163) | - | (13,432,290) | (399,522,166) | 3,018,574 | (396,503,592) |
| **Net interest income** | **7,929,154** | **189,223,922** | **310,902** | **625,159** | **72,297** | **317,589** | **498,265** | **26,322,915** | **225,300,203** | **-** | **225,300,203** |
| Other income | 34,638,026 | 129,549,204 | 2,351,313 | 6,350,707 | 396,095 | 233,987 | 8,897,853 | 2,409,750 | 184,826,935 | (27,711,238) | 157,115,697 |
| **Operating income** | **42,567,180** | **318,773,126** | **2,662,215** | **6,975,866** | **468,392** | **551,576** | **9,396,118** | **28,732,665** | **410,127,138** | **(27,711,238)** | **382,415,900** |
| Operating expenses | (4,250,949) | (201,647,431) | (1,096,214) | (3,641,980) | (262,534) | (233,385) | (5,752,370) | (15,110,026) | (231,994,889) | 2,938,035 | (229,056,854) |
| Impairment losses on financial instruments | (141,001) | (39,664,211) | (11,940) | (31,473) | (25,902) | (36,197) | - | (1,329,740) | (41,240,464) | - | (41,240,464) |
| **Results from operating activities** | 38,175,230 | 77,461,484 | 1,554,061 | 3,302,413 | 179,956 | 281,994 | 3,643,748 | 12,292,899 | **136,891,785** | **(24,773,203)** | 112,118,582 |
| Share of post tax result of associate | - | - | - | (402,023) | - | - | - | - | (402,023) | 178,611.11 | (223,412) |
| **Profit before tax** | **38,175,230** | **77,461,484** | **1,554,061** | **2,900,390** | **179,956** | **281,994** | **3,643,748** | **12,292,899** | **136,489,762** | **(24,594,592)** | **111,895,170** |
| Income tax expense | (7,772,543) | (23,337,493) | (394,381) | (1,304,953) | (59,964) | (104,527) | (1,193,144) | (4,390,697) | (38,557,702) | - | (38,557,702) |
| **Profit after tax** | **30,402,687** | **54,123,991** | **1,159,680** | **1,595,437** | **119,992** | **177,467** | **2,450,604** | **7,902,202** | **97,932,060** | (24,594,592) | **73,337,468** |
| Other comprehensive income | - | 29,777,927 | - | (167,417) | - | - | - | - | 29,610,510 | 843,713 | 30,454,223 |
| **Total comprehensive income for the period** | **30,402,687** | **83,901,918** | **1,159,680** | **1,428,020** | **119,992** | **177,467** | **2,450,604** | **7,902,202** | **127,542,570** | **(23,750,879)** | **103,791,691** |

**Notes to the consolidated and separate financial statements**
**For the period ended**

***FINANCIAL POSITION***

| *In thousands of Naira* | FCMB GROUP PLC | FCMB LIMITED GROUP | FCMB CM LIMITED | CSL STOCKBROKERS LIMITED GROUP | FCMB TRUSTEES LIMITED | FCMB MFB LIMITED | FCMB PENSIONS LIMITED | CREDIT DIRECT FINANCE COMPANY LIMITED | TOTAL | CONSOLIDATION JOURNAL ENTRIES | GROUP |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | |
| Cash and cash equivalents | 14,371,980 | 791,681,166 | 555,345 | 7,358,597 | 1,663,589 | 953,299 | 2,235,055 | 13,757,910 | 832,576,941 | (37,189,922) | 795,387,019 |
| Restricted reserve deposits | - | 1,441,465,091 | - | - | - | - | - | - | 1,441,465,091 | - | 1,441,465,091 |
| Non-pledged trading assets | - | 319,109,270 | - | - | - | - | - | - | 319,109,270 | - | 319,109,270 |
| Loans and advances to customers | - | 2,268,041,300 | 81,316 | - | 13,658 | 845,220 | - | 88,321,679 | 2,357,303,173 | - | 2,357,303,173 |
| Assets pledged as collateral | - | 401,703,741 | - | - | - | - | - | - | 401,703,741 | - | 401,703,741 |
| Investment securities | 68,603,349 | 1,163,893,435 | 2,081,054 | 4,170,673 | 197,526 | 25,940 | 4,382,770 | - | 1,243,354,747 | (53,944,041) | 1,189,410,706 |
| Investment in subsidiaries | 273,168,431 | - | - | - | - | - | - | - | 273,168,431 | (273,168,431) | - |
| Investment in associates | - | - | - | 943,649 | - | - | - | - | 943,649 | 795,146.87 | 1,738,796 |
| Property and equipment, and right of use assets | 235,762 | 50,230,724 | 55,886 | 319,400 | 66,022 | 13,010 | 2,426,390 | 2,647,274 | 55,994,468 | - | 55,994,468 |
| Intangible assets | 157,345 | 20,776,067 | - | 8,102 | 81,043 | - | 9,504,174 | 470,441 | 30,997,172 | 5,345,114 | 36,342,286 |
| Deferred tax assets | - | 8,007,506 | - | - | - | 4,958.00 | - | 178,257.00 | 8,190,721 | - | 8,190,721 |
| Other assets | 13,219,384 | 431,156,094 | 1,639,369 | 3,411,889 | 306,849 | 11,387 | 2,426,147 | 4,501,666 | 456,672,785 | (10,604,069) | 446,068,716 |
| | **369,756,251** | **6,897,516,326** | **4,412,970** | **16,212,310** | **2,328,687** | **1,853,814** | **20,974,536** | **109,877,227** | **7,422,932,121** | **(368,766,202)** | **7,054,165,919** |
| ***Financed by:*** | | | | | | | | | | | |
| Trading liabilities | - | - | - | - | - | - | - | - | - | - | - |
| Deposits from banks | - | 834,893,228 | - | - | - | - | - | - | 834,893,228 | - | 834,893,228 |
| Deposits from customers | - | 4,332,755,666 | - | - | - | 304,952 | - | - | 4,333,060,618 | (36,574,769) | 4,296,485,849 |
| Borrowings | 5,320,125 | 272,043,005 | - | - | - | - | - | 83,114,050 | 360,477,180 | (615,153) | 359,862,027 |
| On-lending facilities | - | 204,803,631 | - | - | - | - | - | - | 204,803,631 | - | 204,803,631 |
| Debt securities issued | - | 211,467,949 | - | - | - | - | - | - | 211,467,949 | (12,392,000) | 199,075,949 |
| Retirement benefit obligations | - | 17,459 | - | - | - | - | - | 35,043 | 52,502.00 | - | 52,502.00 |
| Current tax liabilities | 5,382,217 | 24,719,917 | 526,892 | 1,408,418 | 59,957 | 106,511.00 | 1,266,514 | 4,757,405 | 38,227,831 | - | 38,227,831 |
| Deferred tax liabilities | 4,361,472 | - | 10,277 | 234,901 | 4,398 | - | 131,227 | - | 4,742,275 | - | 4,742,275 |
| Provision | - | 12,955,238 | - | - | 67,008 | - | - | - | 13,022,246 | - | 13,022,246 |
| Other liabilities | 3,760,605 | 385,474,007 | 1,860,772 | 8,504,733 | 1,675,929 | 94,856 | 6,850,823 | 8,563,624 | 416,785,349 | (5,374,145) | 411,411,204 |
| Share capital | 19,802,711 | 7,000,000 | 500,000 | 943,577 | 50,000 | 1,000,000 | 1,380,661 | 500,000 | 31,176,949 | (11,374,239) | 19,802,710 |
| Share premium | 246,431,292 | 236,786,924 | - | 1,057,250 | 170,000 | - | 4,177,966 | - | 488,623,432 | (242,192,140) | 246,431,292 |
| Additional Tier 1 (AT1) Capital issued | 46,686,000 | 46,686,000 | - | - | - | - | - | - | 93,372,000 | (46,686,000) | 46,686,000 |
| Retained earnings | 38,011,829 | 170,294,544 | 1,515,029 | 3,249,574 | 301,395 | 201,395 | 5,522,208 | 8,062,257 | 227,158,231 | (38,720,548) | 188,437,683 |
| Other reserves | - | 155,010,612 | - | 813,857 | - | 146,100 | 1,645,137 | 4,844,848 | 162,460,554 | 24,352,164 | 186,812,718 |
| Non-controlling Interests | - | - | - | - | - | - | - | - | - | 810,629 | 810,629 |
| | **369,756,251** | **6,897,516,326** | **4,412,970** | **16,212,310** | **2,328,687** | **1,853,814** | **20,974,536** | **109,877,227** | **7,422,932,121** | **(368,766,202)** | **7,054,165,919** |
| Acceptances and guarantees | **-** | **709,273,598** | **-** | **-** | **-** | **-** | **-** | **-** | **709,273,598** | **-** | **709,273,598** |

