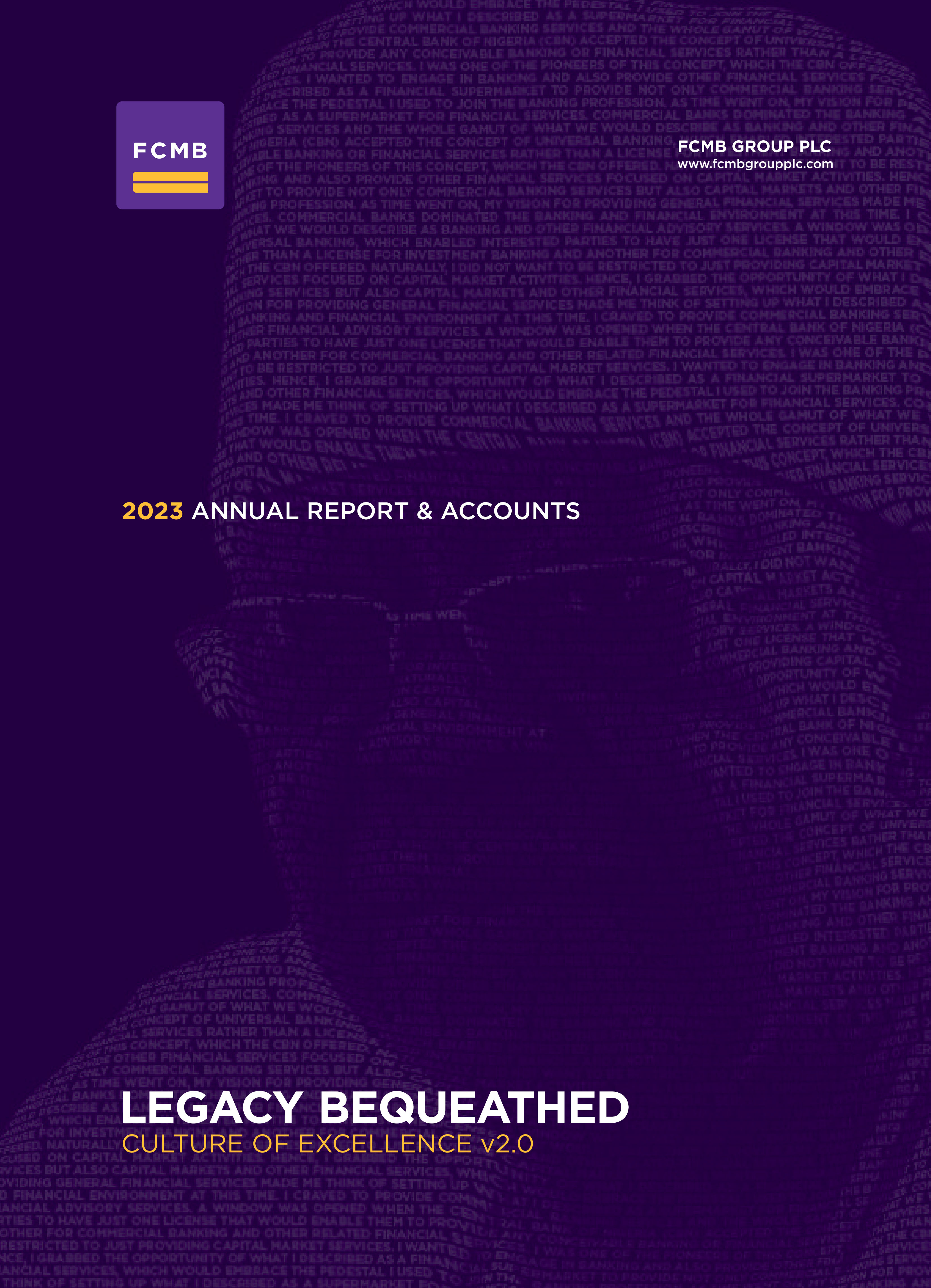


FCMB

FCMB GROUP PLC
www.fcmbgroupplc.com

2023 ANNUAL REPORT & ACCOUNTS

LEGACY BEQUEATHED
CULTURE OF EXCELLENCE v2.0

OUR VISION

TO BE THE PREMIER FINANCIAL SERVICES GROUP OF AFRICAN ORIGIN.

OUR MISSION

TO ATTAIN THE HIGHEST LEVELS OF CUSTOMER ADVOCACY, BE A GREAT PLACE TO WORK, AND DELIVER SUPERIOR AND SUSTAINABLE RETURNS TO OUR SHAREHOLDERS.

OUR CORE VALUES

- EXECUTION
- PROFESSIONALISM
- INNOVATION
- CUSTOMER FOCUS

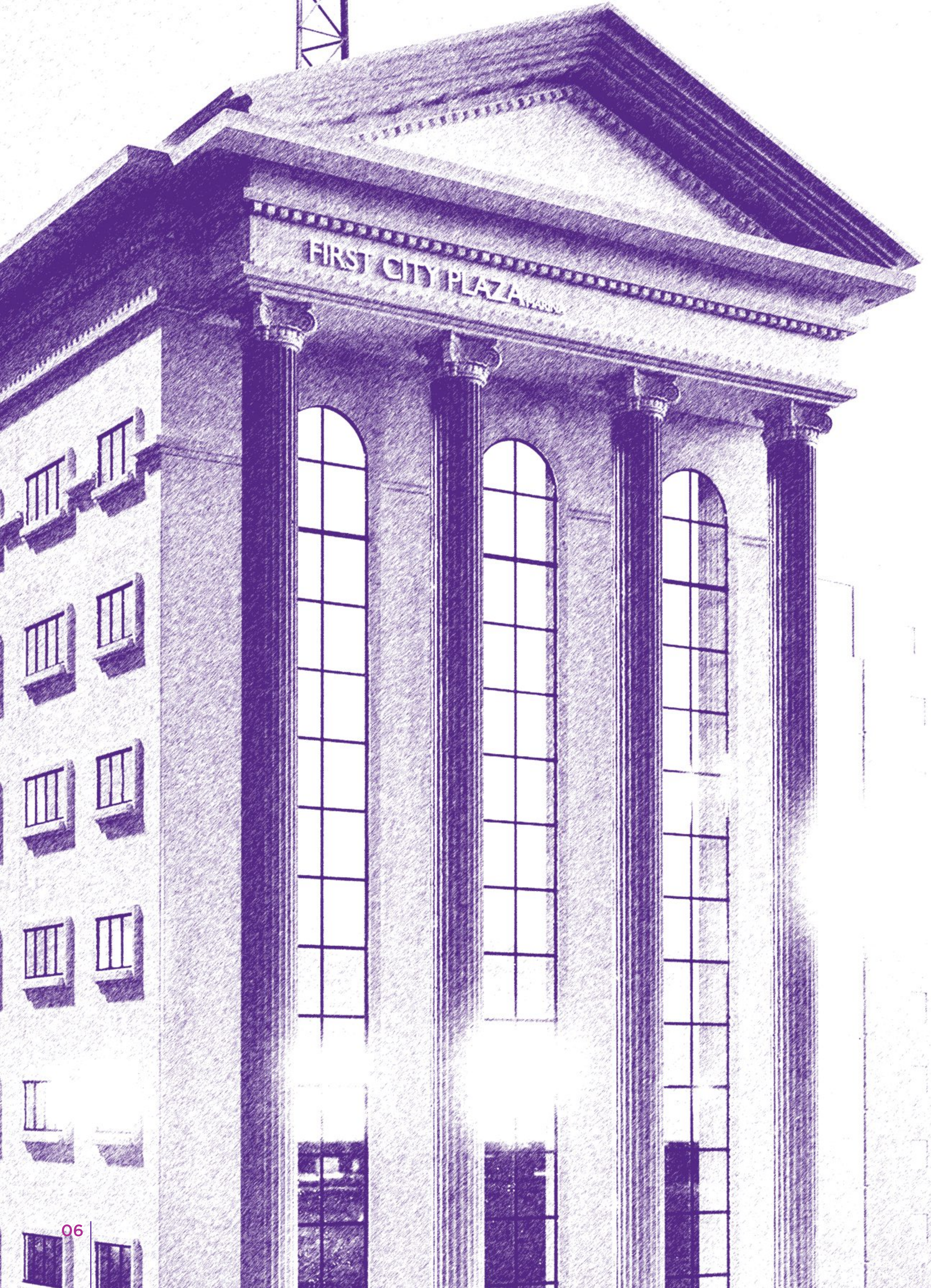
AT **FCMB,** WE PLACE GREAT VALUE ON BEING A RESPONSIBLE INSTITUTION.

By creating a great place for our people to work, selling our products and services responsibly, effecting positive social outcomes and mitigating the environmental impact of our operations, we believe that we can make a greater positive contribution to our operating environment.

Table of Contents

1

Introduction


FIRST CITY PLAZA

ABOUT FCMB GROUP PLC

FCMB Group Plc is a bank-led financial services group, headquartered in Lagos, Nigeria, with operating companies divided along three business groups: The Banking Group (First City Monument Bank Limited ('The Bank'), FCMB (UK) Limited and FCMB Microfinance Bank Limited); Consumer Finance (Credit Direct Limited); Investment Banking (FCMB Capital Markets Limited and CSL Stockbrokers Limited) and Investment Management (FCMB Pensions Limited, FCMB Asset Management Limited and FCMB Trustees Limited). Listed on the Nigerian Stock Exchange (NSE) with the ticker symbol 'FCMB', FCMB Group Plc has 19.8 billion ordinary shares held by over 516,000 shareholders.

First City Monument Bank Limited, the wholly owned flagship company of FCMB Group Plc, is a top-10 lender in Nigeria and has over 9 million customers and 204 branches in Nigeria and a banking subsidiary in the United Kingdom through FCMB Bank (UK) Limited (which is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA in the United Kingdom).

More information can be found at:
www.fcmbgroupplc.com

1977
Founded
City Securities Limited is established

1982
Acquired Banking License
First City Merchant Bank is licensed, becoming the first local bank in Nigeria to be established without government support

2001
Name Change
Name change from First City Merchant Bank to First City Monument Bank following FCMB's transformation to a universal bank

2004
Private Placement
Private placement of shares raises over N7 billion, followed by conversion to a public liability company

2005
Initial Public Offering
Through an initial public offering, FCMB raises over N16 billion and acquires Cooperative Development Bank, Nigerian American Bank and Midas Bank Nigeria. It achieves the N25 billion share capital target stipulated by the CBN

2007
Public Offering
The Bank attracts sizeable foreign shareholding. Tier 1 capital raised through public offering increases from just over N31 billion to N133 billion

2012
Merger with FinBank
The Federal High Court of Nigeria approves the merger of FCMB Plc ('FCMB') and FinBank Plc ('FinBank')

2013
Group Restructuring
Migration of FCMB shareholders to FCMB Group Plc (HoldCo) and subsequent de-listing of FCMB Plc and listing of the HoldCo on the Nigerian Stock Exchange (NSE)

2014
FCMB (UK) License
FCMB (UK) Limited obtains commercial banking license to operate in the United Kingdom

2017
Acquired Legacy Pensions
FCMB acquires majority stake in Legacy Pension Managers Limited (now FCMB Pensions Limited)

2021
Acquired Stake in AIICO Pensions
FCMB Group through its Pensions business acquires 96.3% stake in AIICO Pension Managers Limited

FROM THE ARCHIVES OF THE FOUNDER

2015

When I was planning to set up virtually single-handedly, a banking institution with a Culture of Excellence, I used as my template, the legendary founder of one of the most prestigious Investment/Merchant Banks in the United Kingdom. He was Sir Siegmund Warburg, a German Jew who set up the then most prestigious merchant bank in the City of London, known as, S. G. Warburg & Co., about whom I had read so much and a visit to whom I thought would assist the execution of my Vision and my Mission. I decided to do this while the legendary banker was still alive, and half-retired. The address I was given in Geneva was his former residential home on the Swiss mountains in Geneva. When I met this urbane and ageing Icon of the then banking industry, I was inspired by his sense of achievement in setting up this unique institution, whose office in Geneva was his former residential place from which he was either directing or giving the benefit of his experience to his successors in the bank. He was meticulous in showing me round and took me to what normally would be private rooms in a residential building which he had then converted as offices of the bank, the original desk with which he started his business, a domestic archive for the history of the bank, as well as other currently relevant documents relating to the operations of the bank.

I left him with a fired-up inspiration that I would follow his footsteps. Sir Siegmund Warburg had set up a thriving and successful finance institution, which as it was the practice in those days, was named after him and this bank became a reference point, before it was acquired by an European commercial bank, just as FCMB had progressed from a merchant bank into a full scale total banking institution and a High Street bank.

2018

As the time went on, my Vision for providing general financial services made me think of setting up what I described as a supermarket for financial services. Meanwhile, at this particular stage, the banking and financial environment was dominated by mostly commercial banks and I soon developed a craving to provide not only commercial banking services, but also the whole gamut of what we would describe as banking and other financial advisory services.
A window was opened when the Central Bank of Nigeria (CBN) accepted the concept of universal banking which enabled interested parties to have just one licence that would enable them to provide any conceivable banking or financial services, rather than a licence for Investment Banking and another for commercial banking and other related financial services. I was one of the pioneers of this concept which the CBN offered. Naturally, I did not want to be restricted to just providing capital market services.

I wanted to engage in what everybody regarded as banking, as well as providing other financial services which were focused on capital market activities. Hence, I grabbed the opportunity of what I described as a financial supermarket that would provide not only normal commercial banking services but would also be strong in providing capital market and other financial services, which would embrace the pedestal that I used in joining the banking profession.

Otunba (Dr.) Michael Olasubomi Balogun, CON
The Olori Omo-Oba and The Asiwaju of Ijebu Christians
Founder, FCMB Group Plc

FROM THE ARCHIVES OF THE FOUNDER

2022

THE FINANCIAL MONUMENT BUILT BY GOD.

O God of all creations, you created man and endowed him with the power to build monumental edifices including institutions!

To you O Lord, we dedicate today this building "First City Plaza" at Marina, Lagos and the Financial Institutions known as the First City Group, in the belief, that no human being born of a woman however powerful can undo or pull down whatever you have decreed or built. At every stage of our development, we hear your words, loud and clear, that "this is a house I have built; no earthly power can destroy it".

It is therefore with all humility that we submit ourselves and the Institutions that you have built for us, to your will and power and we give you due praise, adoration and thanks for these endowments.

Guide us and teach us. O Lord, we beseech you, the way to continue to build this Financial Services Group to the glory of your name and the advancement of our edifying **"Culture of Excellence"** which has become **"a heritage"** and with which we continue to satisfy our customers and contribute to the economic development of our country, Nigeria, so help us, God. (Amen).

(The message on the plaque in the Head Office)

2023

As an individual and a keen observer, I must admit that I am enthusiastic and proud of our journey so far. I am seeing an Institution built on a solid foundation growing from strength to strength into an ecosystem that through the grace of God has been made possible by the evolution of an FCMB Group as well as opportunities that new technologies are enabling us to unlock synergies within the Group and all of these directions towards a purposeful objective.

We are also continuously growing and seeing better involvement and contributions from all the operating companies under our Group. This testament of our desire to build a truly sustainable Institution and one that would stand the test of time even when a number of our contemporaries have come and gone would give us a good sense of appreciation.

I am indeed seeing the quality of leadership keen to take on challenges with their different innovations and willingness to move the organization forward. I am seeing God's plan for our institution FCMB Group unfolding. This indeed continues to give me very great joy as the Founder.

Once again, I would want to commend the current management team for their resilience and determination with which they are steering our ship. I have never been more confident that FCMB Group is in good hands. I will continue by asking everyone to join me in thanking the Almighty God for His faithfulness towards this Institution, FCMB Group which the good Lord had established and His guidance which has indeed turned my mundane dream into a reality that is now named FCMB Group.

Otunba (Dr.) Michael Olasubomi Balogun, CON
The Olori Omo-Oba and The Asiwaju of Ijebu Christians
Founder, FCMB Group Plc

Mr. Oladipupo Jadesimi
Chairman, FCMB Group Plc

CHAIRMAN'S STATEMENT

Distinguished ladies and gentlemen, fellow shareholders, it is my pleasure and privilege to welcome you all to the 11th Annual General Meeting of FCMB Group Plc and present to you the Annual Report and Accounts for the financial year ended 31 December 2023.

Before I proceed, I wish to extend my heartfelt appreciation to each of you for your unwavering loyalty and dedication to our Bank. Your steadfast support has played a crucial role in the outstanding performance of FCMB Group Plc since its inception.

This is the first Annual General Meeting since the passing of our visionary Founder, Otunba Olasubomi Balogun, CON, in 2023. His entrepreneurial spirit and commitment to excellence laid a solid foundation for our success. We will continue to honour his legacy by building upon that foundation and upholding the Group's Purpose and Vision.

2023 was challenging in many respects, with significant global and domestic economic developments that impacted business and the economic landscape as a whole. In the face of these challenges, FCMB Group demonstrated resilience, harnessing the strength of our ecosystem and leveraging the collective performance of each of our operating companies. Against this background, I will give a brief overview of the economic and financial environment within which we operated during the fiscal year under review.

In the year under review, the Nigerian economy grappled with a number of socio-economic challenges. At the start of the year, the Naira liquidity crunch emerged as a significant policy headwind in the Nigerian business environment. This challenge had widespread repercussions, impacting both formal and informal sectors and undermining the profitability of large businesses and Micro, Small, and Medium Enterprises (MSMEs) alike. In addition, the implementation of difficult but necessary economic reforms, such as the discontinuation of petroleum subsidy and the shift to a unified, market-reflective foreign exchange (FX) rate by the new administration, exerted more pressure on the business landscape. Consequently, retail petrol prices increased by over 300%, whilst the naira depreciated against the US dollar by approximately 49% in the official market and up to 39% in the parallel market contributing to the steady rise in inflation, reaching an 18-year high of 28.92% at the end of 2023. To address the rising domestic inflationary pressures and support economic growth, the Central Bank of Nigeria (CBN) maintained its monetary policy stance, adjusting the policy rate four times in the period and closing at 18.75% from 16.5% in January 2023. These policy stances, coupled with other regulatory challenges, had far-reaching effects on Nigerian private sector businesses across all sectors.

Despite these challenges, FCMB Group Plc demonstrated resilience, the result of which has given me the great pleasure of being able to inform you that for the full year ended 31 December 2023, the Group declared a profit before tax of N104.4 billion, up 185.6% from full year 2022.

The dedication and diligence exhibited by our workforce across the country has been remarkable and I wish to commend each and every one who contributed to achieving this strong operating performance for the year under review.

Culture of Excellence (Version 2.0)

Organizational culture remains paramount in shaping the identity of our institution, thus playing a significant role in achieving the overall corporate vision of FCMB Group.

Our identity is defined by the collective mindset, values, and behaviors within our organization, and I take pride in affirming our commitment to cultivating a culture firmly rooted in the understanding that this not only mirrors our values but also shapes our interactions, decision-making processes, and overall performance.

Over 4 decades ago when our Founder of blessed memory embarked on the remarkable journey to build what is now FCMB Group, the culture that emerged by no accident was defined as a culture of excellence. From day 1, the bank attracted the best talent and operated at the highest of standards, and showed those who were to follow what was possible. This combined with the determined and visionary

CHAIRMAN'S STATEMENT

> "As we navigate through the challenges and opportunities that our mission presents, the Board and Management remain steadfast in their commitment to cultivating a culture that will inspire excellence..."

leadership saw the bank rapidly climb to become the pre-eminent investment banking franchise in Nigeria and create outstanding value for its stakeholders.

It is heartening to see that the current generation of the Group's executive leadership have embraced this spirit of excellence, as they embark on a renewed mission to build a supportive ecosystem, rooted in Africa that will connect people capital and markets across the globe. The culture has been reinforced by a clear sense of purpose: *to foster inclusive and sustainable growth in the communities we serve; and proprietary technological capabilities unlocked by the 4th and 5th industrial revolutions that are coming in rapid succession.* It is for this reason; we call this the Culture of Excellence Version 2.0. At its heart is a dedication to Execution, Professionalism, Innovation and Customer Focus. We believe that by upholding these principles, we not only safeguard the trust of our stakeholders but also create an environment conducive for long-term sustainability.

As we navigate through the challenges and opportunities that our mission presents, the Board and Management remain steadfast in their commitment to cultivating a culture that will inspire excellence not only in our employees but also in our customers, our partners and every member of our ecosystem.

Our Board's Focus

The Board of Directors remains fully committed to the Group's corporate culture and strategy. Our Directors' profiles are included within the corporate governance section of this report and illustrate the range of business backgrounds, skills, independence and experience contributed by each Board member needed to accomplish our objective of making FCMB one of the leading financial services group of African origin. In 2023, we continued to move forward on the path of good governance, improving our practices and bringing them into line with our long-term strategy and with the highest international standards in order to increase the confidence of our shareholders, investors and other stakeholders, in an environment that is demanding ever more transparency and stewardship of our environment.

The Board of the Group has the responsibility for monitoring the activities of all group companies under its ownership, which include First City Monument Bank (FCMB) Limited, FCMB Capital Markets Limited, CSL Stockbrokers Limited, FCMB Trustees Limited, FCMB Microfinance Bank Limited, FCMB Pensions Limited and Credit Direct Limited.

Two of our companies also monitor subsidiaries that they own: FCMB Limited monitors and owns FCMB (UK) Limited, and CSL Stockbrokers Limited monitors and owns FCMB Asset Management Ltd. The Group remains committed to the implementation of the Corporate Governance standards and regulations of the Central Bank of Nigeria (CBN), the Nigerian Exchange Group and the Securities and Exchange Commission and the United Kingdom's Prudential Regulatory Authority and Financial Conduct Authority.

Board Composition and Committees

As at 31 December 2023, the Board led by myself as Non-Executive Chairman, was composed of nine other Directors (Six Non-Executive Directors and three Executive Directors), in line with international best practice that requires the number of Non-Executive Directors to be more than the Executive Directors. Mr. Ladi Balogun (as the Group Chief Executive), Mr. Gbolahan Joshua (as the Chief Operating Officer) and Mr. Olufemi Badeji (as Executive Director: Coverage and Investment Banking) made up the three Executive Directors, while the Non-Executive Directors (besides myself) comprised Alhaji Mustapha Damcida, Mrs. Olapeju Sofowora, Professor Oluwatoyin Ashiru OON, Dr. (Engr) Gregory O. Ero., Mrs. 'Tokunboh Ishmael and Ms. Muibat Ijaiya. The Board met five times during 2023 with a 96% attendance rate. The Board was supported by the Statutory Audit Committee and two Board Committees that reported to it, namely the Board Risk, Audit and Finance Committee and the Board Governance and Remuneration Committee. The Board Risk, Audit and Finance Committee, which consisted of Mrs. Olapeju Sofowora (Chairperson),

CHAIRMAN'S STATEMENT

Mrs. 'Tokunboh Ishmael, Dr. (Engr) Gregory O. Ero and Ms. Muibat Ijaiya met five times in 2023 with an average of 96% attendance rate. The Board Governance and Remuneration Committee, which was made up of only non-Executive Directors, consisted of the following as members during the year: Professor Oluwatoyin Ashiru OON (Chairman), Alhaji Mustapha Damcida, Mrs. Olapeju Sofowora and Mrs. 'Tokunboh Ishmael. The committee met four times within the year, with an average attendance rate of 94%.

The Statutory Audit Committee which consisted of Evangelist Akinola Soares (Chairman), Alhaji S. B. Daranijo, Mr. Hakeem Batula, Professor Oluwatoyin Ashiru OON, and Mrs. Olapeju Sofowora met four times, with a 100% attendance rate. These committees enabled the Board of FCMB Group Plc to monitor and supervise the implementation of business plans of each company in the Group on a regular and consistent basis.