**Notes to the consolidated and separate financial statements**
**For the period ended**

**CONDENSED FINANCIAL INFORMATION**

(ii) The condensed financial data of the consolidated entities as at 31 December 2023 were as follows:

***RESULTS OF OPERATIONS***

| *In thousands of Naira* | FCMB GROUP PLC | FCMB LIMITED GROUP | FCMB CM LIMITED | CSL STOCKBROKERS LIMITED GROUP | FCMB TRUSTEES LIMITED | FCMB MFB LIMITED | FCMB PENSIONS LIMITED | CREDIT DIRECT FINANCE COMPANY LIMITED | TOTAL | CONSOLIDATION JOURNAL ENTRIES | GROUP |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Interest and discount income | 1,110,978 | 331,829,140 | 249,727 | 743,426 | 61,866 | 61,706 | 631,785 | 21,447,787 | 356,136,415 | (1,143,494) | 354,992,921 |
| Interest expense | (192,580) | (173,785,484) | - | (169,134) | - | (5,145) | - | (5,387,748) | (179,540,091) | 1,143,494 | (178,396,597) |
| **Net interest income** | **918,398** | **158,043,656** | **249,727** | **574,292** | **61,866** | **56,561** | **631,785** | **16,060,039** | **176,596,324** | **-** | **176,596,324** |
| Other income | 23,181,298 | 122,871,761 | 1,444,401 | 6,189,586 | 188,515 | 185,001 | 7,381,943 | 682,738.00 | 162,125,243 | (17,593,586) | 144,531,657 |
| **Operating income** | **24,099,696** | **280,915,417** | **1,694,128** | **6,763,878** | **250,381** | **241,562** | **8,013,728** | **16,742,777** | **338,721,567** | **(17,593,586)** | **321,127,981** |
| Operating expenses | (2,588,978) | (138,884,767) | (739,994) | (3,247,028) | (141,124) | (38,918) | (4,765,777) | (8,695,659) | (159,102,245) | 1,915,838 | (157,186,407) |
| Impairment losses on financial instruments | (155,381) | (57,965,487) | 3,823 | 3,316 | (695) | (38,903) | (10,177) | (1,346,621) | (59,510,125) | - | (59,510,125) |
| **Profit before tax** | **21,355,337** | **84,065,163** | **957,957** | **3,520,166** | **108,562** | **163,741** | **3,237,774** | **6,700,497** | **120,109,197** | **(15,677,748)** | **104,431,449** |
| Income tax expense | (2,195,918) | (4,508,047) | (316,126) | (1,052,392) | (30,501) | (68,018) | (966,264) | (2,276,565) | (11,413,830) | - | (11,413,830) |
| **Profit after tax** | **19,159,419** | **79,557,116** | **641,831** | **2,467,774** | **78,061** | **95,723** | **2,271,510** | **4,423,932** | **108,695,367** | **(15,677,748)** | **93,017,619** |
| Other comprehensive income | - | 52,615,983 | - | 2,003,448 | - | - | (24,059) | - | 54,595,372 | - | 54,595,372 |
| **Total comprehensive income for the period** | **19,159,419** | **132,173,099** | **641,831** | **4,471,222** | **78,061** | **95,723** | **2,247,451** | **4,423,932** | **163,290,739** | **(15,677,748)** | **147,612,991** |

***FINANCIAL POSITION***

| *In thousands of Naira* | FCMB GROUP PLC | FCMB LIMITED GROUP | FCMB CM LIMITED | CSL STOCKBROKERS LIMITED GROUP | FCMB TRUSTEES LIMITED | FCMB MFB LIMITED | FCMB PENSIONS LIMITED | CREDIT DIRECT FINANCE COMPANY LIMITED | TOTAL | CONSOLIDATION JOURNAL ENTRIES | GROUP |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | |
| Cash and cash equivalents | 4,577,221 | 567,037,095 | 1,133,163 | 12,161,082 | 1,388,839 | 1,248,265 | 2,083,874 | 4,140,101 | 593,769,640 | (14,602,132) | 579,167,508 |
| Restricted reserve deposits | - | 799,640,417 | - | - | - | - | - | - | 799,640,417 | - | 799,640,417 |
| Non-pledged Trading assets | - | 169,013,281 | - | 1,289,420 | - | - | - | - | 170,302,701 | - | 170,302,701 |
| Derivative assets held for risk management | - | 1,520,716.00 | - | - | - | - | - | - | 1,520,716 | - | 1,520,716 |
| Loans and advances to customers | - | 1,783,713,429 | 78,290 | 363,787 | 6,848 | 401,919 | 226,358 | 56,725,565 | 1,841,516,196 | - | 1,841,516,196 |
| Assets pledged as collateral | - | 86,714,340 | - | - | - | - | - | - | 86,714,340 | - | 86,714,340 |
| Investment securities | 63,922,161 | 781,577,764 | 1,568,893 | 1,381,321 | 151,696 | 18,000 | 3,573,107 | - | 852,192,942 | (57,446,563) | 794,746,379 |
| Investment in subsidiaries | 132,228,197 | - | 0 | 0 | - | - | - | - | 132,228,197 | (132,228,197) | - |
| Property and equipment, and right of use assets | 152,164 | 48,636,731 | 50,032 | 621,564 | 22,875 | 1,324 | 2,214,920 | 2,433,254 | 54,132,864 | - | 54,132,864 |
| Intangible assets | 181,887 | 15,749,529 | - | 80,448 | 204 | - | 9,597,638 | 309,969 | 25,919,675 | 5,345,115 | 31,264,790 |
| Deferred tax assets | - | 7,995,669 | 7,450 | - | - | 425 | - | - | 8,003,544 | - | 8,003,544 |
| Other assets | 6,285,010 | 51,548,708 | 33,852 | 2,131,540 | 221,452 | 100,212 | 1,108,251 | 1,327,377 | 62,756,402 | (5,871,229) | 56,885,173 |
| | **207,346,640** | **4,313,147,679** | **2,871,680** | **18,029,162** | **1,791,914** | **1,770,145** | **18,804,148** | **64,936,266** | **4,628,697,634** | **(204,803,006)** | **4,423,894,628** |
| ***Financed by:*** | | | | | | | | | | | |
| Trading liabilities | - | - | - | - | - | - | - | - | - | - | - |
| Derivative liabilities held for risk management | - | 998,332 | - | - | - | - | - | - | 998,332 | - | 998,332 |
| Deposits from banks | - | 280,478,119 | - | - | - | - | - | - | 280,478,119 | - | 280,478,119 |
| Deposits from customers | - | 3,097,240,545 | - | - | - | 313,233 | - | - | 3,097,553,778 | (14,582,766) | 3,082,971,012 |
| Borrowings | 2,917,689 | 86,564,415 | - | - | - | - | - | 47,000,719 | 136,482,823 | - | 136,482,823 |
| On-lending facilities | - | 57,425,081 | - | - | - | - | - | - | 57,425,081 | - | 57,425,081 |
| Debt securities issued | - | 140,756,655 | - | - | - | - | - | - | 140,756,655 | (7,614,319) | 133,142,336 |
| Retirement benefit obligations | - | 102,658 | - | - | - | - | - | 20,973 | 123,631 | - | 123,631 |
| Current income tax liabilities | 410,283 | 5,919,003 | 283,269 | 975,954 | 38,033 | 70,613 | 1,046,954 | 2,552,058 | 11,296,167 | - | 11,296,167 |
| Deferred tax liabilities | 1,834,361 | - | - | 333,585 | 4,399 | - | 131,227 | 51,381 | 2,354,953 | - | 2,354,953 |
| Provision | - | 10,896,527 | - | - | - | - | - | - | 10,896,527 | - | 10,896,527 |
| Other liabilities | 5,284,369 | 224,420,732 | 438,123 | 8,471,339 | 1,223,432 | 169,272 | 6,106,427 | 4,772,261 | 250,885,955 | (5,786,866) | 245,099,089 |
| Share capital | 9,901,355 | 5,000,000 | 500,000 | 943,577 | 50,000 | 1,000,000 | 1,380,661 | 500,000 | 19,275,593 | (9,374,238) | 9,901,355 |
| Share premium | 115,392,414 | 97,846,690 | - | 1,057,250 | 170,000 | - | 4,177,966 | - | 218,644,320 | (103,251,906) | 115,392,414 |
| Additional Tier 1 (AT1) Capital issued | 46,686,000 | 46,686,000 | - | - | - | - | - | - | 93,372,000 | (46,686,000) | 46,686,000 |
| Retained earnings | 24,920,169 | 127,028,722 | 1,650,288 | 4,083,868 | 306,050 | 128,484 | 4,468,259 | 6,979,477 | 169,565,317 | (25,184,551) | 144,380,766 |
| Other reserves | - | 131,784,200 | - | 2,163,589 | - | 88,543 | 1,492,654 | 3,059,397 | 138,588,383 | 6,003,743 | 144,592,126 |
| Non-controlling Interests | - | - | - | - | - | - | - | - | - | 1,673,897 | 1,673,897 |
| | **207,346,640** | **4,313,147,679** | **2,871,680** | **18,029,162** | **1,791,914** | **1,770,145** | **18,804,148** | **64,936,266** | **4,628,697,634** | **(204,803,006)** | **4,423,894,628** |
| Acceptances and guarantees | **-** | **417,462,096** | **-** | **-** | **-** | **-** | | **-** | **417,462,096** | **-** | **417,462,096** |

(e) **Transactions with key management personnel**

Key management personnel compensation for the period comprises;

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| **Key management personnel compensation for the year comprised;** | | | | |
| Short-term employee benefits | **960,767** | 1,434,236 | **634,025** | 325,028 |
| Contributions to defined contribution plans | **20,678** | 9,246 | **10,339** | 9,246 |
| | **981,445** | 1,443,482 | **644,364** | 334,274 |

| Loans and advances | 31 DEC 2024 | 31 DEC 2023 | 31 DEC 2024 | 31 DEC 2023 |
|---|---|---|---|---|
| At 1 January | **2,942,128** | 1,923,370 | **-** | - |
| Granted during the year | **395,500** | 1,361,347 | **-** | - |
| Repayment during the year | **(195,747)** | (342,589) | **-** | - |
| Balance at the end | **3,141,881** | 2,942,128 | **-** | - |
| | | | | |
| Interest earned | **13,093** | 10,029 | **-** | - |

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined contribution plan on their behalf. Loans to key management personnel include mortgage loans and other personal loans which are given under terms that are no more favorable than those given to other staff. Mortgage loans amounting to N271.14million (31 December 2023: N269.17million) are secured by the underlying assets. All personal loans are unsecured. The mortgage and secured loans granted are secured over property of the respective borrowers. Other balances are not secured and no guarantees have been obtained.

As at 31 December 2024, the balances with key management personnel are allocated to stage 1 of the ECL model and have a loss allowance of N19.07million (31 December 2023:N19.07million).

(f) ***Loans and advances outstanding:***

Included in loans and advances is an amount of N787.80million (31 December 2023: N606.67million) representing credit facilities to companies in which certain Directors have interests and key management personnel. The balances as at 31 December 2024 were as follows:

**In thousands of Naira**

| Name of company / Individual | Relationship | Name of Directors related to the companies | *Facility type* | *31 DEC 2024* | *31 DEC 2023* | *Status* | *Security Status* |
|---|---|---|---|---|---|---|---|
| Primrose Property Investment Ltd. | Directors-Shareholders | Otunba M. O Balogun | Term loan | - | 114,349 | Performing | Perfected |
| Balogun Abimbola Adetutu (Olori) | Directors-Shareholders | Balogun Babajide Oludolapo | Overdraft | - | 316 | Performing | Perfected |
| Professor Ashiru Oluwatoyin . | Directors-Shareholders | Professor Ashiru Oluwatoyin . | Term loan | 46 | - | Performing | Perfected |
| Balogun Babajide Oludolapo | Directors-Shareholders | Balogun Babajide Oludolapo | Term loan | 72,882 | 13,374 | Performing | Perfected |
| Crestmont Limited | Directors-Shareholders | Prof. Oluwatoyin Ashiru | Overdraft | 87,801 | 118,027 | Performing | Perfected |
| Outstanding loans of key management personr | Directors / Principal officers | - | Term loan | 645,661 | 360,571 | Performing | Perfected |
| | | | | **806,390** | **606,637** | | |

(g) ***Deposits outstanding***

Included in deposit is an amount of N1.93billion (31 December 2023: N2.78billion) representing deposits from companies in which certain Directors have interests. The balances as at 31 December 2024 and 31 December 2023 were as follows:

**In thousands of Naira**

| ***Name of company / Individual*** | ***Relationship*** | ***Type of deposit*** | **31 DEC 2024** | **31 DEC 2023** |
|---|---|---|---|---|
| ATSC International Limited | Shareholder | Current Account | **2,141** | 1,499 |
| Chapel Hill Advisory Partners | Shareholder | Current Account | **3,616** | 518,489 |
| Chapel Hill Advisory Partners | Shareholder | Time Deposit | **39,218** | 1,037,006 |
| Dynamic Industries Limited | Directors-Shareholders | Current Account | **200,807** | 103,195 |
| Dynamic Industries Limited | Directors-Shareholders | Time Deposit | **560,251** | 742,251 |
| Gulvaris Capital Partners Limited | Directors-Shareholders | Current Account | **10,407** | 19,196 |
| Gulvaris Capital Partners Limited | Directors-Shareholders | Time Deposit | **-** | 16,202 |
| Helios Investment Partners | Directors-Shareholders | Current Account | **1,692** | 967 |
| Lafarge Cement Wapco Nig Plc | Directors-Shareholders | Current Account | **21,202** | 2 |
| Lana Securities Limited | Shareholder | Current Account | **85** | 81 |
| Poly Products Nigeria Limited | Directors-Shareholders | Current Account | **46** | 46 |
| Primrose Development Company Limited | Shareholder | Current Account | **8,814** | 32,136 |
| Primrose Properties Investment Limited | Shareholder | Current Account | **577,779** | 73,582 |
| Primrose Properties Investment Limited | Shareholder | Time Deposit | **50,225** | 28,560 |
| S&B City Printers Limited | Directors-Shareholders | Current Account | **181,798** | 44,736 |
| S&B City Printers Limited | Directors-Shareholders | Time Deposit | **217,816** | 248 |
| First Concept Properties Ltd | Directors-Shareholders | Current Account | **58,205** | 134,627 |
| Tricontinental Oil Services Limited | Directors-Shareholders | Current Account | **193** | 200 |
| Crestmont Limited | Directors-Shareholders | Current Account | **49** | 25,038 |
| | | | **1,934,344** | 2,778,061 |

**Notes to the consolidated and separate financial statements**
**For the period ended**

## 45 EMPLOYEES AND DIRECTORS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **EMPLOYEES** | **31 DEC 2024** | **31 DEC 2023** | **31 DEC 2024** | **31 DEC 2023** |
| **(a)** The average number of persons employed during the year by category: | **Number** | **Number** | **Number** | **Number** |
| Executive directors | 15 | 15 | 3 | 3 |
| Management | 553 | 548 | 4 | 4 |
| Non-management | 3,228 | 2,991 | 18 | 14 |
| | 3,796 | 3,554 | 25 | 21 |

**(b)** Compensation for the above persons (excluding executive directors):

| **In thousands of Naira** | **31 DEC 2024** | **31 DEC 2023** | **31 DEC 2024** | **31 DEC 2023** |
|---|---|---|---|---|
| Wages and salaries | 58,535,271 | 34,132,597 | 522,623 | 392,415 |
| Contributions to defined contribution plans | 1,356,850 | 1,000,885 | 14,709 | 9,502 |
| Non-payroll staff cost | 19,388,782 | 14,434,414 | 922,184 | 776,112 |
| | 79,280,903 | 49,567,896 | 1,459,516 | 1,178,029 |