Earnings and Dividend Per Share Information

For the full year ended 31 December 2023, the Group declared a profit after tax of N93.0 billion, representing an Earnings Per Share of N4.70, up 201.0% from full year 2022. More details on the performance will be provided by the Group Chief Executive.

Accordingly, on behalf of the Board, I am pleased to inform our shareholders that the Group has resolved to pay a final dividend of 50 kobo per share representing a dividend appropriation of N9.9 billion a 100% increase from 2022, subject to shareholder approval at the Annual General Meeting. The Board of Directors at FCMB Group Plc remain committed to delivering sustainable returns to shareholders. This commitment is grounded on the deliberate consideration of facilitating sustainable business growth and capital requirements, with the overarching goal of optimizing long-term value for our shareholders.

Acknowledgements

Once again, I wish to express my sincere gratitude to all those who contributed to both our financial and non-financial achievements during the year. The collective efforts of all our staff, whose dedication has contributed immensely to this outstanding performance cannot be overstated. To our customers who have remained ever-loyal to the brand, I thank you. Special acknowledgment goes to our Board and Management for their visionary and exemplary leadership, ensuring that we stay on course in the pursuit of becoming the premier financial services group of African origin.

My appreciation also goes to all the regulators of our holding company, including the Central Bank of Nigeria, the Nigerian Exchange Group, the Securities and Exchange Commission and for their support and guidance as always.

To our distinguished fellow shareholders, we remain grateful for your consistent loyalty and support over the years. The Board and Management will continue to strive to achieve ever higher shareholder value.

Mr. Oladipupo Jadesimi
Chairman

Mr. Ladi Balogun
Group CEO, FCMB Group Plc

GROUP CHIEF EXECUTIVE'S REPORT

Distinguished Shareholders, it gives me great pleasure to welcome you to the 11th Annual General Meeting of FCMB Group Plc. I am honoured to provide an overview of our business performance in the year 2023.

2023 was characterized by significant global and domestic challenges which affected not only the financial services sector but also the economic and business landscape as a whole. Therefore, it is important that I give some context to the economic and financial environment in which the Group operated in 2023.

Macroeconomic and Operating Environment

The global economy exhibited greater-than-expected resilience, particularly in the first half of 2023, in the face of aggressive monetary policy tightening by most central banks around the world. The result was a major upside in overall GDP growth. Nevertheless, the enduring repercussions of the pandemic, the conflict in Ukraine, and escalating geoeconomic fragmentation persisted, impeding economic growth and stability. Global headline consumer price inflation declined in 2023 on the back of moderating commodity and food inflation. Consequently, the IMF has projected the global growth rate to moderate to 3.0% in 2023, with the biggest growth moderation expected from the advanced economies.

The US Economy defied expectations in 2023, with many predicting a recession for the world's largest economy. A strong labour market, rising wages and access to excess savings have helped spending continue despite inflation and higher interest rates. By contrast, the Eurozone stagnated, especially as weak foreign demand weighed on manufacturing. However, in 2024, the Eurozone is expected to recover modestly while the US is likely to further slowdown as the impact of restrictive monetary policy eventually softens the labour market and slows consumer spending. With the official designation of COVID-19 as a lower-risk disease, China set its economy back on track to recovery in 2023, albeit unbalanced, with areas such as foreign trade and private investment still lagging.

Domestically, the Nigerian economy faced difficulties stemming from a combination of external and internal factors. The implementation of the Naira redesign policy and the imposition of cash withdrawal limits by the Central Bank of Nigeria (CBN) early in the year had a significant impact on economic activities. This resulted in contractions across various sectors, notably affecting the informal economy. Following the 2023 General Elections, the new administration pursued a fresh economic direction, initiating a series of reforms that included the discontinuation of the petroleum subsidy and unification of the foreign exchange rate. The combination of these multifaceted factors contributed to the steady rise in inflation, reaching an 18-year high of 28.92%, intensifying pressure on growth. Consequently, the exchange rate at the Importers and Exporters window depreciated by 49.12% in 2023, closing the year at N907.11/$1 compared with N461.5/$1 recorded in the same period the prior year. Also, the exchange rate at the parallel market depreciated by 39.01% to an average of N1215/US$ as at the end of December 2023, compared with N741/$1 recorded as of the close of trade in the previous year.

Capital importation into Nigeria declined during the year due to inherent negative market sentiments despite initial reforms being viewed positively. Capital importation was valued at $2.82 billion between January and September 2023, a 34.3% decline when compared to $4.27 billion recorded in the corresponding period of 2022. Consequently, this pressure on Foreign Exchange saw the country's foreign reserves close at US$32.91 billion, down by US$4.17 billion from US$37.08 billion in 2023.

Nevertheless, the Nigerian banking sector demonstrated resilience throughout the year, despite heightened volatility in financial markets triggered by monetary policy responses to inflation and currency pressures. According to the CBN's Half Year Economic Report, the industry Capital Adequacy Ratio (CAR) fell to 11.2% in June 2023, from 13.8% and 14.1% at end-December 2022 and end-June - 2022, respectively. This was attributed to the reforms in the foreign exchange market, resulting in the revaluation of risk assets denominated in foreign exchange. Consequently, the risk-weighted assets of banks increased, which more than offset the growth in their total qualifying capital.

GROUP CHIEF EXECUTIVE'S REPORT

> "Despite the challenging business landscape, our performance in 2023 was sustained by the dedication and professionalism of our talented staff and the unwavering resilience exhibited by each of our operating companies..."

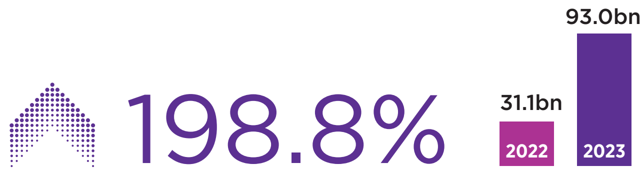
Prudential indicators for the sector, such as NPLs stood at circa 4.1% as at June 2023 as against 4.2% and 5.0% at the end of December 2022 and June-2022 respectively, while industry liquidity ratio rose to 62.2%, compared with 53.0% at the end of December 2022.

The Nigerian pension industry continued to witness increased competition as the democratization of RSA enrolment via the RSA transfer programme amplified it, coupled with the restructuring of some major commercial banks into Holding companies, with diversified interest in the pensions industry. This was also reflected in the corresponding retirement savings account movement increasing by 27.8%, with N462.0 billion transferred industry-wide, up from N361.4 billion recorded in FY 2023 while total industry RSA transfers grew to 101,820 in 2023 (a 10% growth). The industry AUM recorded a 22.4% increase to N18.4 trillion in December 2023 compared with N15.0 trillion in December 2022. Similarly, the number of RSA registrations also increased to 10.2 million.

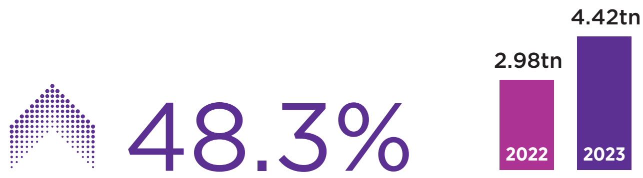
Investor participation also remained strong during the year. The domestic stock market closed out 2023 with the NGX All Share Index (ASI) posting an impressive 45.9% surge, surpassing the 19.5% growth seen in 2022 marking the fourth consecutive year of positive momentum. The upswing in market performance can be attributed to renewed investor confidence driven by favourable sentiments surrounding key macroeconomic policies. As a result, the NGX-All Share Index achieved a historic milestone by crossing the 70,000 points threshold in 2023, for the first time in the market's history. Noteworthy was the active involvement of local investors, which played a pivotal role in safeguarding the market from occasional downturns often triggered by capital flight associated with dominant Foreign Portfolio Investments (FPIs).

Overall Group Performance

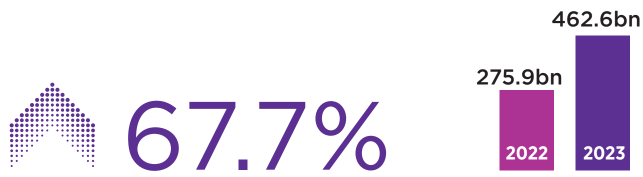
Despite the challenging business landscape, our performance in 2023 was sustained by the dedication and professionalism of our talented staff and the unwavering resilience exhibited by each of our operating companies as we continued to realize the gains of the ecosystem we have diligently cultivated.



PROFIT AFTER TAX (GROUP)



TOTAL ASSETS (GROUP)



SHAREHOLDERS' FUNDS (GROUP)

A review of our FY 2023 results highlights a strong performance across key financial indicators. FCMB Group's post-tax profits were up 198.8% to N93.0 billion from N31.1 billion recorded in December 2022. This translates to a Return on Average Equity (ROAE) of 25.2% and Earnings per Share (EPS) of N4.70 kobo for the year. In terms of our balance sheet position, the Group's loan book grew by 54.0% from N1.20 trillion in December 2022 to N1.84 trillion in December 2023, while customer deposits increased by 58.5% to N3.08 trillion from N1.94 trillion in December 2022. Total assets grew by 48.3% Year-on-Year (YoY) to N4.42 trillion while shareholders' funds grew by 67.7% YoY to N462.6 billion in December 2023, driven by profit growth. We sustained our customer acquisition momentum as our customer base

GROUP CHIEF EXECUTIVE'S REPORT

> "Going into 2024, we will continue to leverage our Group structure to build a technology driven ecosystem that will foster inclusive and sustainable growth in the communities we serve."

grew by 15.6% across the Group activities (banking, consumer finance, and investment management) from 10.9 million in 2022 to 12.5 million in 2023. Overall, asset quality stood at 4.3% in December 2023, while Capital Adequacy Ratio was 15.8% for the Group. Our cost to income ratio improved to 48.9% for the review period from the 64.9% recorded in December 2022.

Our investments in technology over the years have enabled us to build digital resilience by streamlining business processes, improving efficiency and helping us serve our customers better. During the year, we continued to record increased engagement and activity across our digital platforms as our digital customer base grew to 10.5 million as at December 2023, contributing to a 25.5% growth in the volume of mobile enabled transactions YoY. In line with our commitment to continuously innovate, our digital transformation took a big leap forward with two entities migrating to our proprietary cloud core banking platform: Credit Direct Limited (CDL) early in the year and FCMB UK's digital retail banking division (Rova UK) in December. This has already led to a transformational performance in CDL, with loan origination rising by more than 200% from N2.9 billion monthly average in 2022 to N6.2 billion monthly average in the 2nd half of 2023, with no deterioration in asset quality.

Business Groups' Performance

The Banking Group (First City Monument Bank Limited and FCMB Bank UK Limited) recorded a 212.0% growth in pre-tax profits to N84.1 billion for the year 2023. This performance was bolstered by a 61.7% growth in interest income driven by growth in loans and advances to customers and a 194.9% growth in non-interest income. Net fees and commissions grew by 31.5% while FX income grew by 2009% as a result of the FX rates unification by the CBN in June, significantly boosting non-interest revenues. Our UK franchise (FCMB Bank UK Limited) made significant progress in 2023. It improved profitability, developed and extended its propositions, and further enacted measures to enhance resilience. The business recorded a 104.5% growth in pre-tax profits to $6.0 million.

Investment Banking activities improved during the year. On the back of this, CSL Stockbrokers Limited and FCMB Capital Markets Limited recorded a combined pre-tax profit of N4.3 billion for the period under review, up 88.0% from 2022.

Our Investment Management businesses (FCMB Pensions Limited, FCMB Asset Management Limited and FCMB Trustees Limited) collectively grew Assets Under Management by 29.6% to N1.02 trillion at the end of the year. For the period, our Pensions business grew Retirement Savings Accounts (RSAs) by 2.4% from the preceding year despite a fiercely competitive 'Transfer Window' under the RSA transfer programme. It also grew Assets under Management (AUM) by 19.8% to close at N788.4 billion while recording 20.8% growth in pre-tax profits.

Our Consumer Finance business (Credit Direct Limited) demonstrated resilience during the period, delivering a 67.3% growth in pre-tax profits to N6.7 billion for the year 2023. This was driven by an increase in loan disbursement from N30.7 billion in 2022 to N60.5 billion in 2023 while recording a 200-basis point year-on-year reduction in Non-Performing Loan Ratio.

Outlook

The IMF has projected global growth at 3.1% in 2024 on account of greater-than-expected resilience in the United States and several large emerging markets and developing economies, as well as fiscal support in China. Downside risks such as elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth could however hamper growth expectations.

Domestically, growth prospects remain cautiously optimistic, predicated on a reformist economic agenda. Downside risks will be marked by notable challenges such as escalating energy prices, social unrest and security challenges and a tense geopolitical environment in the Middle East and Russia. Additionally, ongoing security and infrastructural

GROUP CHIEF EXECUTIVE'S REPORT

challenges pose a potential threat that could undermine the growth outlook in the short-to-medium term.

Going into 2024, we will continue to leverage our Group structure to build a technology driven ecosystem that will foster inclusive and sustainable growth in the communities we serve. The momentum from the flywheel effect and the efficiencies being unlocked by our strategy bode well for 2024 in spite of the challenging domestic and global environment. We have been blessed with the solid foundation provided by our Founder, and we are poised to take the Group to new heights as we complement this foundation with the following three pillars:

1. **Our Purpose:** To foster inclusive and sustainable growth in the communities we serve, and Group Mission: building a supportive ecosystem rooted in Africa that connects people, capital, and markets.

2. **Our Values:** Execution, Professionalism, Innovation and Customer Focus (EPIC) will be reinforced through institutionalized forms of measurement and continuous improvement.

3. **Our behaviours and practices,** such as (a) the way we manage performance with a focus on excellence, impact, and accountability, (b) building visionary leadership across our operating companies and the (c) family-like culture that defines the employee value proposition at FCMB Group.

These pillars represent a renewal of our culture, which we have christened the Culture of Excellence, Version 2.0., in continuance of our founding ethos. FCMB was very close to the heart of our Founder, who as we all know ascended to glory on 18th May 2023. He dared to go where no Nigerian had been before and demonstrated what was possible in banking with a unique cocktail of vision, audacity, execution, excellence, and integrity.

We are excited that, with the support of the entire ecosystem, comprising other pioneering leaders, investors, regulators, customers, and professionals, many have followed, not only raising the bar, but also successfully institutionalizing their creations. Today, we anticipate that having dominated our domestic landscape, financial institutions rooted in Africa's most populous country will become regionally and globally significant. At FCMB Group, it is our duty, responsibility and honour to continue the work our Founder started and be amongst those institutions that will shape the future of Africa's financial and economic relationship with the world at large.

In closing, I would like to thank all our stakeholders for their unwavering support throughout the year.

Thank you very much for your attention. God bless you all.

Ladi Balogun
Group Chief Executive

2

Operating Review

PERFORMANCE HIGHLIGHTS (GROUP)

FY2023 / GROSS EARNINGS

N516.4bn

82%

(FY2022: 283.0bn)

FY2023 / NET INTEREST INCOME

N176.6bn

45%

(FY2022: 176.6bn)

FY2023 / PROFIT BEFORE TAX

N104.4bn

186%

(FY2022: 36.6bn)

FY2023 / EARNINGS PER SHARE

N4.70bn

201%

(FY2022: 1.56bn)

FY2023 / SHAREHOLDERS FUNDS

N461.0bn

68%

(FY2022: 274.9bn)

FY2023 / TOTAL ASSETS

N4.4trn

48%

(FY2022: 3.0trn)

POS	ATM	Mobile User	Professional Staff
17,469	800	3,441,510	3,554

2023 AWARDS WON

First City Monument Bank (FCMB) Limited

Global SME Finance Awards 2023

Honourable Mention in the SME Financier of the Year - Africa category

SEPTEMBER 2023

USAID Feed the Future Nigeria Agribusiness Investment Awards 2023

Contributions Towards Successful Implementation of the Feed the Future Nigeria Agribusiness Investment Activity

OCTOBER 2023

Finnovex West Africa Summit and Awards 2023

Excellence in FinTech in the Payment Category

OCTOBER 2023

Service Ambassadors' Programme and Awards 2023

Deposit Money Bank with the Highest Impact in the DBN Focus States

NOVEMBER 2023

Service Ambassadors' Programme and Awards 2023

Participating Financial Institution with the Highest Disbursement to Green Project

NOVEMBER 2023

Pitcher Festival of Creativity Awards 2023

Bronze Award, Brand Identity Refresh (Heritage Category)

NOVEMBER 2023

Pitcher Festival of Creativity Awards 2023

Silver Award, FCMB Millionaire Promo TV Commercial (Heritage Category)

NOVEMBER 2023

Qore NEXUS Awards 2023

Most Technology Pioneering Commercial Bank

NOVEMBER 2023

Lagos Advertising and Ideas Festival (LAIF) Awards 2023

Gold Award, FCMB Millionaire Promo TV Commercial (in Bank, Investment and other Financial Communication Category)

NOVEMBER 2023

Lagos Advertising and Ideas Festival (LAIF) Awards 2023

Silver Award, FCMB Millionaire Promo TV Commercial (Best Production Design and Art Direction Category)

NOVEMBER 2023

Lagos Advertising and Ideas Festival (LAIF) Awards 2023

Silver Award, FCMB Millionaire Promo TV Commercial (Promotions Category)

NOVEMBER 2023

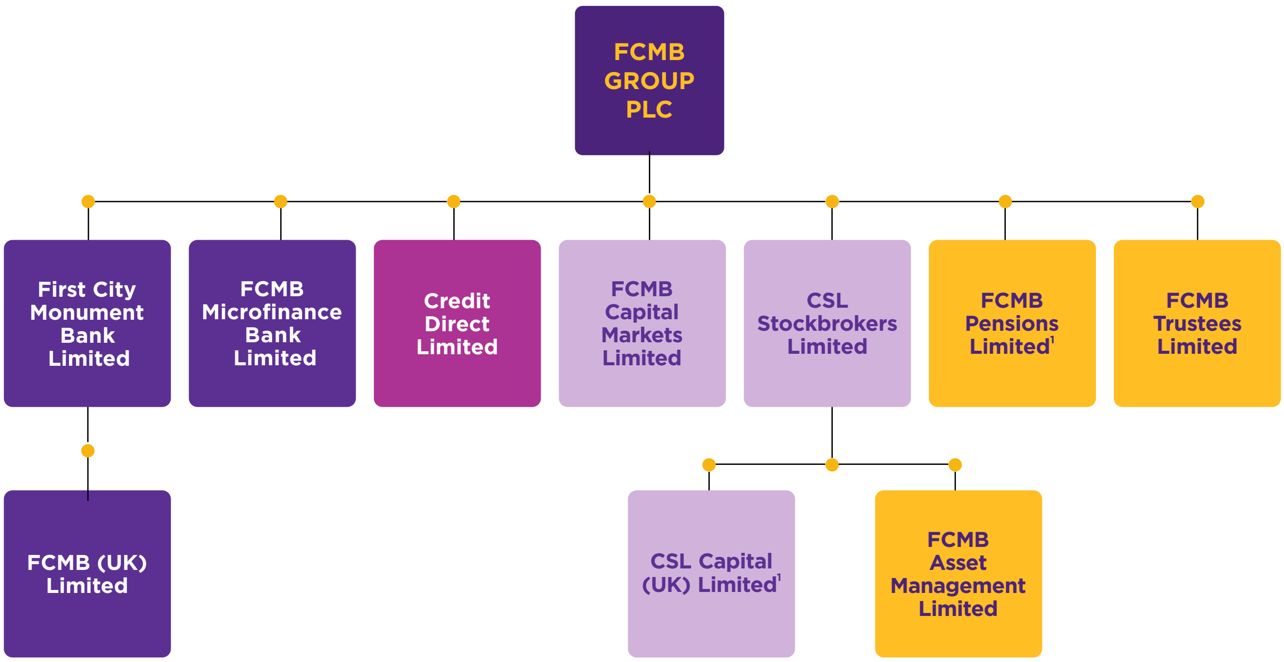
Nigerian Exchange Limited ("NGX") Made of Africa Awards 2023

Issuing House with the Highest Number of Listed Debt Issuances (Corporate Bonds)

DECEMBER 2023

OUR GROUP OF COMPANIES

There are eleven (11) operating entities in the FCMB Group Plc, including the holding company.



[1] All subsidiaries are wholly owned except FCMB Pensions Limited and CSL Capital (UK) Limited, which are owned 92.8% and 75% respectively.

- The Banking Group
- Investment Banking
- Investment Management
- Consumer Finance

SUSTAINABILITY REPORT

Fostering Inclusive and Sustainable Growth

Despite a turbulent year marked by global economic challenges, including high inflationary pressures, climate change, volatile forex markets, insecurity, and local market challenges, FCMB remained guided by its purpose, core values, and commitment to drive transformative change for all stakeholders.

Our approach is *"to foster inclusive and sustainable growth in the communities we serve."* This drives our commitment to improve access to financial services for the unbanked and underbanked through different layers of partnership engagements. We empower women and youths by unlocking their potential to create wealth. In our quest to make energy affordable and accessible, we secure access to affordable and reliable clean energy sources to illuminate homes and businesses in various communities nationwide. Furthermore, we are building resilience on Environmental, Social, and Governance (ESG) issues, which are of utmost importance to our institution, employees, partners, communities, and stakeholders.

We work alongside passionate stakeholders, such as partners and investors, who share our mission to drive positive change. The good news is that we are not alone, and there are abundant opportunities for growth, innovation, and impact within the markets we serve. Alongside those sharing the same goals, we will leverage partnerships to attain greater effectiveness and scale to deliver the desired impact. This partnership model enables us to significantly leverage our internal capabilities to deliver and enhance our financial and impact scorecards, which are consistently ranked among the best in the country. Our services are benchmarked against rigorous global standards within a highly regulated system like the UN Global Compact, that champions positive change. Through this report, we disclose the highlights of these activities.

OUR BUSINESS ACTIVITIES

Environmental and Social Risk Management

FCMB continued to improve its lending processes to meet global best practices in Social and Environmental Risk Credit Management. We have also recently initiated an Environmental and Social Management System (ESMS) review and upgrade project to strengthen our E&S Risk Management framework and integrate it seamlessly into overall Group credit risk appraisals and lending decisions.

SUSTAINABILITY REPORT

Also, the Group deepened its engagement and collaboration with Development Finance Institutions (DFIs), with about $300 Million in funding support to serve various business sectors, including SME, agriculture, healthcare, trade finance and trade-to-trade businesses, demonstrating our commitment to sustainable growth.

Financial Inclusion

The Group consolidated its micro-lending business through FCMB Microfinance Bank Limited and a robust Agent Banking network comprising 180,000 Fixed Agents and 200 branches, achieving a transaction volume of N50B in 2023. The microlending lending business exists in 30 states. It has integrated 10 Agritech solutions into the FCMB Banking-as-a-Service platform, onboarded nearly 62,000 clients (17% growth) comprising 85% (52,700) females and 45% youths. This has resulted in a direct financial impact of N5.3b loan size. The business grew exponentially in loan disbursement at N14.4b at EOY.

Through our agent network, spread across urban and rural communities, we opened accounts for over 350,000 individuals, creating financial as well as credit profiles for the unbanked and under-banked, crossing over 1.5m accounts in 2023.

Agents Network Expansion: We onboarded over 50 master agents to deepen FCMB's Agent Network in rural communities and provide easy access to financial services. The network grew over 100% to 25,900 agents in 2023, with a correlated growth of 247% (265,633) in customer acquisition. Extended credit totalled N1.343 trillion to over 98,000 SMEs across diverse sectors.

Renewable Energy Efficiency

We actively financed Renewable Energy and Energy Efficiency (REEE) projects, prioritizing climate-smart lending practices. This involved conducting extensive on-site assessments to identify environmentally responsible businesses in critical sectors like health, education, agriculture, renewable energy, and technology. By supporting their expansion, we are building our green portfolio. Hence, our funding for renewable energy businesses increased by nearly N2 billion across twelve states to support the transition of 4,349 homes and businesses to renewable energy. This brings our total support to over N7.9 billion, surpassing the N6 Billion provided in 2022. This support cuts across mini-grid projects, commercial and industrial, and Solar Home Systems (SHS). These investments are estimated to generate over 2.5MWp (Mega Watt peak) of Photovoltaic capacity and create over 4,000 new connections.

Since inception, we have made about 14,000 connections possible for households and businesses, further strengthened our revamped energy finance loan for homes and small businesses in 2023.

Food Security

FCMB made appreciable strides in helping to tackle the problem of food security in the nation. Some of the initiatives executed within the year in this sphere are:

- Increased lending to the Agric sector by 34% to N177 billion.
- Provided N16,514,300,000.00 in loans at a single digit interest rate through the Babban Gona Franchise model,

SUSTAINABILITY REPORT

> In 2023 and over the years, FCMB has consistently and intentionally contributed to the growth of female owned businesses.

Psaltry, Tomato Jos, NOMA, Plantation Industries and Mastercard Foundation covering over 10,000 hectares.

- We leveraged FCMB Master Agents (Aggregators), with cumulative support for over 200,000 smallholder farmers and traders with zero percent default. 88% of beneficiaries are females, while 56% are youths.
- To stimulate sustainable, systematic change at scale and bring long-term improvements to conflict-affected households and businesses in the North-East area (conflict endemic zone) of Nigeria, we partnered with Mercy Corps to deepen access to financial services, empower farmers and transform 4,300 hectares into thriving fields.
- Integrated 10 Agritech solutions into the FCMB Banking-as-a-Service platform.

Women in Business Empowerment Programmes

In 2023 and over the years, FCMB has consistently and intentionally contributed to the growth of female owned businesses. During the year, we extended our interventions in this sector as follows:

- We disbursed over N20 billion of loans to women-owned SMEs through our SheVentures platform, representing a 15% year-on-year growth.
- We trained over 4,200 female entrepreneurs and provided seed funds to female-led tech-startups. These startups underwent four weeks of extensive training, advisory services and mentorship sessions.

OUR BUSINESS OPERATIONS

FCMB demonstrated a deep commitment to its business operations, focusing on employee well-being, learning and development, its branch network, technological innovation, and creating a safe and healthy work environment.

Environmental and Social Footprint

We are actively concentrating on reducing traffic footfall because of branch activities and have embraced technology-driven agent banking solutions. To progress on this journey, we have:

- Expanded Agent Banking Network to 150,000 agents.
- Onboarded more than 50 master agents to deepen reach in rural communities.

Renewable Energy Solutions

We fully realise that renewable energy is essential if we want to contribute our quota to helping the world deliver on its promise of a carbon-neutral future, while guaranteeing energy security. To limit the impact of global climate change and ensure a sustainable future for many generations to come, we know it is imperative to accelerate the transition from fossil fuels to renewable energy solutions. Some of our 2023 initiatives in this area have been reflected below:

- Energy Transition and Climate Change Action: 160 branches and 480 ATMs (i.e., 78% of total branches) are now on solar power, further reducing our carbon footprint by 50% YoY. Achieved, estimated diesel cost savings of N64m monthly.
- Now, we are on 50% carbon reduction, working towards our net-zero carbon emission agenda in 2030.
- Upgraded flexible and smart alternate service channels for seamless customer experience and reduced CO2 emissions (per the annual Energy Efficiency Audit).
- Implemented appropriate standards and certifications across the institution.

Health, Safety & Environment

FCMB has consistently maintained a safe work-environment. We realise that sound workplace policies promote a safe and healthy work environment and ultimately help to prevent accidents, injuries, and occupational hazards. During 2023, we:

- Operated a 100% regulatory-audited, safe business environment in 2023.
- Increased waste upcycling uptake by 65%, saving 25% of waste from landfills.

Technology & Innovation

We strongly believe in constantly improving our products and processes using Technology and Innovation. We know

SUSTAINABILITY REPORT

we can lean on the creation and application of new or improved technologies, tools, systems, and processes to achieve significant advancements or breakthroughs in various spheres. During 2023, we:

- Scaled online learning and development to over 90% achievement.
- Successfully hosted the 10th Annual General Meeting (AGM), with live streaming for expanded shareholder and stakeholder access.
- Over 90% of business meetings are held virtually, thereby reducing printing and transport emission.

Learning and Capacity Building

In FCMB, we believe that the process of developing and strengthening the skills, instincts, abilities, processes, and resources within our franchise will be crucial for us to survive, adapt and thrive in a fast-changing world. The depth of our 'human capital' is a key aspect of this mix and a major premise of our aspirations. Some of our 2023 achievements:

- Over 3,955 employees trained in VILTs//Open programmes/conferences.
- Achieved implementation rate of more than 90% for the 2023 Individual Training Plan.
- Over 88% completion rate of all mandatory courses on the LMS (H1 & H2).
- N311m saved by delivering sessions leveraging internal faculty (Training Academy staff) and adopting VILT delivery.

Workplace Culture and Diversity:

In FCMB, we believe that diversity is more than just an abstract concept. It is a core principle for the achievement of a more inclusive franchise. When people from different backgrounds, cultures, and perspectives come together, they bring a wide range of experiences, knowledge, and ideas. This diversity leads to creativity, innovation, and resilience. We have built a robust framework to support Workplace culture and diversity and provided a level playing platform for all employees with varying backgrounds to thrive. Hence:

- There is 33% female representation on the Bank's (12)-member Executive Management Committee, including a Female Managing Director. Also, 41% of our workforce are females (See Figure 1 below).
- Embraced diversity, equity, and inclusion with four physically challenged persons currently working with FCMB.

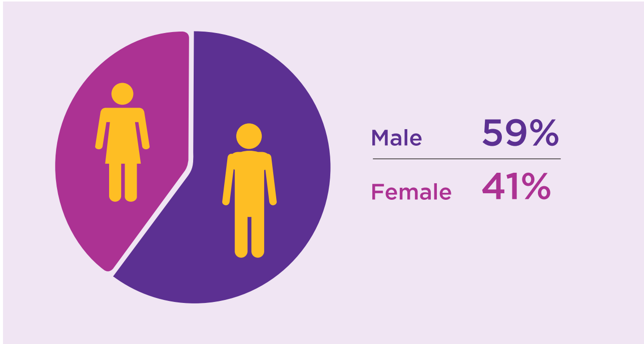


Figure 1 - FCMB Workforce

- Achieved improved employee engagement and celebrated some annual events, such as Employee Health Week, Customer Service Week, TGIF, Father's Day, International Women's Day, and Breast Cancer Awareness Month.

COMMUNITY INVESTMENT

FCMB, through its commitment to continuously build trust within its host communities has implemented some community investment initiatives in 2023 spread across Economic Empowerment, Education, Health, Environment, and other forms of support. These activities are underpinned by the banks CSR mantra on Poverty Alleviation, Economic Empowerment and Environmental Sustainability, geared towards fulfilling the banks contributions to the global UN-SDGs – see fig 2 below.

ECONOMIC EMPOWERMENT

Flexxtern 6.0 Initiative

Launched in 2016, the FCMB #Flexxtern programme equips young Nigerian graduates (age 18-30) with valuable corporate work experience. The programme promotes full and productive employment and decent work in diverse business areas and supports the achievement of aspirations. With over 20,000 applicants annually, young individuals are provided with internship opportunities and access to mentorship opportunities through our network of partner organizations. The past six editions of the initiative have produced about 180 Flexxterns, who had three-month placements either within FCMB or with partner organisations.

Hub One, our co-working space dedicated to supporting early-stage tech startups, saw its community grow by approximately 3,000 in 2023. This includes 90 businesses/startups, bringing the community total to over 23,000 entrepreneurs and businesses of varying scale.



Youth – Vocational Skills Acquisition

FCMB partnered with the Youth Empowerment Foundation (YEF) to organize the 6th edition of the "Empowered for the Future (E4F)" initiative. The 12-month programme empowers youths with vocational skills in Abuja (our Federal Capital Territory), Lagos and Oyo states. The project has directly benefited 600 youths with knowledge gained in financial literacy, employment strategies, life and social support skills and indirectly reached about 10,000 youths.

#Women Empowerment

FCMB partnered with Tender Heart Foundation and provided revolving micro-grants/loans to market women in Lagos State. This initiative supports market women's expansion of their businesses through access to financial services.

Hub One and SheVentures partnered for a pitching contest for women-led startups and equipped 40 women with pitching, funding, publicity, and mentorship skills specifically for women-founded tech startups.

#GirlChild Empowerment

To celebrate the International Day of the Girl Child, FCMB partnered with the School of Art and Nigeria Sustainability Banking Principles' entity. Volunteers raised awareness about the theme "Digital Generation, Our Generation" among girls aged 6-15, with a focus on reaching those in disadvantaged communities in Lagos.

EDUCATION

#ScholarshipSupport

Since 2007, FCMB has supported Bethesda Child Support Agency (BCSA) by giving scholarships to less privileged children. Our support has contributed significantly to the children's academic progress, with over 5000 beneficiaries.

FCMB has provided support to students with scholarship needs at various levels. We are executing a three-year tertiary scholarship support programme for a female undergraduate student and a 17-year education sponsorship plan for a girl- #DeterminedDele (initiated in 2018).

#Flip-To-Tech and Hackathon Support

FCMB partnered with Flip-to-Tech (School of Art) to organize free tech training for 10,000 children in Abuja and Lagos. The training focused on empowering the younger generation with ICT and Coding skills from an early age.

FCMB and Ingressive for Good (I4G) successfully co-hosted the FCMB Hackathon 2023. Over 2900 young tech innovators participated and provided cutting-edge ideas to accelerate innovative financial services. With 72 hours of marathon tech-driven tasks, the top 3 winners received N4.5 million in funding. The hackathon demonstrates FCMB's commitment to innovation and the concept of discovery.

#SchoolBagsDistribution

The distribution of school bags, writing materials and exercise books to children in public schools, and 1000 Kiosk Umbrellas to our customers (traders and market women).

Financial Literacy &World Savings Day Celebration

Since 2015, FCMB has partnered with the Central Bank of Nigeria (CBN) to celebrate financial literacy day annually. This joint initiative has reached over 100,000 primary and secondary students nationwide, raising awareness about financial literacy and building a strong foundation for a savings culture among young Nigerians.

HEALTH

#Grant Support towards Children Healthcare

In 2023, FCMB provided a N93.4m grant to Otunba Tunwase National Paediatric Centre-OTNPC, located at Ijebu-Ode in Ogun State to raise the bar of research and healthcare for children.

#PricelessGiftofSight

FCMB, in partnership with the Indian Nigerian based Foundation - The Tulsi Chanrai Foundation, has continued to restore hope to Nigerians with eye-related problems by helping them regain the Priceless Gift of Sight. Over 400,000 beneficiaries from 16 states and FCT have enjoyed free access to eye care services delivered by world-class ophthalmologists, including eye surgeries, primary eye testing and provision of eyeglasses. FCMB has also sponsored three outreaches in Abuja, Cross River and Kebbi to tackle avoidable blindness in the states.

Support to Federal Nigeria Society for the Blind-FNSB

FCMB continued its annual support for the Vocational Training Centre at FNSB. In addition to the braille machines donated and the renovation of the FNSB male hostel, FCMB in 2023 further assisted with funding support for the smooth administrative running of the Centre.

SUSTAINABILITY REPORT

ENVIRONMENT

#ClimateRestoration

Since 2015, FCMB has partnered with the Nigerian Conservation Foundation (NCF) to celebrate World Environment Day (WED). The theme for 2023, #BeatPlasticPollution, raised awareness of climate change mitigation, adaptation, impact reduction and early warning. FCMB provided jumbo recycling bins to Government-owned secondary schools and taught over 5000 students the importance of recycling plastic to guard against the menace plastic creates in our communities.

#WasteXchange

FCMB partnered with WasteXchange, sponsored some community cleaning exercises, and further strengthened its commitment to greener climate change action in select communities.

Central Business District-CBD Cleaning Initiative

For Eight years, FCMB has partnered with the Lagos State Central Business District (CBD) on the “Cleaner-Greener Lagos Initiative” to clean the Tinubu/Marina Business axis. Since 2016, FCMB has consistently provided monthly salaries, equipment and apparel for the cleaners who ensure the environment remains clean.

REPORTING & DISCLOSURE

The Bank shares periodic reports with foreign partners, including the UNGC, World Bank- IFC and local partners such as NCF. Additionally, reports are shared with relevant stakeholders at the Central Bank of Nigeria (CBN) and the Nigerian Exchange Group (NGX).

FCMB - A Responsible Corporate Citizen

FCMB is transitioning from a platform to an innovative ecosystem that brings multiple platforms and stakeholders together. This transformation will unlock exponential growth and support our vision of long-term success for all stakeholders while protecting our operating environment. We will continue to actively facilitate collaboration between businesses and policymakers to develop climate action roadmaps, which will guide industry investments. We remain committed to effective corporate governance, sustainable value creation, and the application of sound risk management principles.

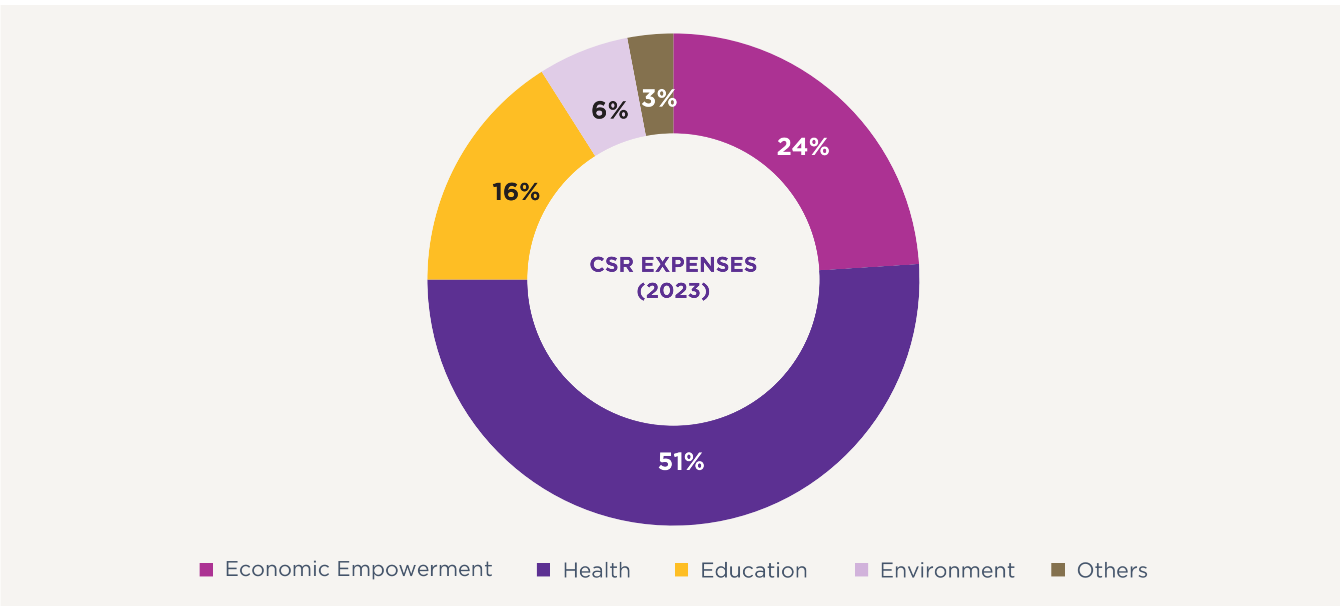


Figure 2 - CSR spend in 2023

3

Corporate Governance

BOARD OF DIRECTORS

Mr. Oladipupo Jadesimi
Non-Executive Director (Chairman)

Mr. Oladipupo Jadesimi was born on 12 July 1942. He has an Oxford MA (Honours) in Law and was a jurisprudence scholar at the University of Oxford from 1963 to 1966. He was a senior with Coopers and Lybrand Lagos from 1966 to 1970, before moving to Nigerian Acceptances (later NAL Plc) as General Manager, Corporate Finance and Investment Banking, a role he occupied from 1971 to 1972, with responsibility for most of the initial IPOs that were listed on the nascent Nigerian Stock Exchange. From 1978 to 1982, he worked with Arthur Andersen now KPMG, the then largest accounting firm in the world, where he was the sole Nigerian founding partner of the Firm.

Over the years, Mr. Jadesimi has run several businesses in the energy, finance and real estate sectors.

He is the Founder and Chairman of Ladol Group, the largest indigenous Free Zone Industrial Park, which hosts a variety of high-value industrial free zone enterprises. He also currently serves as the Chairman of the Board of Directors of Niger Delta Exploration and Production Plc, one of the largest indigenous integrated oil and gas producing companies. He is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA) and a member of the Institute of Canadian Institute of Certified Public Accountants (CPA).

Mr. Jadesimi joined the Board of FCMB Group Plc on 27 December 2017 as a Non-Executive Director and was appointed Chairman of the Board on 8 March 2018.

Mr. Ladi Balogun
Group Chief Executive

Mr. Ladi Balogun was born on 12 April 1972. He holds a bachelor's degree in Economics from the University of East Anglia, UK and an MBA from Harvard Business School, US. He has over 20 years' experience in commercial and investment banking in Europe, the US and Africa.

Mr. Balogun began his banking career in 1993 at Morgan Grenfell & Co Limited, where he worked in the areas of risk management and corporate finance (debt origination). He was responsible for managing the bank's trading and investment positions in debt instruments in Latin America and Eastern Europe, and also part of a team that structured numerous complex debt deals in Latin America, Eastern Europe and the Asian subcontinent. Subsequently, he worked at Citibank in New York before returning to Nigeria as an Executive Assistant to the Chairman and Chief Executive in 1996.

He has worked in various areas of the Bank, including Treasury, Corporate Banking and Investment Banking. He was appointed an Executive Director in charge of the Institutional Banking Group (IBG) in 1997.

In 2000, he was made Executive Director in charge of Strategy and Business Development, and in 2001 he rose to the position of the Bank's Deputy Managing Director and was subsequently appointed Managing Director of First City Monument Bank Plc (now First City Monument Bank Limited).

Mr. Ladi Balogun became the Group Chief Executive of FCMB Group Plc effective 14 March 2017.

BOARD OF DIRECTORS

Mr. Gbolahan Joshua
Executive Director
(Chief Operating Officer)

Mr. Gbolahan Joshua was born on 17 March 1975. He has over 21 years of banking experience across various areas, including Finance, Strategy, Business Transformation, Investor Relations, Performance Management, Treasury, Operations, Technology and Digital Banking. He has served in various leadership capacities as CFO, CIO and COO.

Prior to joining FCMB Group as Chief Operating Officer (COO), he was the Executive Director, Chief Operations and Information Officer with Fidelity Bank Plc, where he led various transformation initiatives.

One of his remarkable achievements was the Introduction of a proprietary performance management software/tool that significantly improved employee productivity and ROE of the institution. He was the Project Director for several initiatives including the technology refresh project, digital transformation project and 3 successful International and local debt capital raising transactions in the last 5 years.

He attended Kings College Lagos, is a graduate of Olabisi Onabanjo University, an Associate Member (ACA) of the Institute of Chartered Accountants of Nigeria (ICAN) and a Senior Member (HCIB) of the Chartered Institute of Bankers (CIBN).

He has attended executive training programs at leading business schools including Harvard, Stanford, IMD, INSEAD and IESE.

Mr. Joshua joined the Board of FCMB Group Plc effective 2 September 2021.

Mr. Olufemi Badeji
Executive Director
(Corporate & Investment Banking)

Mr. Olufemi Badeji was born on 9 January 1975. He has over 15 years of investment banking experience in the US, Nigeria and South Africa. Mr. Badeji has worked for the now defunct Lehman Brothers and Houlihan Lokey in the US. Moving back to Nigeria in October 2009, he worked as a Vice President for FCMB Capital Markets.

In September 2011, he joined Rand Merchant Bank and was the Head of Corporate Finance for Nigeria until he joined FCMB Group Plc.

Mr. Badeji's transaction experience includes capital raising (both debt and equity), corporate restructuring, private equity transactions and providing financial advice to institutions in industries spanning architecture, business services, fast-moving consumer goods, financial services, infrastructure, telecoms, IT services, oil and gas, the public sector and specialty finance.

Mr. Badeji joined the Board of FCMB Group Plc effective 2 October 2019.

BOARD OF DIRECTORS

Professor Oluwatoyin Ashiru, OON
Non-Executive Director

Professor Oluwatoyin Ashiru was born on 28 July 1954. He is a graduate of the University of Sussex in Brighton, UK, where he obtained a BSc in Materials Science and Engineering. He concluded his PhD at the University of Birmingham, UK in Industrial Metallurgy.

He began his career as a lecturer in mechanical engineering at the Universities of Lagos and Ibadan before serving as Nigerian Senior Research Fellow at the International Tin Research Institute in the UK. He is currently the Managing Director/CEO of Tricontinental Oil Services Ltd.

He is an accomplished materials and metallurgical engineer with about 40 years of comprehensive professional experience in academia, entrepreneurship, management engineering, technologies invention and consulting for the enhancement of productivity in major industries worldwide.

He also has a strong background in programme development and quality assurance, with an outstanding history of managing projects from initial conception, through development, to implementation for major oil and gas, chemical, petrochemical, steel production and energy production industries worldwide. He holds an exceptional record for executing mission-critical projects on schedule and within budget, and is highly skilled in strategic planning, budget controls and problem solving. He also has extensive international experience in the UK, the US, Canada, Saudi Arabia, Bahrain, the Far East and Asia.

Professor Ashiru has extensive project management experience in major international refining, chemical, petrochemical, offshore oil and gas development, pipeline, infrastructure and power generation projects ranging from US$40 million to US$2 billion.

He is also a successful businessman who has worked extensively on multinational joint venture projects representing owners or as a contractor.

He has served on joint venture and consortium executive committees and has participated directly in claims negotiations and settlement agreements in excess of US$100 million. His wealth of experience also includes member of the governing board responsible for strategic and operational decisions, and he was responsible for world-wide engineering operations for proposals and projects.

Professor Ashiru is an expert consultant and board member of many international research centres and major industrial sectors, and he has served worldwide on various governmental multidisciplinary task forces and technical committees.

Professor Ashiru holds American, British, European, Brazilian, and other international patents for products and systems that he invented. He is a recipient of several merit awards, including (but not limited to) his recognition in the US as a 'Professional with Extraordinary Ability', listings in Who's Who in the World and the Dictionary of International Biography, and the prestigious Distinguished Innovator Award of the Association of Tin Producing Countries.

Professor Ashiru joined the Board of FCMB Group Plc on 23 December 2013.

BOARD OF DIRECTORS

Mrs. Olapeju Sofowora
Non-Executive Director

Mrs. Olapeju Sofowora was born on 5 August 1964. She is a Fellow, Institute of Chartered Accountants of Nigeria and a member of the Chartered Institute of Taxation of Nigeria.