**(c )** The number of employees of the Group, including executive directors, who received emoluments in the following ranges were:

| | **31 DEC 2024 Number** | **31 DEC 2023 Number** | **31 DEC 2024 Number** | **31 DEC 2023 Number** |
|---|---|---|---|---|
| Less than N1,800,000.00 | 10 | 199 | - | - |
| N1,800,001 - N2,500,000 | 92 | 137 | - | - |
| N2,500,001 - N3,500,000 | 655 | 1,050 | - | - |
| N3,500,001 - N4,500,000 | 579 | 712 | - | - |
| N4,500,001 - N5,500,000 | 588 | 519 | 2 | 3 |
| N5,500,001 and above | 1,872 | 937 | 23 | 18 |
| | 3,796 | 3,554 | 25 | 21 |

**(d) DIVERSITY IN EMPLOYMENT**

i) A total of 1,597 women were in the employment of the Group during the year ended 31 December 2024 (31 Decembert 2023: 1,464), which represents 41% of the total workforce.

ii) A total of 17 women were in the top management position as at the period ended 31 December 2024 (31 December 2023:15), which represents 20% of the top management workforce in this position (31 December 2023: 21%). There were nineteen (19) women on the Board of Directors for the year ended 31 December 2024 (31 December 2023: 14)

iii) The analysis by grade is as shown below:

iv). The Group is committed to maintaining a positive work environment and to conducting business in a positive, professional manner and will ensure equal employment opportunity.

| **Employees analysis** | **31 DEC 2024** | | | **31 DEC 2023** | | |
|---|---|---|---|---|---|---|
| | **Gender** | **Number** | **%** | **Gender** | **Number** | **%** |
| | **Male** | 2,199 | 58% | **Male** | 2,090 | 59% |
| | **Female** | 1,597 | 42% | **Female** | 1,464 | 41% |
| | **Total** | **3,796** | **100%** | **Total** | **3,554** | **100%** |

| | 31 DEC 2024 | | | 31 DEC 2023 | | |
|---|---|---|---|---|---|---|
| **GRADE LEVEL** | **MALE** | **FEMALE** | **TOTAL** | MALE | FEMALE | TOTAL |
| Assistant General Manager (AGM) | **39** | **12** | **51** | 37 | 9 | 46 |
| Deputy General Manager (DGM) | **21** | **2** | **23** | 16 | 2 | 18 |
| General Manager (GM) | **9** | **3** | **12** | 4 | 4 | 8 |
| **TOTAL** | **69** | **17** | **86** | 57 | 15 | 72 |
| | | | | | | |
| Executive Director (ED) | **10** | **1** | **11** | 9 | 1 | 10 |
| Group Managing Director/Chief Executive Officer (GMD / CEO) | **4** | **1** | **1** | 4 | 1 | 5 |
| Non - Executive Directors | **27** | **17** | **44** | 24 | 12 | 36 |
| **TOTAL** | **41** | **19** | **56** | 37 | 14 | 51 |

**Notes to the consolidated and separate financial statements**
**For the period ended**

**(e) DIRECTORS**

The remuneration paid to the directors of the Group (excluding pension and certain allowances) was:

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| Fees | **331,457** | 351,000 | **142,200** | 182,000 |
| Sitting allowances | **197,245** | 241,668 | **65,798** | 66,735 |
| Executive compensation | **960,767** | 1,434,236 | **634,025** | 325,028 |
| | **1,489,469** | 2,026,904 | **842,023** | 573,763 |
| Directors' other expenses | **2,016,583** | 1,063,670 | **143,041** | 40,555 |
| | **3,506,052** | 3,090,574 | **985,064** | 614,318 |
| The Directors' remuneration shown above includes: | | | | |
| The Chairman | **84,000** | 52,000 | **84,000** | 52,000 |
| Highest paid director | **329,492** | 183,451 | **329,492** | 183,451 |

The number of directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges were:

| | 31 DEC 2024 Number | 31 DEC 2023 Number | 31 DEC 2024 Number | 31 DEC 2023 Number |
|---|---|---|---|---|
| N10,000,000 and below | - | 8 | - | - |
| N10,000,001 and above | 56 | 36 | 10 | 10 |
| | **56** | 44 | **10** | 10 |

**46 Cash and cash equivalents**

For the purposes of the statement of cash flow, cash and cash equivalents include;

| In thousands of Naira | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|
| Cash | **33,636,696** | 34,869,093 | **-** | - |
| Current balances within Nigeria | **643,838** | 99,189 | **14,371,980** | 4,577,221 |
| Current balances outside Nigeria | **733,807,053** | 376,361,162 | **-** | - |
| Placements with local banks | **7,259,998** | 13,063,999 | **-** | - |
| Unrestricted balances with Central banks | **20,057,451** | 154,815,173 | **-** | - |
| | **795,405,036** | 579,208,616 | **14,371,980** | 4,577,221 |

**46 Compliance With Banking Regulations**

During the period ended 31 December 2024, the Banking subsidiary contravened the following section of the provision of the Banks and Other Financial Institutions Act and relevant CBN circulars and was penalised as follows:

| Section | Nature | No of times | Penalties N'000 |
|---|---|---|---|
| Contravention of section 2.4.6 of the CBN Cybersecurity Framework 2018 | Cybersecurity Asessment 2022. The Board failed to approve the budget for the Information Security Department. | 1 | 2,000 |
| Contravention of section 2.2 and 2.3 of the CBN Cybersecurity Framework 2018 | Cybersecurity Asessment 2022.2.2: Conduct background check on employees who implement policies, procedures used to protect sensitive information, and plausibly know ways of circumventing those control e.g. IT system administrators and security guards. 2.3: Ensure that risks associated with this category of employee are regularly assessed as part of the enterprise risk assessment framework. Background check shall be periodically conducted to gather reliable information about such employees. | 1 | 2,000 |
| Contravention of Consumer Protection Regulation (CPR) | NGN149250001CBNINGLA 23MD240850023801 NGN149250001 3000024763 /040 //BNG PENALTIES FOR PUBLISHING //INCORRECT CONSUMER COMPLAINT //STATISTICS IN ITS AUDITED //FIN STATEMENTS AS AT DEC 31 2022 | 1 | 15,400 |
| Contravention of section 14.3.1 of the bankers clearing system rules | The bank failed to provide evidence of compliance to notify its customers of any un-cleared payment instruments deposited within 24 hours of the deposit | 1 | 2,000 |
| Contravention of CBN AML & CFT Regulations 2013 (as Amended) | NGN149250001CBNINGLA 23MD242270018701 NGN149250001 3000024763 /040 //BNG PENALTY IRO AML/CFT REGULATIO //RELATED TO A WIDESPREAD FRAUD //INCIDENT | 1 | 42,250 |
| Contravention of Consumer Protection Regulation (CPR) | Differences in returns uploaded on the CCMS portal and what the CPD downloaded from their office. | 1 | 100 |
| Contravention of CBN AML & CFT Regulations 2013 (as Amended) | NGN149250001CBNINGLA 23MD243460017002 NGN149250001 3000024763 /040 //PENALTIES IMPOSED ON THE BANK FOR //MYSTERY SHOPPING OF NAIRA BANK //NOTES | 1 | 56,900 |
| **During the year ended 31 December 2024, other subsidiaries of the Group paid penalties as detailed below:** | | | |
| FCMB Capital Market Limited | Inconsistent disclosure in audited financial statement against FRCN requirements | 1 | 3,000 |
| CSL Stockbrokers Limited | Failure to disclose the FRCN numbers of account signitories to the Mutual funds | 1 | 10,000 |
| FCMB Pensions Limited | Violation Pencom rule on consolidation of retirement benefits before payment to retirees | 3 | 3,003 |

The penalties totalling N136.65million were paid during the year (31 December 2023: N145.1million).