She holds a treasurer's dealership certificate jointly issued by the Chartered Institute of Bankers of Nigeria and Money Market Association of Nigeria (now the Financial Markets Dealers Association of Nigeria) and is also a certified information systems auditor. The founding partner of Abax-Oosa Professionals, a firm of chartered accountants, Mrs. Sofowora has several years of professional work experience that cuts across banking, human resources consultancy, tax advisory, finance and accounting.

Mrs. Sofowora joined the Board of FCMB Group Plc on 27 December 2017.

Mrs. 'Tokunboh Ishmael
Non-Executive Director

Mrs. 'Tokunboh Ishmael was born on 28 March 1966. She is an alumna of the London Business School and the University of London. She is a Chartered Financial Analyst and a member of the CFA Institute and the board of the African Venture Capital Association.

She has over 20 years' experience spanning investment banking, private equity investing, technology and new business development in the USA, Europe and Africa.

Mrs. Ishmael was Country Partner for Nigeria at Aureos Capital where she raised $50 million for the Aureos West Africa Fund. Previously, she was a mergers and acquisitions banker at Salomon Smith Barney and Managing Director of Avante Capital Ltd. She is a co-founder and Managing Director of Alitheia Capital.

She served diligently on the Board of First City Monument Bank Limited (the Bank) from January 2013 to February 2020 and has over the years been of tremendous positive influence on the Bank's innovative drive. She brings on board wealth of experience of great impact at the Group level.

Mrs. Ishmael joined the Board of FCMB Group Plc effective 28 April 2020.

BOARD OF DIRECTORS

Dr. (Engr) Gregory Omosigho Ero
Non-Executive Director

Dr. Gregory Ero was born on 1 July 1947. He is a graduate of the University of Ibadan with a BSc (Honours) in Chemistry. He attended Imperial College, London, where he obtained an MSc and DIC in Petroleum Engineering, and he obtained a DMS from Templeton College, University of Oxford. He furthered his studies at the Graduate School of Business, University of Columbia, New York and the Institute for Management Development in Lausanne, Switzerland.

He began his career as a petroleum engineer in the Lagos office of the Federal Ministry of Petroleum and Energy, and thereafter, was posted as Head, Federal Ministry of Petroleum Resources, Warri. He spent much of his career in the public service, where he served in many capacities, spanning three decades in the petroleum industry at NNPC. He has held many positions, including CEO/Group General Manager of NAPIMS-NNPC; Managing Director, National Engineering and Technical Company (NETCO) – a joint venture owned by NNPC and Betchel of the US and several executive positions in NNPC.

Dr. Gregory Ero is a Fellow of many professional bodies and Fellow, Institute of Directors of Great Britain. He is presently the Chairman/CEO of Arkleen Oil and Gas Ltd and Chairman, Cardinal Drilling Company Ltd, among others.

He joined the Board of FCMB Group Plc on 23 December 2013.

Ms. Muibat Ijaiya
Non-Executive Director

Ms. Muibat Ijaiya was born on January 14, 1972. She is a Strategy Development and Execution expert focused on measurable transformation and impact. She has 19 years consulting and advisory experience, working with clients across Europe, Middle East, Africa and Asia.

She holds a BSc Mathematics & Education from the University of Surrey and a Warwick Business School MSc. Management Science and Operational Research certificate. She also obtained an MBA from the University of Manchester.

Ms. Ijaiya is a partner at Strategy Management Partners, a professional services organisation focused on helping private and public organisations around the world to clarify, develop, align and execute their strategies. Prior to this, she was a director with Palladium Group Inc (United Kingdom & Middle East) and previously worked directly with Drs. Kaplan & Norton, the co-creators of the Strategy Focused Organisation and Balanced Scorecard concepts. Other advisory experience was in Corporate Finance with Ernst and Young (UK) focused on Transaction Advisory Solutions, Restructuring, Turnaround and Commercial Due Diligence. She also worked with Robson Rhodes RSM Business Consulting (EMEA) focused on Transformation and Change Management.

Ms. Ijaiya continues to work in advancing the science of strategy execution, particularly for organisations in complex industries and public institutions focused on transforming key sectors.

She joined the Board of FCMB Group Plc effective 28 April 2021.

BOARD OF DIRECTORS

Alhaji Mustapha Damcida
Non-Executive Director

Alhaji Mustapha Damcida was born on 20 March 1963. He holds a Diploma in Law from Ahmadu Bello University and a BSc in Business Administration from Robert Morris University, Pittsburgh, United States.

He is the MD/CEO of Damus International Limited, Damus Security Solutions Limited and Damson Properties Limited. He was a Director at the Nigerian American Bank Limited between 2004 and 2005. He also sits on the Boards of Chanrai Nigeria Ltd, Trevi Foundations Ltd, Unique Pharmaceuticals Ltd, and Kewalram Nig. Ltd.

Prior to joining the Board of FCMB Group Plc as a Non-Executive Director on 1 July 2013, he served on the Board of First City Monument Bank Limited.

BOARD EVALUATION REPORT

KPMG

Report of the Independent Consultant to the Board of Directors of FCMB Group PLC on their Appraisal for the Year Ended 31 December 2023.

In compliance with the provisions of Principles 14 and 15 of the Nigerian Code of Corporate Governance 2018 ("the NCCG") and Principles 12.1 and 12.2 of the CBN Corporate Governance Guidelines for Financial Holding Companies in Nigeria 2023 ("the CBN Code"), 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 2023. The CBN Code mandates an annual appraisal of the Board with specific focus on the Board's structure and composition, responsibilities, processes and relationships, individual director competencies and respective roles in the performance of the Board.

We have performed the procedures agreed with the Group in respect of the appraisal of the Board 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 involved a review of the Group's Board papers and minutes, key corporate governance structures, policies, and practices. This included the review of the corporate governance framework and representations obtained from questionnaires and interviews with 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
February 2024

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.

Board of Directors

The Board of Directors met five times during the year as noted below:

Board of Directors Meetings in 2023.

NAMES	24 FEBRUARY	21 APRIL	28 JULY	20 OCTOBER	1 DECEMBER
Mr. Oladipupo Jadesimi	✓	✓	✓	✓	✓
Mr. Ladi Balogun	✓	✓	✓	✓	✓
Mr. Gbolahan Joshua	✓	✓	✓	✓	✓
Mr. Olufemi Badeji	✓	✓	✓	✓	✓
Alhaji Mustapha Damcida	✓	✓	✓	✓	✓
Dr. (Engr) Gregory Ero	✓	✓	✓	✓	✓
Professor Oluwatoyin Ashiru OON	✓	✓	✓	✓	✓
Mrs. Olapeju Sofowora	✓	✓	✓	✓	✓
Mrs. 'Tokunboh Ishmael	✓	✓	x	✓	x
Ms. Muibat Ijaiya	✓	✓	✓	✓	✓

CORPORATE GOVERNANCE

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.

During the year under review, the Directors attended the training programmes as shown below:

S/N	NAMES OF DIRECTORS	TRAINING TITLE	FACILITATING FACULTY (COURSE VENDOR)	DATE(S)
1	Mr. Oladipupo Jadesimi	AML/CFT: Revisiting the FATF Grey List and the Implications on the Bank	KPMG	April 17, 2023
		AML/CFT: AML Risk Oversight	PricewaterhouseCoopers International Limited	October 13, 2023
		Cybersecurity Awareness Session	Ernst & Young	November 17, 2023
2	Mr. Ladi Balogun	AML/CFT: Revisiting the FATF Grey List and the Implications on the Bank	KPMG	April 17, 2023
		AML/CFT: AML Risk Oversight	PricewaterhouseCoopers International Limited	October 13, 2023
		Cybersecurity Awareness Session	Ernst & Young	November 17, 2023
3	Mr. Olufemi Badeji	AML/CFT: Revisiting the FATF Grey List and the Implications on the Bank	KPMG	April 17, 2023
		AML/CFT: AML Risk Oversight	PricewaterhouseCoopers International Limited	October 13, 2023
		Cybersecurity Awareness Session	Ernst & Young	November 17, 2023

CORPORATE GOVERNANCE

S/N	NAMES OF DIRECTORS	TRAINING TITLE	FACILITATING FACULTY (COURSE VENDOR)	DATE(S)
4	Mr. Gbolahan Joshua	AML/CFT: Revisiting the FATF Grey List and the Implications on the Bank	KPMG	April 17, 2023
		AML/CFT: AML Risk Oversight	PricewaterhouseCoopers International Limited	October 13, 2023
		Cybersecurity Awareness Session	Ernst & Young	November 17, 2023
5	Professor Oluwatoyin Ashiru	AML/CFT: Revisiting the FATF Grey List and the Implications on the Bank	KPMG	April 17, 2023
		AML/CFT: AML Risk Oversight	PricewaterhouseCoopers International Limited	October 13, 2023
		Cybersecurity Awareness Session	Ernst & Young	November 17, 2023
		Building Financial System Stability: Strengthening Board Oversight of Emerging Technologies, Cybersecurity, and Digital Transformation	FITC	November 21, 2023 November 22, 2023
6	Dr. (Engr) Gregory Ero	AML/CFT: Revisiting the FATF Grey List and the Implications on the Bank	KPMG	April 17, 2023
		AML/CFT: AML Risk Oversight	PricewaterhouseCoopers International Limited	October 13, 2023
		Cybersecurity Awareness Session	Ernst & Young	November 17, 2023
7	Alhaji Mustapha Damcida	AML/CFT: Revisiting the FATF Grey List and the Implications on the Bank	KPMG	April 17, 2023
		AML/CFT: AML Risk Oversight	PricewaterhouseCoopers International Limited	October 13, 2023
		Cybersecurity Awareness Session	Ernst & Young	November 17, 2023
8	Mrs Olapeju Shofowora	AML/CFT: Revisiting the FATF Grey List and the Implications on the Bank	KPMG	April 17, 2023
		AML/CFT: AML Risk Oversight	PricewaterhouseCoopers International Limited	October 13, 2023
		Cybersecurity Awareness Session	Ernst & Young	November 17, 2023
		Building Financial System Stability: Strengthening Board Oversight of Emerging Technologies, Cybersecurity, and Digital Transformation	FITC	November 21, 2023 November 22, 2023

CORPORATE GOVERNANCE

S/N	NAMES OF DIRECTORS	TRAINING TITLE	FACILITATING FACULTY (COURSE VENDOR)	DATE(S)
9	Mrs 'Tokuboh Ishmael	AML/CFT: Revisiting the FATF Grey List and the Implications on the Bank	KPMG	April 17, 2023
		AML/CFT: AML Risk Oversight	PricewaterhouseCoopers International Limited	October 13, 2023
		Cybersecurity Awareness Session	Ernst & Young	November 17, 2023
10	Ms Muibat Ijaiya	AML/CFT: Revisiting the FATF Grey List and the Implications on the Bank	KPMG	April 17, 2023
		AML/CFT: AML Risk Oversight	PricewaterhouseCoopers International Limited	October 13, 2023
		Cybersecurity Awareness Session	Ernst & Young	November 17, 2023

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

- FCMB QMS and BCM Course 2023;
- FCMB Sustainability in Banking 2023;
- FCMB Information Security Course 2023; and
- FCMB Code of Conduct 2023.

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 three Directors offering themselves for re-election are Prof. Oluwatoyin Ashiru OON, Dr. (Engr.) Gregory Ero, and Alhaji Mustapha Damsida whose profiles are on pages 32, 34 and 35 respectively.

Board Committees

The Board approved the constitution of the two 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.

Board Risk, Audit and Finance Committee (BRAF)

Its functions include overseeing internal control, internal audit and financial reporting; providing oversight for strategy articulation and strategic planning, reviewing the Group's strategy and financial objectives, as well as monitoring the implementation of those strategies and objectives and reviewing and approving proposals for the allocation of capital and other resources within the Group.

Membership
The Committee comprised four Non-Executive Directors. The Group Chief Executive and the Chief Operating Officer are required to attend the meetings of the Committee.

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

Board Risk, Audit and Finance Committee Meetings held in 2023

NAMES	24 FEB.	18 APR.	24 JUL.	17 OCT.	28 NOV.
Mrs. Olapeju Sofowora	✓	✓	✓	✓	✓
Dr. (Engr) Gregory Ero	✓	✓	✓	x	✓
Mrs. 'Tokunboh Ishmael	✓	✓	✓	✓	✓
Ms. Muibat Ijaiya	✓	✓	✓	✓	✓

CORPORATE GOVERNANCE

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 2023

NAMES	18 APR.	24 JUL.	16 OCT.	27 NOV.
Professor Oluwatoyin Ashiru	✓	✓	✓	✓
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.

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 2023 financial year, the Audit Committee was chaired by Evangelist Akinola Soares.

Statutory Audit Committee Meetings held in 2023

NAMES	23 FEB.	19 APR.	26 JUL.	18 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, the Board approved the appointment of KPMG Professional Services as the Board and Corporate Governance evaluation consultant for the financial year 2023.

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.

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.

CORPORATE GOVERNANCE

- 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

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 2024 shall be maintained at N200,000,000.00 only.

Years of services of Deloitte & Touche
Deloitte and Touche, the external auditor has served for three years as at the end of the reporting period.

Mrs. Olufunmilayo Adedibu
Company Secretary
FRC/2014/NBA/00000005887

4

Financial Statements

BOARD OF DIRECTORS, OFFICERS & PROFESSIONAL ADVISORS

FOR THE YEAR ENDED 31 DECEMBER 2023

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
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 2023

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 2023.

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 Limited, CSL Stockbrokers Limited (including its subsidiaries FCMB Asset Management Limited and CSL Capital (UK) 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 2023 was N516.35billion and N93.02billion respectively. The Directors affirm that the Group is strategically poised for continued growth and development. Highlights of the Group's operating results for the year under review are as follows:

	GROUP		COMPANY	
In thousands of naira	31 DEC 2023	31 DEC 2022	31 DEC 2022	31 DEC 2022
Gross earnings	**516,355,140**	**282,981,556**	**24,300,090**	**8,965,995**
Profit before minimum tax and income tax	104,431,449	36,570,063	21,355,337	7,288,386
Minimum tax	(2,218,204)	(1,242,213)	-	(11,107)
Taxation charge	(9,195,626)	(4,199,159)	(2,195,918)	(13,091)
Profit after tax	**93,017,619**	**31,128,691**	**19,159,419**	**7,264,188**
Appropriations:				
Transfer to statutory reserve	11,485,486	3,684,344	-	-
Transfer to retained earnings	81,532,133	27,444,347	19,159,419	7,264,188
	93,017,619	**31,128,691**	**19,159,419**	**7,264,188**
Basic and diluted earnings per share (Naira)	4.70	1.56	0.97	0.37
Total non-performing loans and advances	83,530,838	49,502,460	-	-
Total non-performing loans to total gross loans and advances (%)	4.33%	3.97%	-	-

Proposed dividend

The Board of Directors recommended a cash dividend of 50 kobo per issued and paid up ordinary share for the year ended 31 December 2023 (2022:25kobo). 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 2023

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 (2022 : nil)

e. Directors' interests in contracts

For the purpose of section 303 of the Companies and Allied Matters Act (CAMA 2020), none of the Directors had any direct or indirect interest in contracts or proposed contracts with the Group during the year.

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 2023 is as stated below:

	Shareholding as at 31 December 2023		Shareholding as at 31 December 2022	
	Number of 50k Ordinary Shares Held		Number of 50k Ordinary Shares Held	
Directors' shareholding	Direct holdings	Indirect holdings	Direct holdings	Indirect holdings
Mr. Oladipupo Jadesimi (Chairman)	190,463,000	-	190,463,000	-
Mr. Ladi O Balogun (Group Chief Executive)	205,166,756	-	202,166,756	-
Mr Gbolahan Joshua (Chief Operating Officer)	7,500,000	-	5,372,621	-
Mr. Olufemi Badeji (Executive Director)	7,500,000	-	5,000,000	-
Alhaji Mustapha Damcida (Non-Executive Director)	-	-	-	-
Professor Oluwatoyin Ashiru (Non Executive Director)	2,055,187	-	2,055,187	-
Dr (Engr) Gregory Omosigho Ero (Non-Executive Director)	-	-	-	-
Mrs. Olapeju Eniola Sofowora (Nee Olashore) (Non-Executive Independent Director)	100,000	-	100,000	-
Mrs. Tokunboh Ishmael (Non Executive Director)	-	-	-	-
Ms. Muibat Ijaiya (Non-Executive Independent Director)	8,000	-	8,000	-

Share Range	No. Of Shareholders	% Of Shareholdings	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
TOTAL	**513,841**	**100**	**19,802,710,781**	**100**

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

31 DECEMBER 2022

Share Range	No. Of Shareholders	% Of Shareholdings	No. Of Holdings	% Of Shareholdings
1-10,000	483,754	94.26	384,708,860	1.94
10,001-50,000	22,797	4.44	455,985,849	2.30
50,001-100,000	3,047	0.59	211,792,217	1.07
100,001-500,000	2,834	0.55	539,000,799	2.72
500,001-1,000,000	319	0.06	223,789,617	1.13
1,000,001-5,000,000	342	0.07	669,303,974	3.38
5,000,001-10,000,000	38	0.01	263,700,920	1.33
10,000,001-50,000,000	56	0.01	1,171,107,080	5.91
50,000,001-100,000,000	9	0.00	752,873,717	3.80
100,000,001-500,000,000	17	0.00	3,848,117,786	19.43
500,000,001-1,000,000,000	8	0.00	5,730,807,847	28.94
1,000,000,001-19,802,710,781	4	0.00	5,551,522,115	28.03
TOTAL	**513,225**	**100**	**19,802,710,781**	**100**

The shareholding analysis into domestic and foreign shareholders of the Company is as stated below:

31 DECEMBER 2023

Share Holder Category	No. Of Shareholders	% Of Shareholdings	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**	**100.00**	**19,802,710,781**	**100.00**

31 DECEMBER 2022

Share Holder Category	No. Of Shareholders	% Of Shareholdings	No. Of Holdings	% Of Shareholdings
Domestic shareholders	512,816	99.92	18,742,342,432	94.65
Foreign shareholders	409	0.08	1,060,368,349	5.35
Total	**513,225**	**100.00**	**19,802,710,781**	**100.00**

h. Substantial interest in Shares

The Company's share capital is N9,901,355,390.50 divided into 19,802,710,781 ordinary shares of 50 kobo each. 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 2023:

	31 December 2023		31 December 2022	
Shareholder	Number of shares	% Holding	Number of shares	% Holding
1. FCMB NOMINEES CAPITA IRG TRUSTEES LTD	2,041,172,788	10.31	2,041,172,788	10.31
2. STANBIC NOMINEES NIG. LIMITED - CUSTODY	1,266,597,769	6.40	1,772,885,682	8.95
3. PRIMROSE INVESTMENTS LIMITED	1,070,145,152	5.40	1,067,395,152	5.39
4. BLUECHIP HOLDINGS LIMITED	1,000,050,000	5.05	1,000,050,000	5.05

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

i. Donations and Charitable Gifts

The Group made contributions to charitable and non-political organisations amounting to N221,325,257 (31 December 2022: N299,976,690) during the year.

REQUESTING/BENEFIARY ORGANISATION	DONATION DESCRIPTIONS	AMOUNT (₦)
Lagos State Security Trust Fund	Finance Support To Lagos State Security Trust Fund	30,000,000
Awujale Palace Fund	Sponsorship Of Annual Ijebu Ode Ojude-Oba Festival	25,000,000
Chartered Institute Of Bankers Of Nigeria (CIBN)	Bankers Committee Funds For The Institute	21,647,357
Chartered Institute Of Bankers Of Nigeria (CIBN)	Sponsorship Of Annual Banking And Finance Conference	20,000,000
Tulsi Chanrai Foundation (TCF)	Sponsorship Of "Priceless Gift Of Sight"	10,000,000
Vital Registration Limited	Sponsorship Of The Electronic Civil Registration And Vital Statistics System	10,000,000
Youth Empowerment Foundation (YEF)	Partnership & Sponsorship Of Youth Empowerment	9,997,900
Chartered Institute Of Bankers Of Nigeria (CIBN)	58th Annual Bankers Dinner On The Institutes 60th Anniversary	8,000,000
School Of Art, Nigeria	Support for Training And Empowering Young People	7,200,000
Federal Nigeria Society For The Blind (FNSB)	Sponsorship Of Vocational Training Centre	5,000,000
Triwisdom Life Foundation	Support for Triwisdom Life Foundation	5,000,000
Wiscar & Nnew	Conference Sponsorship Of 2023 Annual Leadership And Mentoring Conference	5,000,000
Chartered Institute Of Logistics And Transport	Sponsorship Support	5,000,000
Sheventures	Sponsorship Of Int'l Women's Day-Women In Tech Events	4,000,000
Ingressive For Good Foundation	FCMB Partners I4G For Hackathon Project	4,000,000
The CIO Awards	Sponsorship Of The CIO Award Africa-2023	3,000,000
Bethesda Child Support Foundation	Support for 2023/2024 Tuition Fee	3,000,000
The Nigerian Economic Summit Group	Support for Membership Due For 2023	3,000,000
2023 FCMB/Hackathon Competition	Winner Of 2023 FCMB/Hackathon Competition	3,000,000
Africa Economic Summit Group	Sponsorship Of Africa Economic Summit 2023	2,500,000
African Consolidated Analytical	Sponsorship Of Money Summit	2,000,000
The Nigerian Institute Of Architect	Support for the 63rd Biennial General Meeting	2,000,000
Association Of Professional Women Bankers	APWB 2023 40th Anniversary Dinner and Marquee Event	2,000,000
Frontline Solutions Partners Limited	Project Hope On Research and Documentary Of Youths in Prison, etc.	2,000,000
Tender Hearts Foundation	Support grant to Women in the Micro-Earnings Business Space	2,000,000
Indian Cultural Association	ICA Diwali Mela 2023 "Festival Of Lights"	2,000,000
Sponsors for Education Opportunity	Corporate sponsorship	2,000,000
Nigerian Conservation Foundation	Sponsorship Of 2023 World Environmental Day Event	1,900,000
Combat Ju-Jutsu	Sponsorship support for the Championship	1,500,000
Nigerian British Chamber Of Commerce	Sponsorship Of NBCC 2023 January Breakfast Meeting	1,000,000
Data & Knowledge Information Privacy Protection Initiative	Sponsorship Of 8th Annual World Data Privacy Day	1,000,000
Financial Institution Training Centre (FITC)	Sponsorship Of 2023 FITC Technnovation Conference	1,000,000
Trinity House	Sponsorship Of 13th Year Anniversary Celebration	1,000,000
Society Of Woman Accountants Of Nigeria	Sponsorship Of Investiture Of 11th National Chairperson Of Swan	1,000,000
Nigeria- Association Of Small Scale Industrialist	Sponsorship Of Nassi Msme Fair-2023	1,000,000
Nigeria Association Of Small And Medium Enterprises	Sponsorship Of 4th Annual Business Roundtable Conference	1,000,000
Institute Of Certified Business Consultants Nigeria	Sponsorship Of 6th Induction Program	1,000,000
International Real Estate Federation Of Nigeria	Fiabci Nigeria'S Golden Jubilee (50th Year) Anniversary	1,000,000
Women In Management And Business	Wimbiz 22nd Annual Conference Sponsorship and Delegates Registration	1,000,000
Chartered Institute Of Stockbrokers	27th Annual Stockbrokers Conference	1,000,000
Meadow Hall School	Christmas Fun Fair 2023	1,000,000
International Women'S Society	Support for Windows Trust Fund	1,000,000
Association Of Asset Custodians Of Nigeria	Sponsorship Of Annual Investors Conference	750,000
University Of Benin Alumni Association, Lagos Branch	Uniben Alumni 2023 Award Of Excellence	700,000

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

REQUESTING/BENEFIARY ORGANISATION	DONATION DESCRIPTIONS	AMOUNT (₦)
Nigeria Bankers Clearing System (NBCS) Conference	Financial Support for Subscription Fee	700,000
Indigenous Book And Arts	Sponsorship Of Indigenous Art And Education	520,000
The International Ass Of Lion Clubs (District 404B3, Nigeria)	Sponsorship Of Advert Placement	500,000
Nigeria Association Of Orthodontists	Sponsorship Of 17th Scientific Conference	500,000
Lagos Business School Alumni Association	28th Lagos Business School Alumni Association President'S Dinner	500,000
Scorecard Venture Limited	Advert Placement In "New Soja" Magazine Special Edition	350,000
Capital Market Correspondence Ass Of Nigeria	Sponsorship Of Annual Conference	300,000
Guild of Corporate Online Publishers (GOCOP)	Sponsorship Of Annual Conference	300,000
Finance Correspondence Association Of Nigeria	Sponsorship Of Annual Conference	300,000
Global Compact Network Nigeria	Sponsorship Of Annual Contribution	300,000
Dan-Eff Decors And Event Management	Decoration and Event Planning for FCMB 3 Locations-Lagos, Ibadan, Abuja	290,000
Mr. Ray Ekpu	Medical Assistance For Mr. Ray Akpu	250,000
Watch Word Group Shareholders Asscciation	Financial Support For Annual General Meeting	200,000
Skill Acquisition Center, Mushin	Corporate sponsorship	120,000
Total		**221,325,257**

j. Events after the Reporting Period

(i)CSL Stockbrokers Limited is a limited Company incorporated in Nigeria on 24 January 1979 as a Private Limited Liability Company. CSL Stockbrokers Limited is a subsidiary of FCMB Group Plc, which owns 99.99% of its issued share capital. The Company is domiciled in Nigeria. The Company's registered office is located at First City Plaza, 44 Marina, Lagos, Nigeria. CSLS owns 75% ownership in CSL Capital (UK) Limited as of 31 December 2023.