**47 Events after the Reporting Period**

There were no significant events after the reporting period which could have a material effect on the financial position of the Company and Group as at 31 December 2024 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

**Notes to the consolidated and separate financial statements**
**For the period ended**

**48 Reconciliation notes to consolidated and separate statement of cashflows**

| | | Note | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|---|---|
| (i) | **Net gain / (loss) on debt securities at Fair value through profit or loss** | | | | | |
| | Gross trading income before fair value adjustments | | **20,235,819** | 8,289,301 | **-** | - |
| | Fair value gain on financial assets adjustments | | **33,557,126** | 816,697 | **-** | - |
| | Net trading income (see note 12) | 12 | **53,792,945** | 9,105,998 | **-** | - |
| (ii) | **Interest received** | | | | | |
| | Balance at end of the year (interest receivables, overdue interest and loan fees) | | **210,314,090** | 131,020,748 | **-** | - |
| | Accrued Interest income during the year | 8 | **621,803,795** | 354,992,921 | **8,857,206** | 2,752,256 |
| | Non cash related adjustments | | **9,207,448** | (2,175,406) | **9,207,448** | - |
| | Balance at start of the year (interest receivables, overdue interest and loan fees) | | **(131,020,748)** | (88,333,275) | **-** | - |
| | **Interest received during the year** | | **710,304,585** | 395,504,988 | **18,064,654** | 2,752,256 |

| | | Note | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|---|---|
| (iii) | **Interest paid** | | | | | |
| | Balance at end of the year (interest payables, interest prepaid and deferred FCY charges) | | **56,461,450** | 27,223,345 | **-** | - |
| | Accrued Interest expense during the year | 9 | **396,503,592** | 178,396,597 | **928,052** | 192,580 |
| | Amortised cost on financial liabilities adjustments | | **(248,460)** | (414,678) | **-** | (192,580) |
| | Balance at start of the year (interest payables, interest prepaid and deferred FCY charges) | | **(27,223,345)** | (15,843,686) | **-** | - |
| | | | **425,493,237** | 189,361,578 | **928,052** | - |
| (iv) | **VAT paid** | | | | | |
| | This relates to monthly remittances to the tax authorities with respect to vatable services | | **14,825,917** | 6,332,632 | **41,296** | 45,807 |
| (v) | **Acquisition of investment securities and proceeds from sale and redemption of investment securities** | | | | | |
| | Balance at start of the year | 24 | **794,746,379** | 524,573,025 | **63,922,161** | 8,023,508 |
| | Non cash related adjustments | | **26,143,050** | 62,479,980 | **2,317,485** | 8,551,313 |
| | Add: Acquisition of investment securities during the year | | **503,583,086** | 482,051,102 | **2,363,703** | 47,347,340 |
| | **Less: Proceeds from sale and redemption of investment securities** | | **(135,061,809)** | (274,377,093) | **-** | - |
| | Balance at end of the year | 24 | **1,189,410,706** | 794,727,014 | **68,603,349** | 63,922,161 |
| (vi) | **Effect of exchange rate fluctuations on cash and cash equivalents held** | | | | | |
| | Balance at end of the year on net translated foreign balances at closing exchange rates | | **804,338,839** | 234,418,714 | **118,918** | 1,310,961 |
| | Movement during the year at average exchange rates | | **88,488,877** | (115,994,270) | **2,324,322** | 1,190,681 |
| | Balance at start of the year on net translated foreign balances at opening exchange rates | | **480,502,764** | 152,563,419 | **(2,746,864)** | 1,362 |
| | | | **235,347,198** | 197,849,565 | **541,460** | 118,918 |
| (vii) | **Net decrease in other liabilities** | | | | | |
| | At 31 December | 37 | **411,411,204** | 245,099,089 | **3,760,605** | 5,284,369 |
| | Total amounts remitted under retirement benefit obligations | 36 | **(2,550,679)** | (1,717,989) | **(45,086)** | (33,746) |
| | Interest paid on lease liability | | **(24,656)** | (24,656) | **-** | - |
| | Non cash related adjustments | | **35,084,544** | 25,680,397 | **1,495,009** | 3,815,836 |
| | Non cash related adjustments on lease liability | | **(380,856)** | - | **-** | - |
| | At 1 January | 37 | **(245,099,089)** | (196,902,171) | **(5,284,369)** | (8,102,130) |
| | **Net decrease in other liabilities** | | **198,440,468** | 72,134,670 | **(73,841)** | 964,328 |

**Notes to the consolidated and separate financial statements**
**For the period ended**

| | | Note | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|---|---|
| (viii) | **Net increase /(decrease) in provision** | | | | | |
| | Opening balance for the year | 38 | **10,896,527** | (7,514,884) | **-** | - |
| | Provisions made during the year | 38 | **3,006,398** | 1,069,055 | **-** | - |
| | Amount utilised during the year | | **(4,485,426)** | - | **-** | - |
| | Effects of movement in exchange rates | 38 | **3,604,747** | 2,466,151 | **-** | - |
| | Amount reclassifed to the other liabilities during the year | 38 | **-** | 10,896,527 | **-** | - |
| | Closing balance for the year | | **13,022,246** | 6,916,849 | **-** | - |
| (viii) | **Proceeds from sale of property and equipment** | | | | | |
| | Gain on sale of property and equipment | 14(a) | **2,409,966** | 39,401 | **517** | (1,837) |
| | Cost eliminated on disposal during the year | 31 | **607,789** | 27,567,449 | **53,285** | 4,166 |
| | Accumulated depreciation and impairment losses - eliminated on Disposal | 31 | **(713,632)** | (26,563,500) | **(53,272)** | (2,264) |
| | Proceeds from sale of property and equipment | | **2,304,123** | 1,043,349.91 | **530** | 64.45 |
| (ix) | **Net interest income** | | | | | |
| | Interest income | 8 | **621,803,795** | 354,992,921 | **8,857,206** | 1,110,978 |
| | Interest expense | 9 | **(396,503,592)** | (178,396,597) | **(928,052)** | (192,580) |
| | | | **225,300,203** | 176,596,324 | **7,929,154** | 918,398 |
| (x) | **Net increase in restricted reserve deposits** | | | | | |
| | Opening balance for the year | 28 | **799,640,417** | 493,359,709 | **-** | - |
| | Closing balance for the year | 28 | **(1,441,465,091)** | (799,640,417) | **-** | - |
| | | | **(641,824,674)** | (306,280,708) | **-** | - |
| (xi) | **Net increase in derivative assets held held for risk management** | | | | | |
| | Opening balance for the year | 23(a) | **1,520,716** | 853,709 | **-** | - |
| | Closing balance for the year | 23(a) | **(1,451,932)** | (1,520,716) | **-** | - |
| | | | **68,784** | (667,007) | **-** | - |
| (xii) | **Net (increase)/decrease in non-pledged trading assets** | | | | | |
| | Opening balance for the year | 22(a) | **170,302,701** | 160,730,775 | **-** | - |
| | Fair value gain on financial assets adjustments | | **(33,557,126)** | (816,697) | **-** | - |
| | Closing balance for the year | 22(a) | **(319,109,270)** | (170,302,701) | **-** | - |
| | | | **(182,363,695)** | (10,388,623) | **-** | - |
| (xiii) | **Net increase in loans and advances to customers** | | | | | |
| | Opening balance for the year | 26 | **1,929,584,201** | 1,246,739,645 | **-** | - |
| | Non cash related adjustments | | **(49,204,032)** | (62,247,009) | **-** | - |
| | Closing balance for the year | 26 | **(2,485,078,216)** | (1,929,584,201) | **-** | - |
| | | | **(604,698,047)** | (745,091,565) | **-** | - |
| (xiv) | **Net decrease in assets pledged as collateral** | | | | | |
| | Opening balance for the year | 25 | **86,714,340** | 79,009,207 | **-** | - |
| | Non cash related adjustments | | **(41,240,323)** | (5,189,073) | **-** | - |
| | Closing balance for the year | 25 | **(401,703,741)** | (86,714,340) | **-** | - |
| | | | **(356,229,724)** | (12,894,206) | **-** | - |