Subsequent to the balance sheet date but prior to the issuance of these financial statements, the Company (CSLS) entered into an agreement to divest 30% of its shares in CSL Capital UK Limited ("the Entity"). The request to divestment was completed on 02/02/2024.

As a result of this divestment request, the Company will no longer have significant influence over the operations and financial policies of the Entity and, consequently, the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN ("the FCA") has decided to approve the change in control. The approval remains effective only if the control in question is acquired within three months of the date of the approval (section 191(1) of FSMA). The FCA may extend this three-month period on request.

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 Group 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 2022: 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 2023 and the comparative period vis-a-vis total workforce is as follows:

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

31 DECEMBER 2023

	Number			%	
	Male	Female	Total	Male	Female
Employees	2,090	1,464	3,554	59%	41%

31 DECEMBER 2022

	Number			%	
	Male	Female	Total	Male	Female
Employees	1,919	1,423	3,342	57%	43%

Gender analysis of Top Management is as follows:

31 DECEMBER 2023

	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager (AGM)	37	9	46	51%	13%
Deputy General Manager (DGM)	16	2	18	22%	3%
General Manager (GM)	4	4	8	6%	6%
TOTAL	**57**	**15**	**72**	**79%**	**21%**

31 DECEMBER 2022

	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager (AGM)	24	8	32	41%	14%
Deputy General Manager (DGM)	17	3	20	29%	5%
General Manager (GM)	2	5	7	3%	8%
TOTAL	**43**	**16**	**59**	**73%**	**27%**

Gender analysis of the Board is as follows:

31 DECEMBER 2023

	Number			%	
	Male	Female	Total	Male	Female
Executive Director (ED)	9	1	10	18%	2%
Group Managing Director (GMD)	4	1	5	9%	2%
Non - Executive Directors	24	12	36	51%	26%
TOTAL	**37**	**14**	**51**	**73%**	**27%**

31 DECEMBER 2022

	Number			%	
	Male	Female	Total	Male	Female
Executive Director (ED)	6	1	7	13%	2%
Group Managing Director (GMD)	7	1	8	15%	2%
Non - Executive Directors	18	13	31	39%	28%
TOTAL	**31**	**15**	**46**	**67%**	**33%**

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

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 6,893 at the beginning of the year and received additional 1,091,118 (31 December 2022: 627,799) during the year ended 31 December 2023, of which 1,097,486 (31 December 2022: 634,799) complaints were resolved (inclusive of pending complaints brought forward) and 525 (31 December 2022: 6,893) complaints remained unresolved and pending with the Group as at the end of the year. The total amount resolved was N39.46billion (31 December 2022: N86.65million) while the total disputed amount in cases which remained unresolved stood at N7.29million (31 December 2022: N36.73million).

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.

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 year to year.

Furthermore, it is required that banks should disclose this credit rating prominently in their published annual reports periodically. During the year under review, FCMB Group Plc was assigned the credit ratings below by the following rating agencies:

Type of packaged fixed	Description
Fitch Ratings	Long-Term = B- Short-Term = B Outlook = Stable
Standard & Poor (S&P)	Long-Term = B- Short-Term = B Outlook = Stable
Global Credit Rating Co (GCR)	Long-Term = BBB+ (NG) Short-Term = A3(NG) Outlook = Rating Watch Negative

o. 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 Group makes disclosure of the remuneration paid to its directors as follows:

	NUMBER		AMOUNT CLAIMED (N'000)		AMOUNT REFUNDED (N'000)	
DESCRIPTION	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Pending complaints brought forward	**6,893**	14,008	**783,546**	754,106	**-**	-
Received complaints	**1,091,118**	627,799	**38,685,308**	152,814	**-**	-
Total complaints	**1,098,011**	641,807	**39,468,854**	906,920	**-**	-
Resolved complaints	**1,097,486**	634,799	**39,457,175**	86,647	**899,931**	86,647
Unresolved complaints escalated to CBN for intervention	**73**	115	**7,285**	36,727	**-**	-
Unresolved complaints pending with the bank Carry forward	**452**	6,893	**4,394**	783,546	**-**	-

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Directors' Remuneration

Type of packaged 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 year.
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. Executive Directors are also entitled to severance package as approved by the Board of Directors.	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 arrears.
Director fees	Paid quarterly at the beginning of a new quarter to Non-Executive Directors only.	Paid quarterly in advance.
Sitting allowance	Allowances paid to Non-Executive Directors only, for attending Board and Board Committee Meetings..	Paid after each Meeting.

p. 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/NBA/00000005887
23 February 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION & APPROVAL OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors of FCMB Group Plc accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group as at 31 December 2023, and the results of its operations, cash flows and changes in equity for the year 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 Act, 2011.

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 2023 were approved by the directors on 23 February 2024.

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/2015/IODN/00000006637
23 February 2024

Ladi Balogun
Group Chief Executive
FRC/2013/IODN/00000001460
23 February 2024.

STATUTORY AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 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 2023 was N606.64million (31 December 2022:N759.67million) representing credit facilities to companies in which certain Directors have interests and key management personnel and also these related party loans are performing.

Evangelist Akinola Soares
Chairman, Statutory Audit Committee
FRC/2013/ANAN/00000004356

22 February 2024.

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

Evangelist Akinola Soares
Chairman/Shareholders' representative

Alhaji S B Daranijo
Shareholders' representative

Mr. Hakeem Batula
Shareholders' representative

Mrs. Olapeju Eniola Sofowora
Non-Executive Director

Professor Oluwatoyin Ashiru
Non-Executive Director

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

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 December 2023 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 Group as of and for the year ended 31 December 2023;

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 2023;

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
Group Chief Executive
FRC/2013/IODN/00000001460
24 February 2024.

Deji Fayose
Chief Financial Officer
FRC/2021/001/00000025061
24 February 2024.

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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 34 to 132, which comprise the consolidated and separate statements of financial position as at 31 December 2023, and 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 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 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, Pensions Reform Act 2014, 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.

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Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers - Group	
Loans and advances make up a significant portion of the total assets of the group. At 31 December 2023, gross loans and advances was N1,929.58 billion against which total loan impairment of N88.06 billion was recorded, thus leaving a net loan balance of N1,841.52 billion which represents 42% of the total assets as at the reporting date. The basis of the impairments is summarised in the accounting policies to the consolidated and separate financial statements. 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. 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: i. Estimate of probability of default ii. Estimate of loss given default iii. Segmentation iv. Exposure at default v. Credit classification vi. Estimates of projected cash flows vii. Determination of effective interest rates viii. Forward looking variables 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.	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, our audit procedures included the following: a. 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: • System-based and manual controls over the timely recognition of impaired loans and advances; • Controls over the impairment calculation with the model including data inputs. b. 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 impairment events had occurred and to assess whether there are significant increases 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. c. 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. d. 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. Reviewed the reasonableness of the forward-looking assumptions applied into the impairment

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Key audit matter	How our audit addressed the key audit matter
	calculations. Challenged the multiple economic scenarios and probability weights applied in the model. 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. e. Disclosures in the financial statements were reviewed for reasonableness and compliance with the requirements of the standards. 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 – Company & Group	
Goodwill carrying value was N19.2 billion in the consolidated and separate statement of financial position as at 31 December 2023. 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 31, there are a number of key sensitive judgements adopted by management in determining the inputs into these models which include: • Revenue growth • Operating margins • The discount rates applied to the projected future cash flows. Accordingly, the impairment test of this asset is considered to be a key audit matter. Management have developed a valuation model to enable a fair determination of the discounted cash flows for the significant Cash Generating Unit (CGUs) to which the goodwill relates.	We focused our testing of the impairment of goodwill on the key assumptions made by management. Our audit procedures included: • Reviewed all relevant controls over the generation of the key input - financial forecasts that go into the valuation calculation. • Engaged our internal specialists to assist with: – Critically 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*. – Validated the assumptions used to calculate the discount rates, projected cash flows and recalculating these rates. • 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. • Subjected the key assumptions to sensitivity analysis. • Compared the projected cash flows, including the assumptions relating to revenue growth rates and

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Key audit matter	How our audit addressed the key audit matter
	operating margins, against historical performance to test the accuracy of management's projections. • Checked the mathematical accuracy of the calculations and all relevant inputs into the impairment assessment. 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 2023", which includes the Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, the Board Audit and Risk Management Committee's Report, Board Evaluation Report, the Statement of Corporate Responsibility for Financial Statements, and Other National Disclosures as required by Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria (Amendment) Act 2023 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.

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 International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act 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.

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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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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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.

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 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 45F.

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

   a. Certain sections of the Banks and Other Financial Institutions (BOFIA) Act 2020 and Central Bank of Nigeria (CBN) circular/guidelines; and

   b. Certain sections of the Pension Reform Act 2014 and the National Pension Commission (PENCOM) guidelines.

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

The opinion expressed in these consolidated and separate financial statements is to enable the Group comply with the requirement for the submission of its financial statements to the Central Bank of Nigeria in accordance with Section 26 of Banks and Other Financial Institutions Act, 2020. Consequently, these consolidated and separate financial statements should not be distributed or made available to any third party in whole or in part pending final approval by the Central Bank of Nigeria and subsequent auditors' opinion thereon.

Joshua Ojo
FRC/2013/ICAN/00000000849

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
21 March 2024

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0687033

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

FOR THE YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
In thousands of Naira	Note	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Gross earnings		**516,355,140**	**282,981,556**	**24,300,090**	**8,965,995**
Interest and discount income	8	354,992,921	219,551,592	1,110,978	566,314
Interest expense	9	(178,396,597)	(97,554,170)	(192,580)	(6,858)
Net interest income		**176,596,324**	**121,997,422**	**918,398**	**559,456**
Fee and commission income	11	62,248,186	44,038,977	1,675,185	1,054,476
Fee and commission expense	11	(16,830,562)	(10,024,556)	(7,814)	(1,347)
Net fee and commission income		**45,417,624**	**34,014,421**	**1,667,371**	**1,053,129**
Net trading income	12	9,105,998	12,865,574	-	-
Net income from financial instruments mandatorily measured at FVTPL	13	-	-	3,165,607	-
Intra group revenue	14(c)	-	-	12,512,146	6,745,194
Other gains	14(a)	89,308,354	5,308,030	5,627,580	390,196
		98,414,352	**18,173,604**	**21,305,333**	**7,135,390**
Other income	14(b)	699,681	1,217,383	208,594	209,815
Net impairment losses on financial instruments	10	(59,510,125)	(24,966,308)	(155,381)	(27,669)
Personnel expenses	15	(49,577,142)	(35,614,915)	(1,187,275)	(633,085)
Depreciation and amortisation expenses	16	(11,174,172)	(9,671,931)	(26,380)	(19,909)
General and administrative expenses	17	(63,732,754)	(44,757,223)	(1,203,105)	(881,182)
Other operating expenses	18	(32,702,339)	(23,822,390)	(172,218)	(107,559)
Profit before minimum tax and income tax		**104,431,449**	**36,570,063**	**21,355,337**	**7,288,386**
Minimum tax	20	(2,218,204)	(1,242,213)	-	(11,107)
Taxation charge	20	(9,195,626)	(4,199,159)	(2,195,918)	(13,091)
Profit for the year		**93,017,619**	**31,128,691**	**19,159,419**	**7,264,188**
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Unquoted equity investments at fair value through other comprehensive income:					
- Net change in fair value	24(i)	14,350,106	11,207,646	-	-
- Foreign currency translation differences	24(i)	13,370,241	1,153,171	-	-
		27,720,347	**12,360,817**	**-**	**-**

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
In thousands of Naira	Note	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Items that may be subsequently reclassified to profit or loss:					
Debt investments at fair value through other comprehensive income:					
- Net change in fair value	24(i)	(5,189,073)	(10,303,613)	-	-
- Net impairment reclassified from profit or loss	24(d)	(532,912)	1,088,847	-	-
- Losses arising from derecognition of financial assets		6,214,738	-	-	-
		492,753	**(9,214,766)**	**-**	**-**
Foreign currency translation differences for foreign operations		26,382,272	1,586,104	-	-
		26,875,025	**(7,628,662)**	**-**	**-**
Other comprehensive income for the year, net of tax		**54,595,372**	**4,732,155**	**-**	**-**
Total Comprehensive Income for the Year		**147,612,991**	**35,860,846**	**19,159,419**	**7,264,188**
Profit attributable to:					
Equity holders of the Company		90,988,046	30,900,747	17,518,141	7,264,188
Non-controlling interests		388,295	227,944	-	-
Additional Tier 1 (AT1) Capital holders		1,641,278	-	1,641,278	-
		93,017,619	**31,128,691**	**19,159,419**	**7,264,188**
Total comprehensive income attributable to:					
Equity holders of the Company		146,778,530	35,637,075	19,159,419	7,264,188
Non-controlling interests		834,461	223,771	-	-
		147,612,991	**35,860,846**	**19,159,419**	**7,264,188**
Basic and diluted earnings per share (Naira)	19	4.70	1.56	0.97	0.37

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

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
In thousands of Naira	Note	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
ASSETS					
Cash and cash equivalents	21	579,167,508	247,485,623	4,577,221	30,607
Non-pledged trading assets	22(a)	170,302,701	160,730,775	-	-
Derivative assets held for risk management	23(a)	1,520,716	853,709	-	-
Investment securities	24	794,746,379	524,573,025	63,922,161	8,023,508
Assets pledged as collateral	25	86,714,340	79,009,207	-	-
Loans and advances to customers	26	1,841,516,196	1,195,626,586	-	-
Other assets	27	56,885,173	192,385,077	6,285,010	6,353,476
Restricted reserve deposits	28	799,640,417	493,359,709	-	-
Investment in subsidiaries	29	-	-	132,228,197	132,228,197
Property and equipment, and right of use assets	30	54,132,864	50,967,522	152,164	30,165
Intangible assets	31	31,264,790	29,637,593	181,887	12,094
Deferred tax assets	32	8,003,544	8,423,731	-	-
Total assets		**4,423,894,628**	**2,983,052,557**	**207,346,640**	**146,678,047**
LIABILITIES					
Trading liabilities	23(b)	-	1,883,937	-	-
Derivative liabilities held for risk management	23(b)	998,332	1,699,900	-	-
Deposits from banks	33	280,478,119	124,365,459	-	-
Deposits from customers	34	3,082,971,012	1,944,908,569	-	-
Retirement benefit obligations	35	123,631	23,384	-	-
Current income tax liabilities	20(ii)	11,296,167	7,180,286	410,283	72,584
Deferred tax liabilities	32	2,354,953	391,897	1,834,361	-
Other liabilities	36	245,099,089	196,902,171	5,284,369	8,102,130
Provision	37	10,896,527	7,514,884	-	-
On-lending facilities	38	57,425,081	249,191,651	-	-
Debt securities issued	39	133,142,336	84,745,841	-	-
Borrowings	40	136,482,823	88,364,968	2,917,689	856,858
Total liabilities		**3,961,268,070**	**2,707,172,947**	**10,446,702**	**9,031,572**
EQUITY					
Share capital	41(b)	9,901,355	9,901,355	9,901,355	9,901,355
Additional Tier 1 (AT1) Capital issued	41(c)	46,686,000	-	46,686,000	-
Share premium	42	115,392,414	115,392,414	115,392,414	115,392,414
Retained earnings	42	152,120,766	74,561,490	24,920,169	12,352,706
Other reserves	42	136,852,126	75,045,929	-	-
Total Equity attributable to owners of the Company		**460,952,661**	**274,901,188**	**196,899,938**	**137,646,475**
Non-controlling Interests	43	1,673,897	978,422		
		462,626,558	**275,879,610**	**196,899,938**	**137,646,475**
Total liabilities and equity		**4,423,894,628**	**2,983,052,557**	**207,346,640**	**146,678,047**

The financial statements and the accompanying notes and significant accounting policies were approved by the Board of Directors on 23 February 2024 and signed on its behalf by:

Oladipupo Jadesimi
Chairman
FRC/2015/IODN/00000006637

Ladi Balogun
Group Chief Executive
FRC/2013/IODN/00000001460

Deji Fayose
Chief Financial Officer
FRC/2021/001/00000025061

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGE IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

GROUP

In thousands of Naira	Share capital	Share premium	Additional 1 (AT1) Capital[a]	Retained earnings	Statutory reserve[b]	AGSMEIS reserve	Forbearance reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	Non-controlling Interest	Total equity
Balance 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 investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	27,720,347	-		27,720,347
Debt investments 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**	**-**	**834,460.51**	**147,612,991**
Transactions with equity holders, recorded directly in equity												
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 from forbearance reserve	-	-	-	-	-	-	(1,960,712)	-	-	1,960,712		-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-	-	-	-		-
Dividend paid	-	-	-	(4,950,678)	-	-	-	-	-	-		(4,950,678)
Transactions with minority shareholders recorded directly in equity												
Dividend paid											(138,986)	(138,986)
Total contributions by and distributions to equity holders	**-**	**-**	**45,044,722**	**(13,428,771)**	**11,485,486**	**(3,828,495)**	**(1,960,712)**	**-**	**-**	**1,960,712**	**(138,986)**	**39,133,957**
Balance at 31 December 2023	**9,901,355**	**115,392,414**	**46,686,000**	**152,120,766**	**30,714,768**	**869,452**	**-**	**38,477,312**	**49,849,882**	**16,940,712**	**1,673,897**	**462,626,558**

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

Notes:

(a) For further details refer to Note 41(c)

(b) Nigerian banking regulations require the Banking subsidiary 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.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGE IN EQUITY (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

GROUP

In thousands of Naira	Share capital	Share premium	Additional 1 (AT1) Capital[(a)]	Retained earnings	Statutory reserve[(b)]	AGSMEIS reserve	Forbearance reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	Non-controlling Interest	Total equity
Balance at 1 January 2022	**9,901,355**	**115,392,414**	**-**	**62,872,102**	**15,544,938**	**3,521,475**	**1,960,712**	**10,950,928**	**18,490,731**	**4,590,000**	**581,059**	**243,805,714**
Profit for the year	-	-	-	30,900,747	-	-	-	-	-	-	227,944	31,128,691
Other comprehensive income												
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	12,360,817	-		12,360,817
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(9,214,766)	-		(9,214,766)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	1,590,278	-	-	(4,174)	1,586,104
Total comprehensive income for the year	**-**	**-**	**-**	**30,900,747**	**-**	**-**	**-**	**1,590,278**	**3,146,051**	**-**	**223,771**	**35,860,846**
Transfer between reserves												
Transfer to statutory reserve	-	-	-	(3,684,344)	3,684,344	-	-	-	-	-		-
Transfer to AGSMEIS reserve	-	-	-	(1,176,472)	-	1,176,472	-	-	-	-		-
Transfer to regulatory risk reserve	-	-	-	(10,390,000)	-	-	-	-	-	10,390,000		-
Transactions with owners recorded directly in equity												
- Dividend paid	-	-	-	(3,960,542)	-	-	-	-	-	-		(3,960,542)
Transactions with minority shareholders recorded directly in equity												
- Dividend paid	-	-	-	-	-	-	-	-	-	-	(34,880)	(34,880)
- NCI share of on Acqusition of AIICO pensions	-	-	-	-	-	-	-	-	-	-	208,472	208,472
	-	**-**	**-**	**(19,211,358)**	**3,684,344**	**1,176,472**	**-**	**-**	**-**	**10,390,000**	**173,592**	**(3,786,950)**
Balance at 31 December 2022	**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**

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

Notes:

(a). For further details refer to Note 41(c)

(b). Nigerian banking regulations require the Banking subsidiary 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.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGE IN EQUITY (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY

In thousands of Naira	Share capital	Share premium	Additional 1 (AT1) Capital[a]	Retained earnings	Statutory reserve[b]	AGSMEIS reserve	Forbearance reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	Non-controlling Interest	Total equity
Balance 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 investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Debt investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,641,278	17,518,141	-	-	-	-	-	-	-	19,159,419
Transactions with equity holders, recorded directly in equity												
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 from forbearance reserve	-	-	-	-	-	-	-	-	-	-		-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-	-	-	-		-
Dividend paid	-	-	-	(4,950,678)	-	-	-	-	-	-		(4,950,678)
Total contributions by and distributions to equity holders	-	-	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
Balance as at 1 January 2022	9,901,355	115,392,414	-	9,049,060	-	-	-	-	-	-	-	134,342,829
Profit for the year	-	-	-	7,264,188	-	-	-	-	-	-		7,264,188
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	-	-	-	7,264,188	-	-	-	-	-	-	-	7,264,188
Transactions with owners recorded directly in equity												
Dividend paid	-	-	-	(3,960,542)	-	-	-	-	-	-		(3,960,542)
Total Contributions by and distributions	-	-	-	(3,960,542)	-	-	-	-	-	-	-	(3,960,542)
Balance at 31 December 2022	9,901,355	115,392,414	-	12,352,706	-	-	-	-	-	-	-	137,646,475

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
In thousands of Naira	Note	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Cash flows from operating activities					
Profit for the year		93,017,619	31,128,691	19,159,419	7,264,188
Adjustments for:					
Net impairment loss on financial assets	10	59,510,125	24,966,308	155,381	27,669
Fair value gain on financial assets held for trading		(816,697)	(893,766)	-	-
Amortisation of intangibles	16	3,094,464	2,005,606	-	-
Depreciation of property and equipment	16	8,079,708	7,666,325	26,380	19,909
(Loss)/Gain on disposal of property and equipment	14(b)	(39,401)	10,620	1,837	632
Items written-off during the year		14,970	-	7,363	-
Modification gain on restructured facilities	14(a)(iii)	(3,643,983)	(32,917)	-	-
Unrealised foreign exchange gains	14(a)(ii)	(83,956,087)	(4,297,573)	(5,627,580)	(390,196)
Other operating expenses - provisions for litigation no longer required	18(a)	2,525,000	915,000	-	-
Net interest income		(176,596,324)	(121,997,422)	(918,398)	(559,456)
Intra group revenue	14(c)	-	-	(12,512,146)	(6,745,194)
Dividends received	14(a)(i)	(1,708,284)	(977,540)	-	-
Tax expense	20	11,413,830	5,441,372	2,195,918	24,198
		(89,105,060)	**(56,065,296)**	**(677,433)**	**(358,250)**
Changes in operating assets and liabilities					
Net increase in restricted reserve deposits		(306,280,708)	(163,620,562)	-	-
Net decrease in derivative assets held for risk management		(667,007)	(853,709)	-	-
Net increase in trading assets		(10,388,623)	(120,086,267)	-	-
Net increase in loans and advances to customers		(745,091,565)	(136,807,098)	-	-
Net decrease/(increase) in other assets		149,549,327	(56,400,636)	271,774	380,700
Net increase in trading liabilities		(1,883,937)	(3,290,965)	-	-
Net increase/(decrease) in deposits from banks		156,112,660	(36,381,457)	-	-
Net increase in deposits from customers		1,138,062,443	390,494,946	-	-
Net (decrease)/increase in on-lending facilities		(191,766,570)	91,317,877	-	-
Net (increase)/decrease in assets pledged as collateral		(12,894,206)	26,143,863	-	-
Net (decrease)/increase in derivative liabilities held for risk management		(701,568)	1,699,900	-	-
Net increase in provision		(1,069,055)	(1,044,099)	-	-
Net increase in other liabilities		72,134,670	9,693,788	964,328	453,743
		156,010,801	**(55,199,715)**	**558,669**	**476,193**
Interest received		395,504,988	216,005,064	2,752,256	566,314
Interest paid		(189,361,578)	(104,320,759)	-	-
Dividends received		1,708,284	977,540	6,879,182	5,026,119
VAT paid		(6,332,632)	(1,643,872)	(45,807)	(90,813)
Income taxes paid		(5,380,741)	(2,957,020)	(12,751)	(2,540)
Net cash generated from operating activities		**352,149,122**	**52,861,238**	**10,131,549**	**5,975,272**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
In thousands of Naira	Note	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Cash flows from investing activities					
Investment in subsidiaries		-	-	-	(850,000)
Purchase of property and equipment	30	(12,970,283)	(11,386,097)	(149,079)	(9,108)
Purchase of intangible assets	31(a)	(2,615,709)	(4,133,982)	(169,793)	-
Purchase of intangible assets work-in-progress	31(a)	(1,928,529)	(842,710)	-	(12,094)
Proceeds from sale of property and equipment		1,043,350	34,290	64	1,217
Acquisition of investment securities		(482,051,102)	(266,944,103)	(47,347,340)	(2,587,255)
Proceeds from sale and redemption of investment securities		274,377,093	97,240,228	-	-
Acquisition of AIICO Pension (net of cash acquired)		-	(2,541,435)	-	-
Net cash used in from investing activities		**(224,145,180)**	**(188,573,809)**	**(47,666,147)**	**(3,457,240)**
Cash flows from financing activities					
Interest paid on interest bearing borrowings	39(f)&40(c)	(7,108,797)	-	(131,750)	-
Interest paid on interest debt securities issued		(5,297,990)			
Proceeds from Additional Tier 1 capital issued	41(c) &24(i)	46,686,000	-	46,686,000	-
Payments on Issuing cost of Additional Tier 1 capital		(821,102)	-	-	-
Coupon paid on Additional Tier 1 capital	41(c) (iv)	(1,641,278)	-	(1,641,278)	-
Proceeds from long term borrowings	40(c)	24,391,167	29,436,917	2,000,000	850,000
Repayment of long term borrowings	40(c)	(44,734,130)	(23,160,725)	-	-
Proceeds from debt securities issued	48(xxi)	-	2,121,060	-	-
Repayment of debt securities issued	48(xxi)	-	-	-	-
Lease payment	36(g)	(678,963)	(561,182)	-	-
Dividends paid to owners		(4,950,678)	(3,995,422)	(4,950,678)	(3,960,542)
Net cash generated/(used in) from financing activities		**5,844,229**	**3,840,648**	**41,962,294**	**(3,110,542)**
Net increase/(decrease) in cash and cash equivalents		**133,848,171**	**(131,871,923)**	**4,427,696**	**(592,510)**
Cash and cash equivalents at start of year		247,510,880	362,729,825	30,607	621,755
Increase /(decrease) in cash and cash equivalents		133,848,171	(131,871,923)	4,427,696	(592,510)
Effect of exchange rate movement on cash and cash equivalents held		197,849,565	16,652,978	118,918	1,362
Cash and cash equivalents at end of year		**579,208,616**	**247,510,880**	**4,577,221**	**30,607**

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 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 2023 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 Group'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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

b) Assumptions and estimation uncertainties

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

- **Notes 4(b) and 3(k)(vii):** impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- **Note 7:** measurement of the fair value of financial instruments with significant unobservable inputs.
- **Note 32:** recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.
- **Note 31(d) - (e):** impairment testing for CGUs containing goodwill: key assumptions underlying recoverable amounts.

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

(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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(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.

(d) Interest

Interest income and expense are recognised in profit or loss using the effective interest method (except for the interest expense element on the AT1 capital which is recognised as a component of equity. The interest income element of the intra group AT1 instrument issued to First City Monument Bank Limited is recognised in intra group revenue). 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 instruments 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 intra-group revenue based on the underlying classification of the equity investment.

(I) Leases

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

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

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

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

Lease payments included in the measurement of the lease liability comprise the following:

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

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

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

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

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

(ii) Group acting as a lessor

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

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

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

The Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset.

(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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(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 loss.

Minimum tax is determined based on the sum of:

- the highest of; 0.25% of revenue of N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets; and
- 0.125% of revenue in excess of N500,000.

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

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

(b) Deferred tax

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

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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,

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off policy

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Recoveries of amount previously written off are included in impairment losses "on financial instruments" in the statement of profit or loss and other comprehensive income". However, financial assets 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 writes 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 Bank and Group's day-to-day operations. They are calculated as a fixed percentage of the Group's and Bank's deposit liabilities.

(m) Trading assets and liabilities

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

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

(n) Assets pledged as collateral

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

(o) Loan and advances

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

- loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction 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 equipment	5 years
Motor vehicles	4 years
Right-of-use assets	Over the relevant lease terms.

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) Derecognition

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(s) Intangible assets

(I) Goodwill

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

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Subsequent measurement

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

(ii) Software

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

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

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

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

(t) Impairment of non-financial assets

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

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

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

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

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

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

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

(v) Sale and repurchase agreements

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

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

(w) Provisions

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

(x) Financial guarantees and loan commitments

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

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

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

The Group has issued no loan commitment that are measured at fair value through profit or loss.

For other loan commitments:

- The Group recognises loss allowance (see k(vii)).
- Liabilities arising from financial guarantees and loan commitments are included within provisions.

(y) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

(iii) Termination benefits

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

(z) Share capital, 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(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 Banking subsidiary 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:** 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.

(ad) Deposit for Investment in AGSMEIS

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

(ae) Consumables

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

(af) Levies

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

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

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

(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 2023 and have not been applied in preparing these (consolidated and separate) financial statements. Those Standards, Amendments to Standards, and Interpretations which may be relevant to the Group (or Company) are set out below.

The Group and Company 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 consolidated and separate financial statements.

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the annual period starting from 1 January 2023. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

IFRS 17 – Insurance Contracts

The IASB issued IFRS 17 in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard.

The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. This standard does not impact the Group in anyway as the Company and its subsidiary companies do not engage in insurance business.

Amendments to IAS 8 – Definition of Accounting Estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

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

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

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

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosure.

The amendment is not expected to have any material impact on the Group.

New and revised IFRS Standards in issue but not yet effective

Entities are required to disclose in their financial statements the potential impact of new and revised IFRS Standards that have been issued but are not yet effective. The disclosures below reflect a cut off date of 31 December 2023. The potential impact of the application of any new and revised IFRS Standard issued by the IASB after 31 December 2023, but before the financial statements are issued should also be considered and disclosed. The impact of the application of the new and revised IFRS Standards (see below) is for illustrative purposes only. Entities should analyse the impact based on their specific facts and circumstances.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

Standard	Content	Effective Date
IAS 1	Amendment to IAS 1 - Classification of Liabilities as Current or Non-current	01 JAN 2024
IFRS 16	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	01 JAN 2024
IAS 7 & IFRS 7	Supplier Finance Arrangements	01 JAN 2024

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 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 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 Group 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.

Amendments to IAS 7 & IFRS 7 – Supplier Finance Arrangements

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments. The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions.

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

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

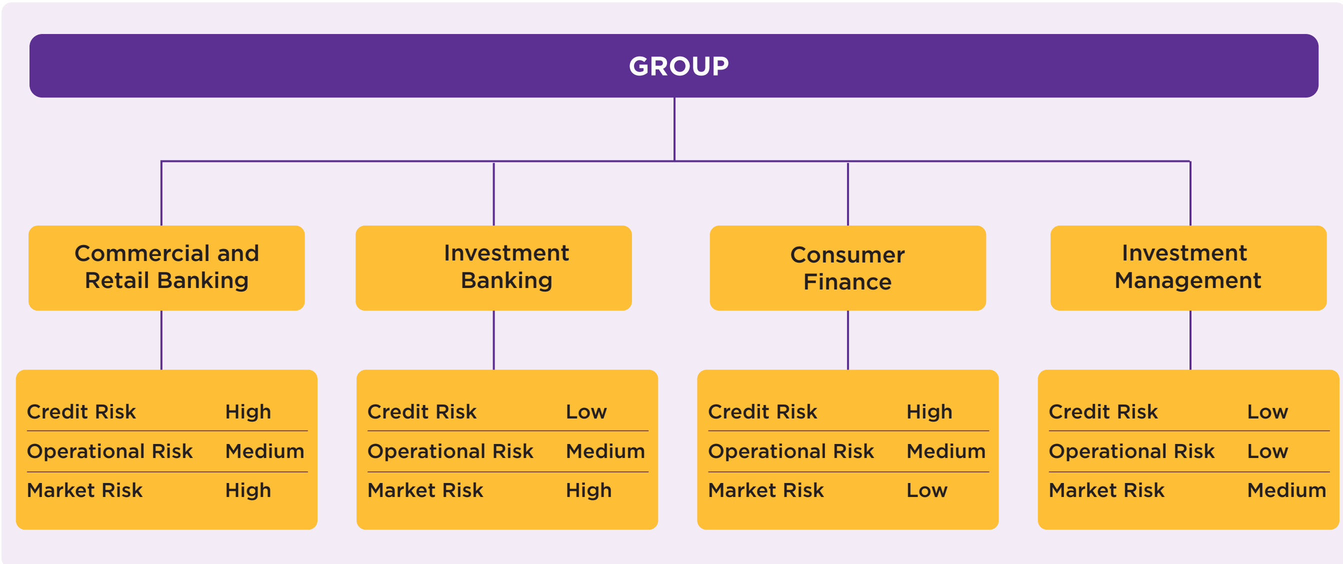
(f) the Group will avoid products and businesses it does not understand.

FCMB shall seek to fully understand the risks and rewards of transactions; and 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Business Units and Risk Exposures



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 significantly accelerated compared to the same period in the last financial as the value of the domestic currency fell by 100.4% of its value on the official exchange rate window, from 449.05 at the beginning of the year to the U.S. dollar to 951.79 at the end of the year during the harmonisation and unification of the currency exchange rate system, which led to the proscription of the multiple exchange rates. 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 18.75% 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 in 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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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, Audit and Finance 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 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.

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 establish 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.

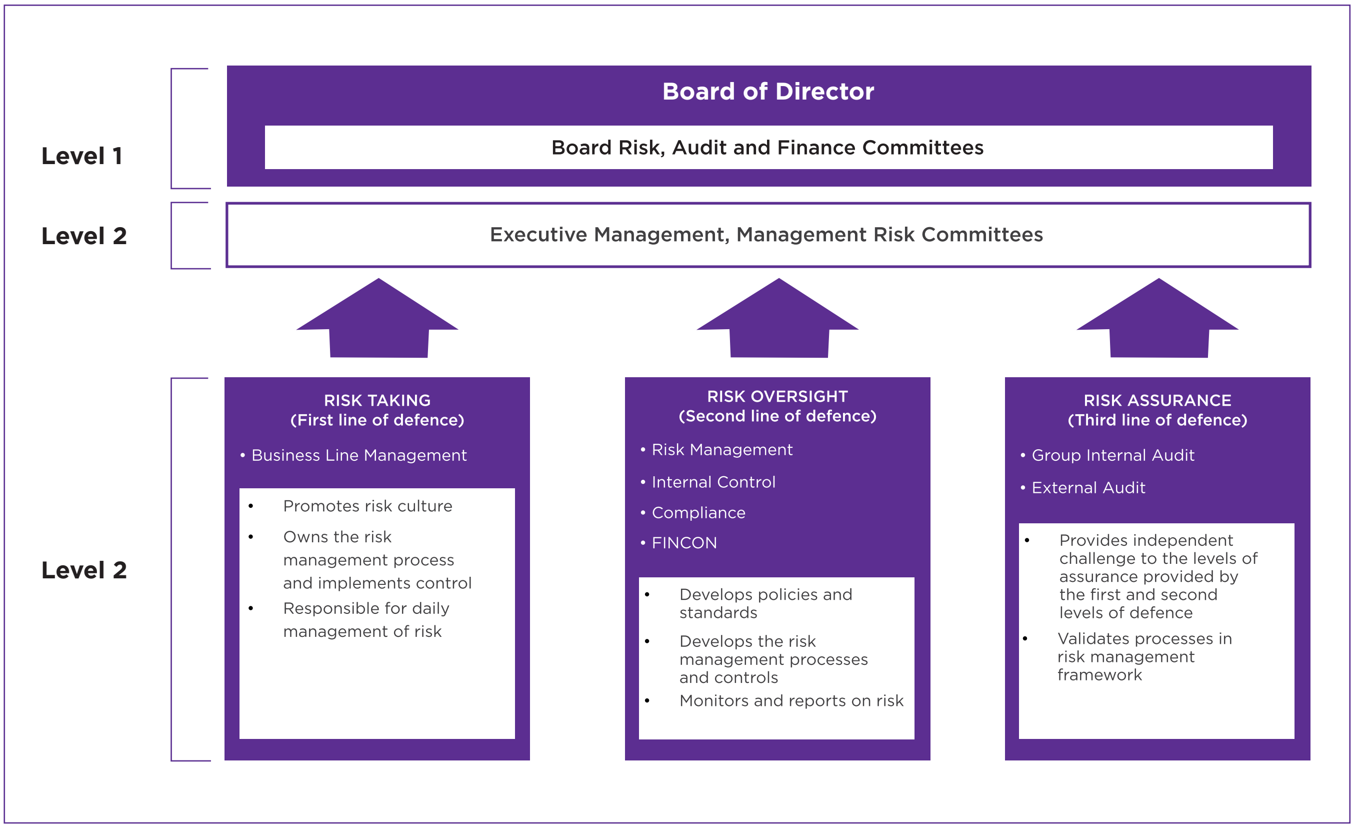
(ii) **Risk oversight:** independent control function over the business processes and related risks to ensure that business and process owners operate within defined appetite and approved policies and procedures. It is provided by functions such as risk management, internal control, compliance, and finance. 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, Audit and Finance 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.

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 Operation</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>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 colspan="2">Information Security Steering Committee</td><td colspan="2">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, Audit and Finance Committee</td></tr>
<tr><td colspan="10">Board of Directors</td></tr>
</table>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Details of the Group's three-line defence mechanism is described below:



(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, Audit and Finance Committee is also responsible for this independent assurance and assisted in its function by the internal and external auditors.

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, Audit and Finance Committee (BRAFC)**, 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 BRAFC 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 BRAFC 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 predefined 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, Audit and Finance Committee and has direct responsibility for implementing the enterprise risk management framework and related policies approved by the BRAFC. 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(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 policies 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;

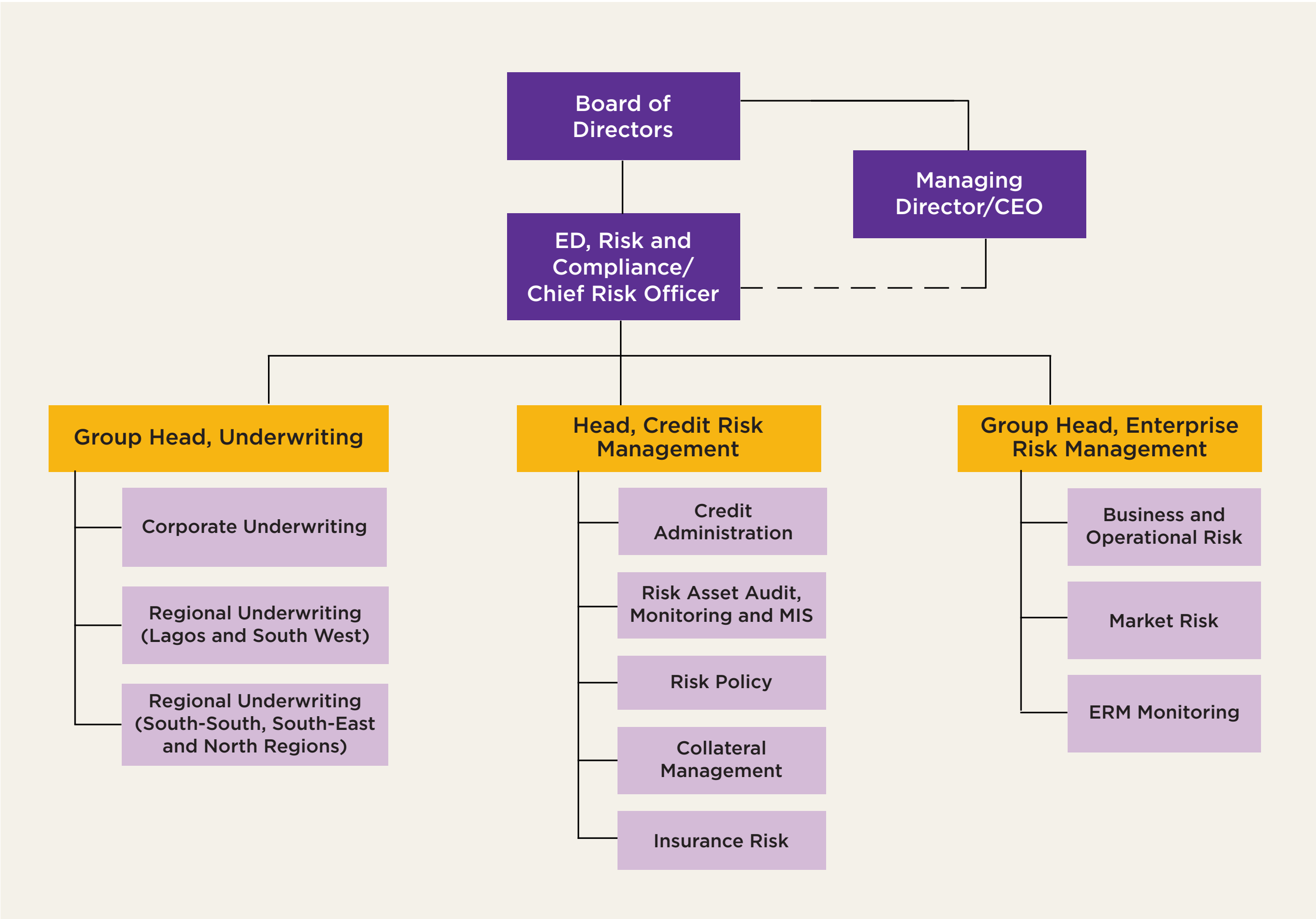
m) make recommendations with respect to capital allocation, pricing and reward/ sanctions based on risk reports; and

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

The organisational structure of the Risk Management Division is shown in the diagram below:



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

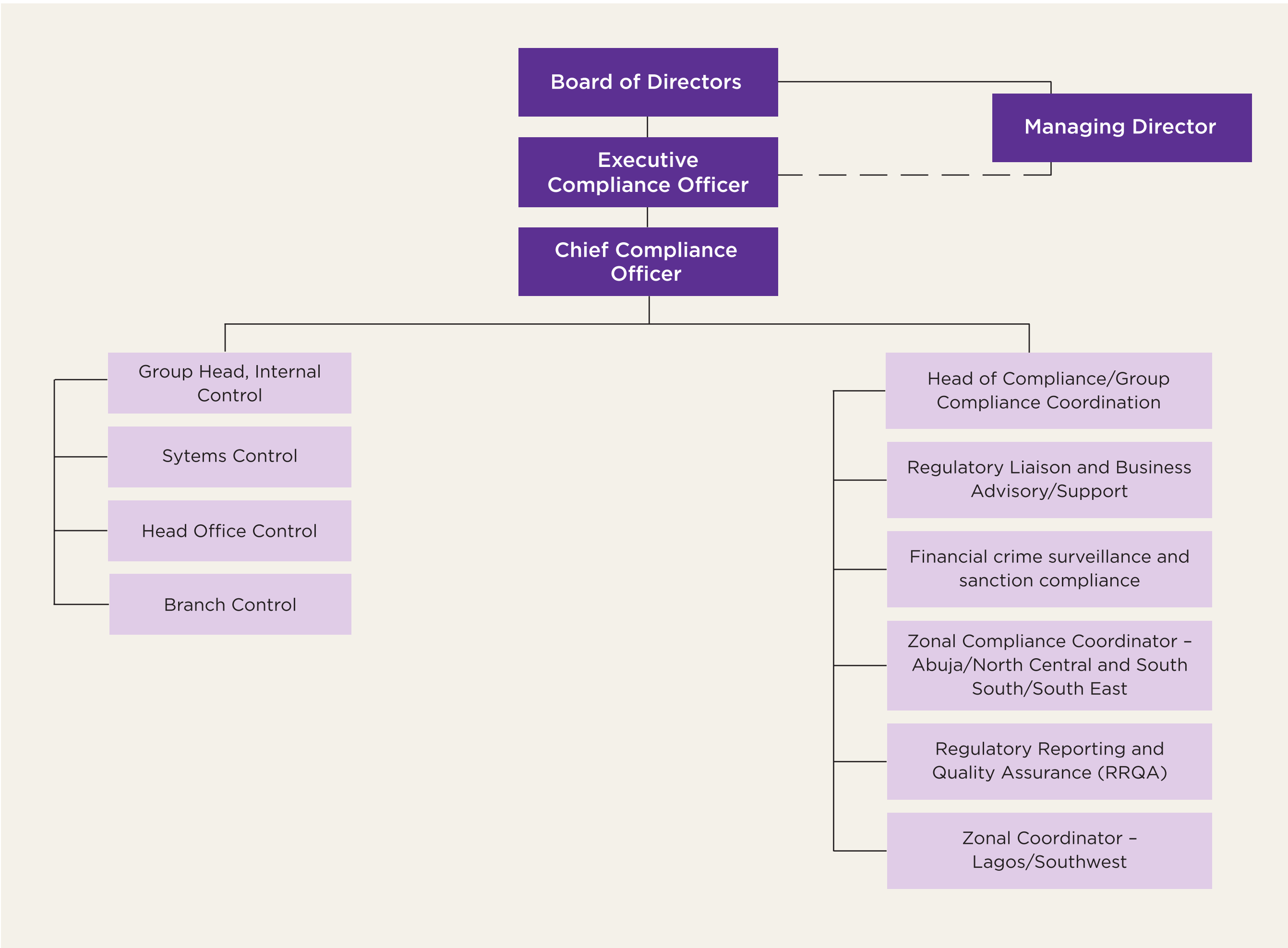
The Internal Control Division is primarily charged with the following:

- 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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



(c) Group Finance Division

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.