**Notes to the consolidated and separate financial statements**
**For the period ended**

| | | Note | GROUP 31 DEC 2024 | GROUP 31 DEC 2023 | COMPANY 31 DEC 2024 | COMPANY 31 DEC 2023 |
|---|---|---|---|---|---|---|
| (xv) | **Net decrease/(increase) in other assets** | | | | | |
| | Opening balance for the year | 27 | **56,885,173** | 192,385,077 | **6,285,010** | 6,353,476 |
| | Non cash related adjustments | | **26,198,471** | 14,049,423 | **117,979** | 203,308 |
| | Closing balance for the year | 27 | **(446,068,716)** | (56,885,173) | **(13,219,384)** | (6,285,010) |
| | | | **323,031,162** | - | - | - |
| | | | **(39,953,910)** | 149,549,327 | **(6,816,395)** | 271,774 |
| (xvi) | **Net decrease in trading liabilities** | | | | | |
| | Closing balance for the year | 22(b) | **-** | - | **-** | - |
| | Fair value gain on financial assets adjustments | | **-** | - | **-** | - |
| | Opening balance for the year | 22(b) | **-** | (1,883,937) | **-** | - |
| | | | **-** | (1,883,937) | **-** | - |
| (xvii) | **Net increase/(decrease) in deposits from banks** | | | | | |
| | Closing balance for the year | 34 | **834,893,228** | 280,478,119 | **-** | - |
| | Opening balance for the year | 34 | **(280,478,119)** | (124,365,459) | **-** | - |
| | | | **554,415,109** | 156,112,660 | **-** | - |
| (xviii) | **Net increase in deposits from customers** | | | | | |
| | Closing balance for the year | 35 | **4,296,485,849** | 3,082,971,012 | **-** | - |
| | Opening balance for the year | 35 | **(3,082,971,012)** | (1,944,908,569) | **-** | - |
| | | | **1,213,514,837** | 1,138,062,443 | **-** | - |
| (xix) | **Net (decrease)/increase in on-lending facilities** | | | | | |
| | Closing balance for the year | 39 | **204,803,631** | 57,425,081 | **-** | - |
| | Opening balance for the year | 39 | **(57,425,081)** | (249,191,651) | **-** | - |
| | | | **147,378,550** | -191,766,570 | **-** | - |
| (xx) | **Net (decrease)/increase in derivative liabilities** | | | | | |
| | Closing balance for the year | 23(b) | **2,608,146** | 998,332.00 | **-** | - |
| | Fair value gain on financial liabilities adjustments | | **-** | - | **-** | - |
| | Opening balance for the year | 23(b) | **(998,332)** | (1,699,900) | **-** | - |
| | | | **1,609,814** | (701,568) | **-** | - |
| (xxi) | **Net increase in debt securities issued** | | | | | |
| | Opening balance for the year | 40 | **133,142,336** | 84,745,841 | **-** | - |
| | Accrued coupon interest for the year | | **8,910,560** | 5,539,058 | **-** | - |
| | Coupon interest paid during the year | | **(8,279,934)** | (5,297,990) | **-** | - |
| | Amortised cost on financial liabilities adjustments | | **649,904** | 649,904 | **-** | - |
| | Translation difference | | **64,653,083** | 47,505,523 | **-** | - |
| | Closing balance for the year | 40 | **199,075,949** | 133,142,336 | **-** | - |
| (xxii) | **Dividend received** | | | | | |
| | Dividend receivable as at beginning of year | | **-** | - | **4,248,142** | 4,248,142 |
| | Dividend accrued within the year | | **-** | 1,708,284 | **17,282,243** | 6,879,182 |
| | Dividend received within the year | | **-** | (1,708,284) | **(11,921,621)** | (6,879,182) |
| | Dividend receivable as at end of year | | **-** | - | **9,608,764** | 4,248,142 |
| (xxiii) | **Investment in subsidiaries** | | | | | |
| | Opening balance for the year | | **-** | - | **132,228,197** | 132,228,197 |
| | Closing balance for the year | | **-** | - | **132,228,197** | 132,228,197 |

**Notes to the consolidated and separate financial statements**
**For the period ended**

**49 Financial Reporting Council's Certification Requirement for Professionals Engaged in Financial Reporting Process**

In line with Financial Reporting Council of Nigeria certification requirement for professionals engaged in the financial reporting process: external auditors, officers of reporting entities and other professional providing assurance to reporting entities, below is a list of professionals engaged in the financial reporting process relating to financial statements during the year.

| S/N | NAME OF PROFESSIONAL | FRC_NUMBER | ROLE |
|---|---|---|---|
| 1 | KRESTON PEDABO PROFESSIONAL SERV | FRC/2013/ICAN/00000000908 | Tax Consultant |
| 2 | I.R. AKINTOYE & CO. | FRC/2014/ICAN/00000007015 | Tax Consultant |
| 3 | ADEGBONMIRE AND ASSOCIATES | FRC/2013/00000000001226 | Property & Valuation Experts |
| 4 | AKUJURU ASSOCIATES | FRC/2014/00000004631 | Property & Valuation Experts |
| 5 | ALAGBE & PARTNERS | FRC/2013/NIESV/00000004334 | Property & Valuation Experts |
| 6 | ARIGBEDE & CO. | FRC/2014/00000004634 | Property & Valuation Experts |
| 7 | AUSTIN CHINEGWU & CO. | FRC/2015/NIESV/00000012501 | Property & Valuation Experts |
| 8 | BAMIGBOLA CONSULTING | FRC/2013/NIESV/00000000897 | Property & Valuation Experts |
| 9 | BAYO ADEYEMO & ASSOCIATES | FRC/2013/NIESV/00000005193 | Property & Valuation Experts |
| 10 | BAYO OYEDEJI & CO. | FRC/2013/NIESV/00000003983 | Property & Valuation Experts |
| 11 | BEN EBOREIME & CO. | FRC/2013/NIESV/00000003232 | Property & Valuation Experts |
| 12 | BIODUN OLAPADE & CO. | FRC/2013/NIESV/00000004303 | Property & Valuation Experts |
| 13 | BOLA OLAWUYI CONSULTING | FRC/2014/NIESV/00000007657 | Property & Valuation Experts |
| 14 | CHIKE MONEME & PARTNERS | FRC/2014/00000005796 | Property & Valuation Experts |
| 15 | CHUMA EZEALIGO ASSOCIATES | FRC/2013/NIESV/00000004822 | Property & Valuation Experts |
| 16 | DIPO FAKOREDE & CO. | FRC/2013/NIESV/00000000324 | Property & Valuation Experts |
| 17 | DIYA FATIMILEHIN & CO. | FRC/2013/NIESV/00000000754;FRC/2013/NIESV/00000002773 | Property & Valuation Experts |
| 18 | GAB OKONKWO & CO. | FRC/2013/NIESV/00000002220 | Property & Valuation Experts |
| 19 | IMO EKANEM & CO. | FRC/2012/NIESV/00000000114 | Property & Valuation Experts |
| 20 | J OKARO AND ASSOCIATES | FRC/2015/NIESV/00000002947 | Property & Valuation Experts |
| 21 | JOE NWORAH & CO. | FRC/2015/NIESV/00000010760 | Property & Valuation Experts |
| 22 | JOHN ZEDOMI & ASSOCIATES | FRC/2013/NIESV/00000002415 | Property & Valuation Experts |
| 23 | JOSEPH ADEGBILE AND CO. | FRC/2013/NIESV/00000004005 | Property & Valuation Experts |
| 24 | KNIGHT FRANK | FRC/2013/0000000000584 | Property & Valuation Experts |
| 25 | LANSAR AGHAJI & CO. | FRC/2015/00000006074 | Property & Valuation Experts |
| 26 | LOLA ADEYEMO & CO. | FRC/2015/NIESV/00000010805 | Property & Valuation Experts |
| 27 | MGBEODURU SAM & CO. | FRC/2013/NIESV/00000003326 | Property & Valuation Experts |
| 28 | NWOKOMA NWANKWO & COMPANY | FRC/2012/0000000000200 | Property & Valuation Experts |
| 29 | O.S. BORONI ASSOCIATES | FRC/2013/NIESV/00000003393 | Property & Valuation Experts |
| 30 | ODUDU & CO. | FRC/2012/0000000000124;FRC/2012/NIESV/00000000198 | Property & Valuation Experts |
| 31 | OKEY OGBONNA & CO. | FRC/2013/NIESV/00000000964 | Property & Valuation Experts |
| 32 | PAUL OSAJI & CO. | FRC/2013/00000001098 | Property & Valuation Experts |
| 33 | PHIL NWACHUKWU & ASSOCIATES | FRC/2014/NIESV/00000009853 | Property & Valuation Experts |
| 34 | RAWLINGS EHUMADU AND CO. | FRC/2013/NIESV/00000002351 | Property & Valuation Experts |
| 35 | SAM NWOSU & CO. | FRC/2013/NIESV/00000002538 | Property & Valuation Experts |
| 36 | UNIGWE & CO. | FRC/2012/0000000000130 | Property & Valuation Experts |
| 37 | VIC ONWUMERE & CO. | FRC/2015/NIESV/00000010974 | Property & Valuation Experts |
| 38 | VICTOR OKPEVA & CO. | FRC/2013/NIESV/00000003029 | Property & Valuation Experts |
| 39 | YEMI OLUGBILE & CO. | FRC/2013/00000000001227 | Property & Valuation Experts |
| 40 | YINKA KAYODE & CO. | FRC/2013/00000000001197 | Property & Valuation Experts |
| 41 | A. C. OTEGBULU & PARTNERS | FRC/NIESV/00000001582 | Property & Valuation Experts |
| 42 | BIODUN ADEGOKE & CO | FRC/2015/NIESV/00000010747 | Property & Valuation Experts |
| 43 | BOLA ONABADEJO & CO | FRC/2013/00000000001601;FRC/2015/NIESV/00000012433 | Property & Valuation Experts |
| 44 | CHIKA EGWUATU & PARTNERS | FRC/2013/NIESV/00000000862;FRC/2013/NIESV/00000000857 | Property & Valuation Experts |
| 45 | DIYA FATIMILEHIN & CO. | FRC/2013/NIESV/00000000754;FRC/2013/NIESV/00000002773 | Property & Valuation Experts |
| 46 | EMEKA OKORONKWO & ASSOCIATES | FRC/2013/NIESV/00000002548 | Property & Valuation Experts |
| 47 | EMMA OFOEGBU AND PARTNERS | FRC/2014/NIESV/00000007527 | Property & Valuation Experts |
| 48 | GBOYEGA AKERELE & PARTNERS | FRC/2012/00000000117 | Property & Valuation Experts |
| 49 | GODWIN KALU & CO | FRC/2012/NIESV/00000000470 | Property & Valuation Experts |