(c) Board

The Board Risk, Audit and Finance Committee also serves as part of the independent assurance group and assisted in its role by the internal and external auditors.

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.

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 / 31 December 2022:

INTERNAL RATING SCALE	DESCRIPTION	EXTERNAL RATING SCALE (MOODY'S)	EXTERNAL RATING SCALE (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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

The Group's internal rating scale and mapping to external ratings as at 31 December 2023 / 31 December 2022 ***(cont'd)***

INTERNAL RATING SCALE	DESCRIPTION	EXTERNAL RATING SCALE (MOODY'S)	EXTERNAL RATING SCALE (S&P)
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
C+		Caa3	CCC-
C	**Lower speculative grade**	Caa3	CCC-
C-		D	NA

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. - Minimal susceptibility to economic conditions and changes in circumstances
Permissible grade	Indicate that the borrower in this have the capacity to meet financial obligations, but with grade below the investment grade.	- Moderate credit risk profile - Elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time - Business or financial flexibility exists which supports the servicing of financial commitments.
Speculative grade	Indicate 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 - Obligor will likely have some quality and protective characteristics, but these may be outweighed by large uncertainties or major exposures to adverse conditions. - Vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments
Lower speculative grade	Indicate that the likelihood of the borrower in meeting its financial obligation is strongly in doubt.	- Very high credit risk profile - 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 who 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 collateral proposed by customers as part of the credit approval process to determine acceptability of the collateral. Beyond the initial assessment at the point of credit origination however, 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 debentures; 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.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 look 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 Group.
- 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 (12-month 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
FOR THE YEAR ENDED 31 DECEMBER 2023

Exposure to credit risk

GROUP

In thousands of Naira	12-month PD ranges	31 DEC 2023 Stage 1	Stage 2	Stage 3	Total
Consumer facilities portfolio					
Investment grade	0.00 - 0.59	-	-	-	-
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	229,962,209	207,181	10,025,115	240,194,505
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**229,962,209**	**207,181**	**10,025,115**	**240,194,505**
Loss allowance		(3,472,840)	(6,046)	(2,556,209)	(6,035,095)
Carrying amount		**226,489,369**	**201,135**	**7,468,906**	**234,159,410**
Corporate facilities portfolio					
Investment grade	0.00 - 0.59	295,986,486	-	-	295,986,486
Permissible grade	0.60 -11.34	215,921,964	144,516,750	27,338,568	387,777,282
Speculative grade	11.35-99.99	248,932,122	371,705,187	23,643,034	644,280,343
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**760,840,572**	**516,221,937**	**50,981,602**	**1,328,044,111**
Loss allowance		(6,989,530)	(11,744,200)	(45,561,418)	(64,295,148)
Carrying amount		**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	57,425,388	6,814,839	1,736,142	65,976,369
Speculative grade	11.35-99.99	216,395,395	22,046,853	19,753,601	258,195,849
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**274,847,860**	**28,861,692**	**21,489,743**	**325,199,295**
Loss allowance		(4,069,237)	(984,810)	(11,149,399)	(16,203,446)
Carrying amount		**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	-	-	-	-
Speculative grade	11.35-99.99	2,982,524	-	688,744	3,671,268
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**30,138,621**	**-**	**688,744**	**30,827,365**
Loss allowance		(445,745)	-	(635,332)	(1,081,077)
Carrying amount		**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	4,967,297	5,994	345,634	5,318,925
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**4,967,297**	**5,994**	**345,634**	**5,318,925**
Loss allowance		(178,947)	(2,014)	(267,161)	(448,122)
Carrying amount		**4,788,350**	**3,980**	**78,473**	**4,870,803**
Gross carrying amount		**1,300,756,559**	**545,296,804**	**83,530,838**	**1,929,584,201**
Loss allowance		(15,156,299)	(12,737,070)	(60,169,519)	88,062,888
Carrying amount		**1,285,600,260**	**532,559,734**	**23,361,319**	**1,841,521,313**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Exposure to credit risk

GROUP

In thousands of Naira	12-month PD ranges	31 DEC 2022 Stage 1	Stage 2	Stage 3	Total
Consumer facilities portfolio					
Investment grade	0.00 - 0.59	-	-	-	-
Permissible grade	0.60 -11.34	22,277,250	2,024,594	4,489,698	28,791,542
Speculative grade	11.35-99.99	154,659,935	106,209	4,291,958	159,058,102
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**176,937,185**	**2,130,803**	**8,781,656**	**187,849,644**
Loss allowance		(2,666,645)	(51,175)	(5,982,033)	(8,699,853)
Carrying amount		**174,270,540**	**2,079,628**	**2,799,623**	**179,149,791**
Corporate facilities portfolio					
Investment grade	0.00 - 0.59	86,852,327	-	-	86,852,327
Permissible grade	0.60 -11.34	205,350,020	24,862,598	22,868	230,235,486
Speculative grade	11.35-99.99	171,616,227	232,046,497	19,750,865	423,413,589
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**463,818,574**	**256,909,095**	**19,773,733**	**740,501,402**
Loss allowance		(7,654,969)	(10,164,684)	(1,609,816)	(19,429,469)
Carrying amount		**456,163,605**	**246,744,411**	**18,163,917**	**721,071,933**
SME facilities portfolio					
Investment grade	0.00 - 0.59	15,885,373	-	-	15,885,373
Permissible grade	0.60 -11.34	57,392,493	-	-	57,392,493
Speculative grade	11.35-99.99	185,732,876	12,082,525	20,093,370	217,908,771
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**259,010,742**	**12,082,525**	**20,093,370**	**291,186,637**
Loss allowance		(5,126,147)	(1,396,225)	(13,162,965)	(19,685,337)
Carrying amount		**253,884,595**	**10,686,300**	**6,930,405**	**271,501,300**
Public sector facility portfolio					
Investment grade	0.00 - 0.59	13,950,263	-	-	13,950,263
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	5,084,591	-	900,669	5,985,260
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**19,034,854**	**-**	**900,669**	**19,935,523**
Loss allowance		(2,295,058)	-	(685,889)	(2,980,947)
Carrying amount		**16,739,796**	**-**	**214,780**	**16,954,576**
Employee loans portfolio					
Investment grade	0.00 - 0.59	-	-	-	-
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	7,070,492	8,750	187,197	7,266,439
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**7,070,492**	**8,750**	**187,197**	**7,266,439**
Loss allowance		(133,279)	(1,769)	(182,405)	(317,453)
Carrying amount		**6,937,213**	**6,981**	**4,792**	**6,948,986**
Gross carrying amount		**925,871,847**	**271,131,173**	**49,736,625**	**1,246,739,645**
Loss allowance		(17,876,098)	(11,613,853)	(21,623,108)	(51,113,059)
Carrying amount		**907,995,749**	**259,517,320**	**28,113,517**	**1,195,626,586**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

GROUP

	31 DEC 2023			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Performance bonds and guarantees	317,635,552	-	-	317,635,552
Clean line letters of credit	96,357,177	-	-	96,357,177
Loan commitments	3,468,603	-	-	3,468,603
Other commitments	764	-		764
Gross carrying amount	**417,462,096**	**-**	**-**	**417,462,096**
Loss allowance	(579,223)	-	-	(579,223)
Net amount	**416,882,873**	**-**	**-**	**416,882,873**

	31 DEC 2022			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Performance bonds and guarantees	178,201,810	-	-	178,201,810
Clean line letters of credit	128,712,165	-	-	128,712,165
Loan commitments	3,869,461	-	-	3,869,461
Other commitments	11,787	-		11,787
Gross carrying amount	**310,795,223**	**-**	**-**	**310,795,223**
Loss allowance	(2,022,467)	-	-	(2,022,467)
Net amount	**308,772,756**	**-**	**-**	**308,772,756**

Credit risk exposure relating to other financial assets

GROUP

	12-month	31 DEC 2023			
In thousands of Naira	PD ranges	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents					
Investment grade	0.00 - 0.59	13,063,999	-	-	13,063,999
Permissible grade	0.60 -11.34	566,144,617	-	-	566,144,617
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**579,208,616**	**-**	**-**	**579,208,616**
Loss allowance		(41,108)	-	-	(41,108)
Carrying amount		**579,167,508**	**-**	**-**	**579,167,508**
Restricted reserve deposits					
Investment grade	0.00 - 0.59	799,640,417	-	-	799,640,417
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		**799,640,417**	**-**	**-**	**799,640,417**
Non-pledged trading assets					
Investment grade	0.00 - 0.59	170,302,701	-	-	170,302,701
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		**170,302,701**	**-**	**-**	**170,302,701**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Credit risk exposure relating to other financial assets

GROUP

	12-month	31 DEC 2022			
In thousands of Naira	PD ranges	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents					
Investment grade	0.00 - 0.59	26,468,690	-	-	26,468,690
Permissible grade	0.60 -11.34	221,042,190	-	-	221,042,190
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**247,510,880**	**-**	**-**	**247,510,880**
Loss allowance		(25,257)	-	-	(25,257)
Carrying amount		**247,485,623**	**-**	**-**	**247,485,623**
Restricted reserve deposits					
Investment grade	0.00 - 0.59	493,359,709	-	-	493,359,709
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		**493,359,709**	**-**	**-**	**493,359,709**
Non-pledged trading assets					
Investment grade	0.00 - 0.59	160,730,775	-	-	160,730,775
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		**160,730,775**	**-**	**-**	**160,730,775**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

GROUP

In thousands of Naira	12-month PD ranges	31 DEC 2023 Stage 1	Stage 2	Stage 3	Total
Assets pledged as collateral					
Investment grade	0.00 - 0.59	86,714,340	-	-	86,714,340
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		**86,714,340**	**-**	**-**	**86,714,340**
Investment securities at amortised cost					
Investment grade	0.00 - 0.59	456,930,245	-	-	456,930,245
Permissible grade	0.60 -11.34	18,478,035	-	4,190,541	22,668,576
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**475,408,280**	**-**	**4,190,541**	**479,598,821**
Loss allowance		(3,024,356)	-	(4,190,541)	(7,214,897)
Carrying amount		**472,383,924**	**-**	**-**	**472,383,924**
Investment securities at FVOCI - debt instruments					
Investment grade	0.00 - 0.59	256,806,468	-	-	256,806,468
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		**256,806,468**	**-**	**-**	**256,806,468**
Investment securities at FVOCI - quoted equity investments					
Investment grade	0.00 - 0.59	106,624	-	-	106,624
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**106,624**	**-**	**-**	**106,624**
Loss allowance	-	-	-	-	
Carrying amount		**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		65,449,363	-	-	65,449,363
Carrying amount		**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		35,886,001	17,817,672	39,907,741	93,611,414
Gross carrying amount		**35,886,001**	**17,817,672**	**39,907,741**	**93,611,414**
Loss allowance		(3,740,854)	(7,127,069)	(39,907,741)	(50,775,664)
Carrying amount		**32,145,147**	**10,690,603**	**-**	**42,835,750**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

GROUP

In thousands of Naira	12-month PD ranges	31 DEC 2022 Stage 1	Stage 2	Stage 3	Total
Assets pledged as collateral					
Investment grade	0.00 - 0.59	79,009,207	-	-	79,009,207
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		**79,009,207**	**-**	**-**	**79,009,207**
Investment securities at amortised cost					
Investment grade	0.00 - 0.59	237,354,346	-	-	237,354,346
Permissible grade	0.60 -11.34	19,422,451	-	2,030,131	21,452,582
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**256,776,797**	**-**	**2,030,131**	**258,806,928**
Loss allowance		(908,992)	-	(2,030,131)	(2,939,123)
Carrying amount		**255,867,805**	**-**	**-**	**255,867,805**
Investment securities at FVOCI - debt instruments					
Investment grade	0.00 - 0.59	231,092,599	-	-	231,092,599
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		**231,092,599**	**-**	**-**	**231,092,599**
Investment securities at FVOCI - quoted equity investments					
Investment grade	0.00 - 0.59	105,414	-	-	105,414
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**105,414**	**-**	**-**	**105,414**
Loss allowance		-	-	-	-
Carrying amount		**105,414**	**-**	**-**	**105,414**
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	-	37,507,207	-	-	37,507,207
Carrying amount		**37,507,207**	**-**	**-**	**37,507,207**
Other financial assets					
Investment grade	0.00 - 0.59	161,964,144	-	-	161,964,144
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Unrated	-	25,334,336	13,137,146	12,160,061	50,631,543
Gross carrying amount		**187,298,480**	**13,137,146**	**12,160,061**	**212,595,687**
Loss allowance		(8,097,010)	(8,527,130)	(12,160,061)	(28,784,201)
Carrying amount		**179,201,470**	**4,610,016**	**-**	**183,811,486**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY

	12-month	31 DEC 2023			
In thousands of Naira	PD ranges	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents					
Investment grade	0.00 - 0.59	-	-	-	-
Permissible grade	0.60 -11.34	4,577,221	-	-	4,577,221
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**4,577,221**	**-**	**-**	**4,577,221**
Loss allowance		-	-	-	-
Carrying amount		**4,577,221**	**-**	**-**	**4,577,221**
Restricted reserve deposits					
Investment grade	0.00 - 0.59	-	-	-	-
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		**-**	**-**	**-**	**-**
Non-pledged trading assets					
Investment grade	0.00 - 0.59	-	-	-	-
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		**-**	**-**	**-**	**-**
Assets pledged as collateral					
Investment grade	0.00 - 0.59	-	-	-	-
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**-**	**-**	**-**	**-**
Investment securities at amortised cost					
Investment grade	0.00 - 0.59	3,771,829	-	-	3,771,829
Permissible grade	0.60 -11.34	8,079,912	-	-	8,079,912
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**11,851,741**	**-**	**-**	**11,851,741**
Loss allowance		(306,861)	-	-	(306,861)
Carrying amount		**11,544,880**	**-**	**-**	**11,544,880**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY

	12-month	31 DEC 2022			
In thousands of Naira	PD ranges	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents					
Investment grade	0.00 - 0.59	-	-	-	-
Permissible grade	0.60 -11.34	621,755	-	-	621,755
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**621,755**	**-**	**-**	**621,755**
Loss allowance		-	-	-	-
Carrying amount		**621,755**	**-**	**-**	**621,755**
Restricted reserve deposits					
Investment grade	0.00 - 0.59	-	-	-	-
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		**-**	**-**	**-**	**-**
Non-pledged trading assets					
Investment grade	0.00 - 0.59	-	-	-	-
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		**-**	**-**	**-**	**-**
Assets pledged as collateral					
Investment grade	0.00 - 0.59	-	-	-	-
Permissible grade	0.60 -11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**-**	**-**	**-**	**-**
Investment securities at amortised cost					
Investment grade	0.00 - 0.59	4,335,956	-	-	4,335,956
Permissible grade	0.60 -11.34	3,883,618	-	-	3,883,618
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**8,219,574**	**-**	**-**	**8,219,574**
Loss allowance		(196,066)	-	-	(196,066)
Carrying amount		**8,023,508**	**-**	**-**	**8,023,508**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY

In thousands of Naira	12-month PD ranges	31 DEC 2023 Stage 1	Stage 2	Stage 3	Total
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		-	-	-	-
Carrying amount		**-**	**-**	**-**	**-**
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	-	6,218,475	-	-	6,218,475
Gross carrying amount		**6,218,475**	**-**	**-**	**6,218,475**
Loss allowance		(136,773)	-	-	(136,773)
Carrying amount		**6,081,702**	**-**	**-**	**6,081,702**

COMPANY

In thousands of Naira	12-month PD ranges	31 DEC 2022 Stage 1	Stage 2	Stage 3	Total
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		-	-	-	-
Carrying amount		**-**	**-**	**-**	**-**
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	-	6,426,859	-	-	6,426,859
Gross carrying amount		**6,426,859**	**-**	**-**	**6,426,859**
Loss allowance		(92,187)	-	-	(92,187)
Carrying amount		**6,334,672**	**-**	**-**	**6,334,672**

The drop in the ECL, especially for consumer portfolio even when the outstanding amount increased was due to increase in cash recoveries because of the PD and LGD

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 and 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 year ended 31 December 2023 and 31 December 2022 as part of the Group's restructuring activities and their respective effect on the Group's financial performance.

	GROUP	
	31 DEC 2023	31 DEC 2022
Amortised cost before modification	268,363,426	242,304,737
Net modification (loss)	3,643,983	(2,074,601)

	COMPANY	
	31 DEC 2023	31 DEC 2022
Amortised cost before modification	-	-
Net modification (loss)	-	-

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.

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; and
- The fully provisioned facility is appropriately disclosed in the audited financial statement of the Group.

A gross loan amount, which were impaired were written off during year ended for the Group and Company respectively.

	GROUP	
	31 DEC 2023	31 DEC 2022
	(37,211,861)	(22,218,220)

	COMPANY	
	31 DEC 2023	31 DEC 2022
	-	-

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023	31 DEC 2022
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	-	-

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 2023 and 31 December 2022.

Details of collateral held and the value of collateral 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 shares of quoted and unquoted companies	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**	**-**	**-**

Details of collateral held and their carrying amounts as at 31 December 2022 are as follows:

	GROUP		COMPANY	
In thousands of Naira	Total exposure	Value of collateral	Total exposure	Value of collateral
Secured against real estate	116,202,109	371,523,816	-	-
Secured by shares of quoted and unquoted companies	18,846,492	21,520,113	-	-
Cash Collateral	106,938,512	118,234,215	-	-
Fixed and floating assets	596,713,337	4,297,071,460	-	-
Otherwise secured	348,503,762	-	-	-
Unsecured	59,535,433	-	-	-
	1,246,739,645	**4,808,349,604**	**-**	**-**

The increase in collateral among other things is significantly due to the FX revaluation impact

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 override, 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 nonretail 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 collateralised on a gross exposure basis. The Group undertakes master netting agreements with all counterparties and margining agreements with some counterparties.

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 2023	
	Notional amount	Fair value
Derivative assets held for risk management	67,414,796	1,520,716
Derivative liabilities held for risk management	37,601,455	998,332

	31 DEC 2022	
	Notional amount	Fair value
Derivative assets held for risk management	18,218,453	853,709
Derivative liabilities held for risk management	39,681,014	1,699,900

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:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Concentration by sector

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					
In thousands of Naira	**Stage1**	**Stage 2**	**Stage 3**	**Total gross loans**	**Non performing loans (NPL)**	**Gross lending commitments and financial guarantees**
Administrative & 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 - Upstream	35,642,616	74,043,323	-	109,685,939	-	65,910,116
Oil and Gas - Services	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

FOR THE YEAR ENDED 31 DECEMBER 2023

Gross loans and advances to customers and the non-performing loan portion per industry sector as at 31 December 2022. 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					
In thousands of Naira	Stage1	Stage 2	Stage 3	Total gross loans	Non performing loans (NPL)	Gross lending commitments and financial guarantees
Administrative and Support Services	6,207,429	-	-	6,207,429	-	3,774,966
Agriculture	100,316,352	3,436,270	558,945	104,311,567	558,945	20,523,782
Commerce	120,855,717	147,266	5,953,702	126,956,685	5,953,702	41,885,776
Construction	2,667,480	-	98,108	2,765,588	98,108	29,732,572
Education	7,928,439	62,705	359,630	8,350,774	359,630	-
Finance and Insurance	89,940,047	-	32,794	89,972,841	32,794	79,500
General - Others	14,445,465	8	314,152	14,759,625	314,152	11,451,339
Government	22,973,477	-	-	22,973,477	-	3,811,660
Healthcare	3,321,016	-	100,532	3,421,548	100,532	8,091,800
Hospitality	8,597,465	-	113,924	8,711,389	113,924	557,207
Individual	183,252,087	2,139,552	8,968,853	194,360,492	8,968,853	-
Information and Communication	15,446,923	-	13,849	15,460,772	13,849	6,437,231
Manufacturing	151,269,313	-	10,937,743	162,207,056	10,937,743	146,187,445
Oil and Gas - Downstream	61,190,532	29,533,837	19,854	90,744,223	19,854	-
Oil and Gas - Upstream	1,812,903	45,937,511	12,292,693	60,043,107	12,292,693	21,840,120
Oil and Gas - Services	56,427,653	104,802,392	-	161,230,045	-	-
Power and Energy	19,640,148	28,337,399	8,887,435	56,864,982	8,887,435	-
Professional Services	2,890,043	1,228	84,000	2,975,271	84,000	7,044,342
Real Estate	46,890,645	52,323,069	12,512	99,226,226	12,512	-
Transportation	9,968,546	4,409,932	62,480	14,440,958	62,480	9,377,483
Water Supply; Sewage, Waste Management and Remediation Activities	64,336	-	691,254	755,590	691,254	-
	926,106,016	271,131,169	49,502,460	1,246,739,645	49,502,460	310,795,223

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 2023

GROUP

	Loans and advances to customers					
In thousands of Naira	Stage1	Stage 2	Stage 3	Total gross loans	Non performing loans (NPLs)	Gross lending commitments and financial guarantees
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	-	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

31 DEC 2022

GROUP

	Loans and advances to customers					
In thousands of Naira	Stage1	Stage 2	Stage 3	Total gross loans	Non performing loans (NPLs)	Gross lending commitments and financial guarantees
North East	10,755,700	6,064	671,976	11,433,740	671,976	2,370,701
North Central	64,904,085	46,509	2,857,919	67,808,513	2,857,919	13,220,150
North West	42,088,570	10,786	1,363,893	43,463,249	1,363,893	7,562,064
South East	28,681,878	42,296	1,351,145	30,075,319	1,351,145	5,876,318
South South	46,869,005	5,242,643	1,403,340	53,514,988	1,403,340	6,252,073
South West	651,651,821	262,684,610	41,854,187	956,190,618	41,854,187	263,891,279
Europe	81,154,957	3,098,261	-	84,253,218	-	11,622,638
	926,106,016	**271,131,169**	**49,502,460**	**1,246,739,645**	**49,502,460**	**310,795,223**

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, etc.
- 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 Probability of Default (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 Risk Management Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

'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 criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

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.

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 accounting policy 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

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 Risk Management 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, and 3) Pessimistic Scenario. The group adopted statistical forecasts and probability weightings to eliminate biases in the scenarios and sensi-tivity of the forecasts.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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) 5Nigeria'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%

5 year (2023-2027) 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%

5 year (2023-2027) 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%

5 year (2023-2027) 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); and
- 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 PDs 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.