**Notes to the consolidated and separate financial statements**
**For the period ended**

| S/N | NAME OF PROFESSIONAL | FRC_NUMBER | ROLE |
|---|---|---|---|
| 50 | J AJAYI PATUNOLA & CO. | FRC/2013/0000000000679 | Property & Valuation Experts |
| 51 | JUDE ONUOHA & CO | FRC/2012/NIESV/00000000477 | Property & Valuation Experts |
| 52 | LEKAN DUNMOYE & PARTNERS | FRC/2013/00000000001142 | Property & Valuation Experts |
| 53 | ODUDU & CO. | FRC/2012/0000000000124;FRC/2012/NIESV/00000000198 | Property & Valuation Experts |
| 54 | OMOBAYO ADEGOKE AND PARTNERS | FRC/2014/00000005787 | Property & Valuation Experts |
| 55 | OSAS & OSEJI ESTATE SURVEYORS & VAI | FRC/2012/0000000000522 | Property & Valuation Experts |
| 56 | REMI OLOFA & CO. | FRC/2013/00000000001631 | Property & Valuation Experts |
| 57 | SOLA BADMUS & CO | FRC/2012/NIESV/00000000256 | Property & Valuation Experts |
| 58 | TOKUN & ASSOCIATES | FRC/2013/00000000001353 | Property & Valuation Experts |
| 59 | YAYOK ASSOCIATES | FRN/2013/NIESV/0000000000834 | Property & Valuation Experts |

**50 Provision of non-audit services**

Included in professional fees is the amount paid to Deloitte as ICFR audit support fee: N89 million (December 2023; Nill) and NDIC certification fee: N7 million (31 December 2023; 5 million). The auditors were not paid for any non-audit services except as stated in the table above.

| | Description of non-audit services rendered | Name of Signer | FRC Number | Name of Firm | Fee paid (N'000) |
|---|---|---|---|---|---|
| (i) | Nigeria Deposit Insurance Corporation (NDIC) certification | Joshua Ojo | FRC/2013/PRO/ICAN/001/00000000849 | Deloitte & Touché Nigeria | 7,000 |
| (ii) | ICFR Audit Support Services | Joshua Ojo | FRC/2013/PRO/ICAN/001/00000000849 | Deloitte & Touché Nigeria | 89,000 |

The Company's auditor did not engage in any non-audit service for any of the Company's subsidiaries other than stated above

## OTHER NATIONAL DISCLOSURES

**OTHER NATIONAL DISCLOSURES**
**VALUE ADDED STATEMENT**

| | GROUP | | | | COMPANY | | | |
|---|---|---|---|---|---|---|---|---|
| **For the period ended** | **31 DEC 2024** | | **31 DEC 2023** | | **31 DEC 2024** | | **31 DEC 2023** | |
| **In thousands of Naira** | | **%** | | **%** | | **%** | | **%** |
| **GROSS INCOME** | **794,206,671** | | 516,355,140 | | **43,507,278** | | 24,300,090 | |
| **INTEREST EXPENSE & CHARGES** | | | | | | | | |
| **- Local** | **(351,069,567)** | | (152,315,141) | | **(940,098)** | | (200,394) | |
| **- Foreign** | **(60,944,616)** | | (42,912,018) | | **-** | | - | |
| | **382,192,488** | | 321,127,981 | | **42,567,180** | | 24,099,696 | |
| **IMPAIRMENT LOSSES** | **(41,240,464)** | | (59,510,125) | | **(141,001)** | | (155,381) | |
| | **340,952,024** | | 261,617,856 | | **42,426,179** | | 23,944,315 | |
| **BOUGHT-IN MATERIAL AND SERVICES** | | | | | | | | |
| **- Local** | **(103,192,464)** | | (79,873,658) | | **(2,719,744)** | | (1,375,323) | |
| **- Foreign** | **(32,685,357)** | | (16,561,435) | | **-** | | - | |
| **VALUE ADDED** | **205,074,203** | **100** | 165,182,763 | 100 | **39,706,435** | **100** | 22,568,992 | 100 |
| **D I S T R I B U T I O N** | | | | | | | | |
| **EMPLOYEES** | | | | | | | | |
| Wages, salaries, pensions and other employee benefi | **79,301,581** | **39** | 49,577,142 | 30 | **1,469,855** | **4** | 1,187,275 | 5 |
| **GOVERNMENT** | | | | | | | | |
| Taxation | **38,557,702** | **19** | 11,413,830 | 7 | **7,772,543** | **20** | 2,195,918 | 10 |
| **THE FUTURE** | | | | | | | | |
| Replacement of property and equipment / intangible assets | **13,877,452** | **7** | 11,174,172 | 7 | **61,350** | **0** | 26,380 | 0 |
| Dividend paid | **9,901,355** | **5** | 4,950,678 | 3 | **9,901,355** | **25** | 4,950,678 | 22 |
| Additional Tier 1 (AT1) Capital coupon paid | **7,409,672** | **4** | 1,641,278 | 1 | **7,409,672** | **19** | 1,641,278 | 7 |
| Profit for the period (including statutory and regulatory | **55,823,286** | **27** | 86,037,369 | 52 | **13,091,660** | **33** | 12,567,463 | 56 |
| Non-controlling interest | **203,155** | **0** | 388,295 | 0 | **0** | **-** | 0 | - |
| **VALUE ADDED** | **205,074,203** | **100** | 165,182,763 | 100 | **39,706,435** | **100** | 22,568,992 | 100 |

**OTHER NATIONAL DISCLOSURES**
**FIVE-YEAR FINANCIAL SUMMARY**

| GROUP | | | | | |
|---|---|---|---|---|---|
| **In thousands of Naira** | **31 DEC 2024** | 31 DEC 2023 | 31 DEC 2022 | 31 DEC 2021 | 31 DEC 2020 |
| **ASSETS EMPLOYED** | | | | | |
| Cash and cash equivalents | **795,387,019** | 579,167,508 | 247,485,623 | 362,700,083 | 221,078,644 |
| Non-pledged trading assets | **319,109,270** | 170,302,701 | 160,730,775 | 41,538,274 | 9,301,789 |
| Derivative assets held for risk management | **1,451,932** | 1,520,716 | 853,709 | - | 1,884,398 |
| Investment securities | **1,189,410,706** | 794,746,379 | 524,573,025 | 372,548,333 | 406,665,569 |
| Assets pledged as collateral | **401,703,741** | 86,714,340 | 79,009,207 | 115,456,683 | 189,216,506 |
| Loans and advances to customers | **2,357,303,173** | 1,841,516,196 | 1,195,626,586 | 1,063,589,192 | 822,772,612 |
| Other assets | **446,068,716** | 56,885,173 | 192,385,077 | 127,410,850 | 25,258,857 |
| Restricted reserve deposits | **1,441,465,091** | 799,640,417 | 493,359,709 | 329,739,147 | 311,746,155 |
| Investment in associates | **1,738,796** | - | - | 6,810,651 | - |
| Property and equipment, and right of use assets | **55,994,468** | 54,132,864 | 50,967,522 | 47,084,551 | 46,202,464 |
| Intangible assets | **36,342,286** | 31,264,790 | 29,637,593 | 17,155,970 | 16,321,660 |
| Deferred tax assets | **8,190,721** | 8,003,544 | 8,423,731 | 9,163,896 | 7,944,839 |
| | **7,054,165,919** | 4,423,894,628 | 2,983,052,557 | 2,493,197,630 | 2,058,393,493 |
| **FINANCED BY** | | | | | |
| Share capital | **19,802,710** | 9,901,355 | 9,901,355 | 9,901,355 | 9,901,355 |
| Additional Tier 1 (AT1) Capital issued | **46,686,000** | 46,686,000 | - | - | - |
| Share premium | **246,431,292** | 115,392,414 | 115,392,414 | 115,392,414 | 115,392,414 |
| Retained earnings | **188,437,683** | 144,380,766 | 74,561,490 | 62,872,102 | 47,482,438 |
| Other reserves | **186,812,718** | 144,592,126 | 75,045,929 | 55,058,784 | 53,964,438 |
| Non-controlling Interest | **810,629** | 1,673,897 | 978,422 | 581,059 | 379,555 |
| Trading liabilities | **-** | - | 1,883,937 | 5,174,902 | 8,361,951 |
| Derivative liabilities held for risk management | **2,608,146** | 998,332 | 1,699,900 | - | 1,871,869 |
| Deposits from banks | **834,893,228** | 280,478,119 | 124,365,459 | 160,746,916 | 119,365,158 |
| Deposits from customers | **4,296,485,849** | 3,082,971,012 | 1,944,908,569 | 1,554,413,623 | 1,257,130,907 |
| Retirement benefit obligations | **52,502** | 123,631 | 23,384 | 14,855 | 325,557 |
| Current income tax liabilities | **38,227,831** | 11,296,167 | 7,180,286 | 5,449,065 | 4,502,688 |
| Deferred tax liabilities | **4,742,275** | 2,354,953 | 391,897 | 308,729 | 316,090 |
| Other liabilities | **411,411,204** | 245,099,089 | 196,902,171 | 199,465,224 | 111,457,615 |
| Provision | **13,022,246** | 10,896,527 | 7,514,884 | 6,747,270 | 6,325,375 |
| On-lending facilities | **204,803,631** | 57,425,081 | 249,191,651 | 157,873,774 | 60,366,840 |
| Debt securities issued | **199,075,949** | 133,142,336 | 84,745,841 | 78,493,492 | 101,531,205 |
| Borrowings | **359,862,027** | 136,482,823 | 88,364,968 | 80,704,066 | 159,718,038 |
| | **7,054,165,919** | 4,423,894,628 | 2,983,052,557 | 2,493,197,630 | 2,058,393,493 |
| Acceptances and guarantees | **709,273,598** | 417,462,096 | 310,795,223 | 281,178,633 | 223,278,647 |
| **PROFIT OR LOSS ACCOUNT** | | | | | |
| | **12months Dec 2024** | *12months Dec 2023* | *12months Dec 2022* | *12months Dec 2021* | *12months Dec 2020* |
| Gross earnings | **794,430,083** | 516,355,140 | 282,981,556 | 212,012,446 | 198,371,140 |
| Profit before windfall tax, minimum tax and income tax | **111,895,170** | 104,431,449 | 36,570,063 | 22,716,659 | 21,911,716 |
| Windfall tax | **(17,671,442)** | | | | |
| Tax | **(20,886,260)** | (11,413,830) | (5,441,372) | (1,799,934) | (2,301,262) |
| Profit after tax | **73,337,468** | 93,017,619 | 31,128,691 | 20,916,725 | 19,610,454 |
| Transfer to reserves | **73,337,468** | 93,017,619 | 31,128,691 | 20,916,725 | 19,610,454 |
| Earnings per share - basic and diluted (Naira) | **2.46** | 4.48 | 1.56 | 1.05 | 0.98 |

**OTHER NATIONAL DISCLOSURES**
**FIVE-YEAR FINANCIAL SUMMARY**

| **COMPANY**<br>**In thousands of Naira** | **31 DEC 2024** | 31 DEC 2023 | 31 DEC 2022 | 31 DEC 2021 | 31 DEC 2020 |
|---|---|---|---|---|---|
| **ASSETS EMPLOYED** | | | | | |
| Cash and cash equivalents | **14,371,980** | 4,577,221 | 30,607 | 621,755 | 818,741 |
| Investment securities | **68,603,349** | 63,922,161 | 8,023,508 | 6,007,162 | 4,359,999 |
| Other assets | **13,219,384** | 6,285,010 | 6,353,476 | 7,849,591 | 2,084,505 |
| Investment in subsidiaries | **273,168,431** | 132,228,197 | 132,228,197 | 127,378,197 | 127,378,197 |
| Property and equipment, and right of use assets | **235,762** | 152,164 | 30,165 | 42,815 | 78,313 |
| Intangible assets | **157,345** | 181,887 | 12,094 | - | - |
| | **369,756,251** | 207,346,640 | 146,678,047 | 141,899,520 | 134,719,755 |
| **FINANCED BY** | | | | | |
| Share capital | **19,802,711** | 9,901,355 | 9,901,355 | 9,901,355 | 9,901,355 |
| Additional Tier 1 (AT1) Capital issued | **46,686,000** | 46,686,000 | - | | |
| Share premium | **246,431,292** | 115,392,414 | 115,392,414 | 115,392,414 | 115,392,414 |
| Retained earnings | **38,011,829** | 24,920,169 | 12,352,706 | 9,049,060 | 6,930,769 |
| Other reserves | **-** | - | - | - | 2,817 |
| Current income tax liabilities | **5,382,217** | 410,283 | 72,584 | 50,926 | 49,568 |
| Deferred tax liabilities | **4,361,472** | 1,834,361 | - | - | - |
| Other liabilities | **3,760,605** | 5,284,369 | 8,102,130 | 7,505,765 | 2,442,832 |
| Borrowings | **5,320,125** | 2,917,689 | 856,858 | - | - |
| | **369,756,251** | 207,346,640 | 146,678,047 | 141,899,520 | 134,719,755 |
| Acceptances and guarantees | **-** | - | - | - | - |
| **PROFIT OR LOSS ACCOUNT** | | | | | |
| | ***12months Dec 2024*** | *12months Dec 2023* | *12months Dec 2022* | *12months Dec 2021* | *12months Dec 2020* |
| Gross earnings | **43,507,278** | 24,300,090 | 8,965,995 | 6,461,307 | 4,200,172 |
| Profit before tax<br>income tax | **38,175,230** | 21,355,337 | 7,288,386 | 5,108,311 | 3,078,036 |
| Tax | **- 7,772,543** | (2,195,918) | (24,198) | (19,613) | (17,763) |
| Profit after tax | **30,402,687** | 19,159,419 | 7,264,188 | 5,088,698 | 3,060,273 |
| Transfer to reserves | **30,402,687** | 19,159,419 | 7,264,188 | 5,088,698 | 3,060,273 |
| Earnings per share - basic and diluted (Naira) | **0.86** | 0.94 | 0.37 | 0.26 | 0.15 |