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).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

GROUP

	31 DEC 2023				31 DEC 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents								
Balance at 1 January	25,257	-	-	25,257	29,742	-	-	29,742
Net remeasurement of loss allowances (see note 10)	5,240	-	-	5,240	21,570	-	-	21,570
Foreign exchange and other movements	10,611	-	-	10,611	(26,055)	-	-	(26,055)
Closing balance	**41,108**	**-**	**-**	**41,108**	**25,257**	**-**	**-**	**25,257**
Gross amount	**579,208,616**	**-**	**-**	**579,208,616**	**247,510,880**	**-**	**-**	**247,510,880**
Assets pledged as collateral								
Balance at 1 January	-	-	-	-	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross amount	**86,714,340**	**-**	**-**	**86,714,340**	**79,009,207**	**-**	**-**	**79,009,207**
Loans and advances to customers at amortised cost								
Balance at 1 January	17,876,098	11,613,853	21,623,108	51,113,059	18,097,492	7,031,662	24,439,274	49,568,428
Transfer to Stage 1	5,261,623	(1,733,072)	(3,528,551)	-	3,535,667	(745,515)	(2,790,152)	-
Transfer to Stage 2	(345,800)	355,152	(9,352)	-	(570,822)	606,367	(35,545)	-
Transfer to Stage 3	(1,558,475)	(1,823,956)	3,382,431	-	(295,748)	(242,761)	538,509	-
Net remeasurement of loss allowances (see note 10)	(14,285,301)	1,027,915	68,442,777	55,185,391	(3,143,677)	3,720,038	21,547,954	22,124,315
Financial assets that have been derecognised write-off	-	-	(37,211,861)	(37,211,861)	-	-	(22,218,220)	(22,218,220)
Foreign exchange and other movements	8,208,154	3,297,178	7,470,967	18,976,299	253,186	1,244,062	141,288	1,638,536
Closing balance	**15,156,299**	**12,737,070**	**60,169,519**	**88.062,888**	**17,876,098**	**11,613,853**	**21,623,108**	**51,113,059**
Gross amount	**1,300,756,559**	**545,296,804**	**83,530,838**	**1,929,584,201**	**925,871,847**	**271,131,173**	**49,736,625**	**1,246,739,645**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

GROUP

	31 DEC 2023				31 DEC 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment securities at amortised cost								
Balance at 1 January	908,992	-	2,030,131	2,939,123	999,801	-	1,833,263	2,833,064
Net remeasurement of loss allowances (see note 10)	1,925,338	-	-	1,925,338	3,587	-	-	3,587
Foreign exchange and other movements	190,026	-	2,160,410	2,350,436	(94,396)	-	196,868	102,472
Closing balance	3,024,356	-	4,190,541	7,214,897	908,992	-	2,030,131	2,939,123
Gross amount	475,408,280	-	4,190,541	479,598,821	256,776,797	-	2,030,131	258,806,928
Investment securities at FVOCI								
Balance at 1 January	1,378,165	-	-	1,378,165	316,503	-	-	316,503
Net remeasurement of loss allowances (see note 10)	(532,966)	-	-	(532,966)	1,061,662	-	-	1,061,662
Closing balance	**845,199**	**-**	**-**	**845,199**	**1,378,165**	**-**	**-**	**1,378,165**
Gross amount	**256,806,468**	**-**	**-**	**256,806,468**	**231,092,599**	**-**	**-**	**231,092,599**
Other assets								
Balance at 1 January	11,886,663	4,737,477	12,160,061	28,784,201	7,422,782	710,347	13,076,213	21,209,342
Transfer to Stage 1	1,453,830	2,572,809	2,304,881	6,331,520	1,710,397	(1,500,000)	(210,397)	-
Net remeasurement of loss allowances (see note 10)	5,186,690	1,527,130	4,653,317	11,367,137	2,753,484	5,527,130	(1,390,243)	6,890,371
Write-offs	-	-	(73,263)	(73,263)	-	-	(164,562)	(164,562)
Foreign exchange and other movements	-	-	10,697,589	10,697,589	-	-	849,050	849,050
Closing balance	**18,527,183**	**8,837,416**	**29,742,585**	**57,107,184**	**11,886,663**	**4,737,477**	**12,160,061**	**28,784,201**
Gross amount	**35,886,001**	**17,817,672**	**39,907,741**	**93,611,414**	**187,298,480**	**13,137,146**	**12,160,061**	**212,595,687**
Performance bonds and guarantees, clean line letters of credit and other commitments								
Balance at 1 January	2,022,467	-	-	2,022,467	1,861,737	28,943	-	1,890,680
Net remeasurement of loss allowances (see note 10)	(1,455,945)	-	-	(1,455,945)	158,042	(28,943)	-	129,099
Foreign exchange and other movements	12,701	-	-	12,701	2,688	-	-	2,688
Closing balance	**579,223**	**-**	**-**	**579,223**	**2,022,467**	**-**	**-**	**2,022,467**
Gross amount	**417,462,096**	**-**	**-**	**417,462,096**	**310,795,223**	**-**	**-**	**310,795,223**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY

	31 DEC 2023				31 DEC 2022			
	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	**4,577,221**	**-**	**-**	**4,577,221**	**30,607**	**-**	**-**	**30,607**
Assets pledged as collateral								
Balance at 1 January	-	-	-	-	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross amount	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers at amortised cost								
Balance at 1 January	-	-	-	-	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-	-	-	-	-
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Financial assets that have been derecognised write-off	-	-	-	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross amount	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investment securities at amortised cost								
Balance at 1 January	196,066	-	-	196,066	168,397	-	-	168,397
Net remeasurement of loss allowances (see note 10)	110,795	-	-	110,795	27,669	-	-	27,669
Foreign exchange and other movements	-	-	-	-	-	-	-	-
Closing balance	**306,861**	**-**	**-**	**306,861**	**196,066**	**-**	**-**	**196,066**
Gross amount	**14,377,415**	**-**	**-**	**14,377,415**	**8,219,574**	**-**	**-**	**8,219,574**
Investment securities at FVTPL								
Balance at 1 January	-	-	-	-	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross amount	**49,851,607**	**-**	**-**	**49,851,607**	**-**	**-**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY *(cont'd)*

	31 DEC 2023				31 DEC 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Other assets								
Balance at 1 January	92,187	-	-	92,187	92,187	-	-	92,187
Transfer to Stage 1	-	-	-	-	-	-	-	-
Net remeasurement of loss allowances (see note 10)	44,586	-	-	44,586	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	-	-	-	-
Closing balance	**136,773**	**-**	**-**	**136,773**	**92,187**	**-**	**-**	**92,187**
Gross amount	**6,218,475**	**-**	**-**	**6,218,475**	**6,426,859**	**-**	**-**	**6,426,859**
Performance bonds and guarantees, clean line letters of credit and other commitments								
Balance at 1 January	- -	-	-	-	-	-	-	
Net remeasurement of loss allowances (see note 10)	- -	-	-	-	-	-	-	
Foreign exchange and other movements	- -	-	-	-	-	-	-	
Closing balance	**- -**	**-**	**-**	**-**	**-**	**-**	**-**	
Gross amount	**- -**	**-**	**-**	**-**	**-**	**-**	**-**	

ECL coverage ratio

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	86,714,340	-	-	86,714,340	-	-	-	-
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
FOR THE YEAR ENDED 31 DECEMBER 2023

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	4,577,221	-	-	4,577,221	-	-	-	-
Assets pledged as collateral	-	-	-	-	-	-	-	-
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 FVTPL	49,851,607	-	-	49,851,607	-	-	-	-
Other financial assets measured at amortised cost	6,218,475	-	-	6,218,475	136,773	-	-	136,773
Sub-total	75,024,718	-	-	75,024,718	443,634	-	-	443,634
Off-balance sheet items								
Performance bonds and guarantees	-	-	-	-	-	-	-	-
Clean line letters of credit	-	-	-	-	-	-	-	-
Other commitments	-	-	-	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand total	**75,024,718**	**-**	**-**	**75,024,718**	**443,634**	**-**	**-**	**443,634**

ECL coverage ratio

	GROUP				COMPANY			
On-balance sheet items								
Loans and advances to customers at amortised cost	1.17%	2.34%	72.03%	4.56%	-	-	-	-
Investment securities at amortised cost	0.64%	0.00%	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	0.00%	-	-	0.00%	-	-	-	-
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
FOR THE YEAR ENDED 31 DECEMBER 2023

31 DEC 2022

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	247,510,880	-	-	247,510,880	61,205	-	-	61,205
Assets pledged as collateral at amortised cost	79,009,207	-	-	79,009,207	-	-	-	-
Loans and advances to customers at amortised cost	925,871,847	271,131,173	49,736,625	1,246,739,645	17,876,098	11,613,853	21,623,108	51,113,059
Investment securities at amortised cost	256,776,797	-	2,030,131	258,806,928	899,099	-	2,030,131	2,929,230
Investment securities at FVOCI	231,092,599	-	-	231,092,599	1,378,165	-	-	1,378,165
Other financial assets measured at amortised cost	187,298,480	13,137,146	12,160,061	212,595,687	11,886,663	4,737,477	12,160,061	28,784,201
Sub-total	1,927,559,810	284,268,319	63,926,817	2,275,754,946	32,101,230	16,351,330	35,813,300	84,265,860
Off-balance sheet items								
Performance bonds and guarantees	178,201,810	-	-	178,201,810	1,610,104	-	-	1,610,104
Clean line letters of credit	128,712,165	-	-	128,712,165	412,363	-	-	412,363
Other commitments	3,881,248	-	-	3,881,248	-	-	-	-
Sub-total	**310,795,223**	**-**	**-**	**310,795,223**	**2,022,467**	**-**	**-**	**2,022,467**
Grand total	**2,238,355,033**	**284,268,319**	**63,926,817**	**2,586,550,169**	**34,123,697**	**16,351,330**	**35,813,300**	**86,288,327**

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	30,607	-	-	30,607	9,893	-	-	9,893
Assets pledged as collateral at amortised cost	-	-	-	-	-	-	-	-
Loans and advances to customers at amortised cost	-	-	-	-	-	-	-	-
Investment securities at amortised cost	8,219,574	-	-	8,219,574	186,173	-	-	186,173
Investment securities at FVOCI	-	-	-	-	-	-	-	-
Other financial assets measured at amortised cost	6,426,859	-	-	6,426,859	92,188	-	-	92,188
Sub-total	**14,677,040**	**-**	**-**	**14,677,040**	**288,254**	**-**	**-**	**288,254**
Off-balance sheet items								
Performance bonds and guarantees	-	-	-	-	-	-	-	-
Clean line letters of credit -	-	-	-	-	-	-	-	
Other commitments -	-	-	-	-	-	-	-	
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand total	**14,677,040**	**-**	**-**	**14,677,040**	**288,254**	**-**	**-**	**288,254**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

ECL coverage ratio

	GROUP				COMPANY			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
On-balance sheet items								
Loans and advances to customers at amortised cost	1.93%	4.28%	43.48%	4.10%	-	-	-	-
Investment securities at amortised cost	0.35%	-	100.00%	1.13%	2.26%	-	-	2.26%
Investment securities at FVOCI	0.60%	-	-	0.60%	-	-	-	-
Other financial assets measured at amortised cost	6.35%	36.06%	100.00%	13.54%	1.43%	-	-	1.43%
Sub-total	**1.67%**	**5.75%**	**56.02%**	**3.70%**	**1.96%**	**-**	**-**	**1.96%**
Off-balance sheet items								
Performance bonds and guarantees	0.90%	-	-	0.90%	-	-	-	-
Clean line letters of credit	0.32%	-	-	0.32%	-	-	-	-
Sub-total	**0.65%**	**-**	**-**	**0.65%**	**-**	**-**	**-**	**-**
Grand total	**1.52%**	**5.75%**	**56.02%**	**3.34%**	**1.96%**	**-**	**-**	**1.96%**

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).

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 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**

31 DEC 2022

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-	-	-	2,239	1,502,335	46,365,810	-	47,870,384
Nigerian Treasury Bills	BB-	-	-	-	39,401	-	-	39,401
Fund Investments Government and Others	BB-	-	112,820,990	-	-	-	-	112,820,990
		-	**112,820,990**	**2,239**	**1,541,736**	**46,365,810**	**-**	**160,730,775**

Cash and cash equivalents

The Group held cash and cash equivalents of N579.31billion as at 31 December 2023 (31 December 2022: N234.86billion). 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 management 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 and 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 FCMB 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 deposits (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 Analyses) 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 ratio of the Group's net liquid assets to deposit from customers as at the reporting period is given as:

PERIOD	31 DEC 2023	31 DEC 2022
At 31 December	36.6%	35.4%
Average for the year	36.6%	34.1%
Maximum for the year	42.6%	36.4%
Minimum for the year	33.0%	32.8%

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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.

GROUP

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	22	799,640,417	799,640,417	-	-	-	799,640,417	-	-	799,640,417
Non-pledged trading assets	23(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	25	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	27	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)	32(a)	42,835,750	93,611,414	44,462,473	-	30,377,145	14,073,887	-	4,697,909	93,611,414
		4,314,923,291	**5,537,740,492**	**899,086186**	**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:	24(a)	1,520,716	-	-	-	-	-	-	-	-
Inflow		-	16,566,497	-	-	-	-	-	-	-
Outflow		-	(15,045,781)	-	-	-	-	-	-	-
		1,520,716	**1,520,716**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivative liabilities										
Risk management:	24(b)	998,332	-	-	-	-	-	-	-	-
Inflow		-	17,046,053	-	-	-	-	-	-	-
Outflow		-	(16,047,721)	-	-	-	-	-	-	-
		998,332	**998,332**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-derivative liabilities										
Trading liabilities	23(b)	-	-	-	-	-	-	-	-	-
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	11,762,231	3,820,399	13,312,734	73,268,554	7,544,219	159,626,545
On-lending facilities	36	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	37	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	40(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
FOR THE YEAR ENDED 31 DECEMBER 2023

31 DEC 2022

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	247,485,623	247,485,623	234,818,880	12,666,743	-	-	-	-	247,485,623
Restricted reserve deposit	22	493,359,709	493,359,709	-	-	-	493,359,709	-	-	493,359,709
Non-pledged trading assets	23(a)	160,730,775	159,837,009	5,729,578	-	2,137	42,200	113,634,490	40,428,604	159,837,009
Loans and advances to customers	25	1,195,626,586	1,241,080,152	246,115,194	133,836,065	60,401,955	138,282,186	444,067,061	218,377,691	1,241,080,152
Asset Pledged as Collateral	27	79,009,207	73,838,652	2,045,754	17,926,500	1,700,000	-	26,402,292	25,764,106	73,838,652
Investment securities	24	524,573,025	533,167,442	170,894,056	106,929,751	11,860,098	16,068,178	73,794,280	153,621,079	533,167,442
Other financial assets (net)	32(a)	183,811,486	212,595,687	10,585,514	26,668,297	-	7,155,786	7,753,358	160,432,732	212,595,687
		2,884,596,411	**2,961,364,274**	**670,188,976**	**298,027,356**	**73,964,190**	**654,908,059**	**665,651,481**	**598,624,212**	**2,961,364,274**
Derivative assets										
Risk management:	24(a)	853,709	-	-	-	-	-	-	-	-
Inflow		-	19,046,053	-	-	19,046,053	-	-	-	19,046,053
Outflow		-	(18,192,344)	-	-	(18,192,344)	-	-	-	(18,192,344)
		853,709	**853,709**	**-**	**-**	**853,709**	**-**	**-**	**-**	**853,709**
Derivative liabilities										
Risk management:	24(b)	1,699,900	-	-	-	-	-	-	-	-
Inflow		-	41,201,593	-	-	41,201,593	-	-	-	41,201,593
Outflow		-	(39,501,693)	-	-	(39,501,693)	-	-	-	(39,501,693)
		1,699,900	**1,699,900**	**-**	**-**	**1,699,900**	**-**	**-**	**-**	**1,699,900**
Non-derivative liabilities										
Trading liabilities	23(b)	1,883,937	1,787,518	24,833	-	-	-	-	1,762,685	1,787,518
Deposits from banks	33	124,365,459	124,365,459	68,778,296	11,225,529	40,006,394	4,355,240	-	-	124,365,459
Deposits from customers	34	1,944,908,569	1,944,908,569	1,398,989,138	269,055,205	142,195,858	123,402,451	11,265,917	-	1,944,908,569
Borrowings	40	88,364,968	100,972,104	-	5,247,459	579,045	41,412,453	46,150,976	7,582,170	100,972,104
On-lending facilities	36	249,191,651	251,119,351	8,109,449	12,745,513	31,907,780	29,000,180	124,329,156	45,027,274	251,119,351
Debt securities issued	37	84,745,841	101,728,164	-	-	140,251	12,977,077	31,287,217	57,323,618	101,728,164
Other financial liabilities	40(a)	183,363,822	183,363,822	40,096,514	-	12,505,655	123,336,208	7,425,445	-	183,363,822
		2,676,824,247	**2,708,244,986**	**1,515,998,230**	**298,273,706**	**227,334,983**	**334,483,609**	**220,458,711**	**111,695,747**	**2,708,244,986**

COMPANY

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	22	-	-	-	-	-	-	-	-	-
Non-pledged trading assets	23(a)	-	-	-	-	-	-	-	-	-
Loans and advances to customers	25	-	-	-	-	-	-	-	-	-
Asset Pledged as Collateral	27	-	-	-	-	-	-	-	-	-
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)	32(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**
Derivative assets										
Risk management:	24(a)	-	-	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY
31 DEC 2023 *(cont'd)*

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
Derivative liabilities										
Risk management:	24(b)	-	-	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
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	36	-	-	-	-	-	-	-	-	-
Debt securities issued	37	-	-	-	-	-	-	-	-	-
Other financial liabilities	40(a)	4,264,740	4,264,740	17,269	-	-	2,150,008	-	2,097,463	4,264,740
		7,182,429	**7,182,429**	**17,269**	**-**	**-**	**5,067,697**	**-**	**2,097,463**	**7,182,429**

31 DEC 2022

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	30,607	30,607	30,607	-	-	-	-	-	30,607
Restricted reserve deposit	22	-	-	-	-	-	-	-	-	-
Non-pledged trading assets	23(a)	-	-	-	-	-	-	-	-	-
Loans and advances to customers	25	-	-	-	-	-	-	-	-	-
Asset Pledged as Collateral	27	-	-	-	-	-	-	-	-	-
Investment securities	24	8,023,508	8,594,417	1,122,201	2,682,986	1,072,744	167,131	3,549,356	-	8,594,417
Other financial assets (net)	32(a)	6,334,672	6,426,859	-	4,485,208	1,941,651	-	-	-	6,426,859
		14,388,787	**15,051,883**	**1,152,808**	**7,168,194**	**3,014,395**	**167,131**	**3,549,356**	**-**	**15,051,883**
Derivative assets										
Risk management:	24(a)	-	-	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Derivative liabilities										
Risk management:	24(b)	-	-	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Non-derivative liabilities										
Trading liabilities	23(b)	-	-	-	-	-	-	-	-	-
Deposits from banks	33	-	-	-	-	-	-	-	-	-
Deposits from customers	34	-	-	-	-	-	-	-	-	-
Borrowings	40	-	-	-	-	-	-	-	-	-
On-lending facilities	36	-	-	-	-	-	-	-	-	-
Debt securities issued	37	-	-	-	-	-	-	-	-	-
Other financial liabilities	40(a)	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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.
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 Groups.

iii. Liquidity reserves

The table below sets out the components of the Group's liquidity reserve.

In thousands of Naira		31 DEC 2023		31 DEC 2022	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
Balances with central banks	21	154,815,173	154,815,173	27,681,424	27,681,424
Cash and balances with other banks	21	424,352,335	424,352,335	219,804,199	219,804,199
Unencumbered debt securities issued by Central Bank of Nigeria		711,552,891	835,875,397	555,043,675	623,817,058
Total liquidity reserve		**1,290,720,399**	**1,415,042,905**	**802,529,298**	**871,302,681**

Included in the unencumbered debt securities issued by central banks are: Federal Government of Nigeria (FGN) Bonds N299.19billion (31 December 2022: N299.19billion), Treasury Bills N162.41billion (31 December 2022: N162.41billion) under note 23(a), 26(a) and (b).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023

		Encumbered		Unencumbered		
In thousands of Naira	Note	Pledged as collateral	Other*	Available as collateral	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**

31 DEC 2022

		Encumbered		Unencumbered		
In thousands of Naira	Note	Pledged as collateral	Other*	Available as collateral	Other**	Total
Cash and cash equivalents	21	-	-	247,485,623	-	247,485,623
Restricted reserve deposits	28	-	493,359,709	-	-	493,359,709
Non-pledged Trading assets	22(a)	-	-	-	160,730,775	160,730,775
Loans and advances	26	-	-	-	1,195,626,586	1,195,626,586
Assets pledged as collateral	25	79,009,207	-	-	-	79,009,207
Investment securities	24	-	-	524,573,025	-	524,573,025
Other assets (net)	27	-	-		183,811,486	183,811,486
Total Assets		**79,009,207**	**493,359,709**	**772,058,648**	**1,540,168,847**	**2,884,596,411**

* 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 2023 and 31 December 2022 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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 are provided below:

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 2023

		GROUP			COMPANY		
In thousands of Naira	Note	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)©	42,835,750	-	42,835,750	6,081,702	-	6,081,702
Liabilities subject to market risk:							
Trading liabilities	23(b)	-	-	-	-	-	-
Deposits from banks	33	280,478,119	-	280,478,119	-		-
Deposits from customers	34	3,082,971,012	-	3,082,971,012	-	-	-
Borrowings	40	136,482,823	-	136,482,823	2,917,689	-	2,917,689
On-lending facilities	38	57,425,081	-	57,425,081	-	-	-
Debt securities issued	39	133,142,336	-	133,142,336	-	-	-
Other financial liabilities	36(a)	219,418,692	-	219,418,692	4,264,740	-	4,264,740

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

31 DEC 2022

		GROUP			COMPANY		
In thousands of Naira	Note	Carrying amount	Trading portfolios	Non-trading portfolios	Carrying amount	Trading portfolios	Non-trading portfolios
Assets subject to market risk:							
Cash and cash equivalents	21	247,485,623	-	247,485,623	30,607	-	30,607
Restricted reserve deposits	28	493,359,709	-	493,359,709	-	-	-
Non-pledged trading assets	22(a)	160,730,775	160,730,775	-	-	-	-
Loans and advances to customers	26	1,195,626,586	-	1,195,626,586	-	-	-
Assets pledged as collateral	25	79,009,207	-	79,009,207	-	-	-
Investment securities	24	524,573,025	-	524,573,025	8,023,508	-	8,023,508
Other financial assets (net)	27(a)©	183,811,486	-	183,811,486	6,334,672	-	6,334,672
Liabilities subject to market risk:							
Trading liabilities	23(b)	1,883,937	1,883,937	-	-	-	-
Deposits from banks	33	124,365,459	-	124,365,459	-	-	-
Deposits from customers	34	1,944,908,569	-	1,944,908,569	-	-	-
Borrowings	40	88,364,968	-	88,364,968	856,858	-	856,858
On-lending facilities	38	249,191,651	-	249,191,651	-	-	-
Debt securities issued	39	84,745,841	-	84,745,841	-	-	-
Other financial liabilities	36(a)	183,363,822	-	183,363,822	7,649,281	-	7,649,281

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 Division.

A summary of the interest rate gap position on non-trading portfolios is as follows:

GROUP

		31 DEC 2023			31 DEC 2022		
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	579,167,508	13,063,999	566,103,509	247,485,623	26,468,690	221,016,933
Restricted reserve deposits	28	799,640,417	-	799,640,417	493,359,709	-	493,359,709
Loans and advances to customers (gross)	26	1,929,584,201	1,929,584,201	-	1,246,739,645	1,246,739,645	-
Assets pledged as collateral	25	86,714,340	86,714,340	-	79,009,207	79,009,207	-
Investment securities	24	794,746,379	729,190,392	65,555,987	524,573,025	486,960,404	37,612,621
Other financial assets (gross)	27(a)	93,611,414	1,172,314	92,439,100	212,595,687	-	212,595,687
		4,283,464,259	**2,759,725,246**	**1,523,739,013**	**2,803,762,896**	**1,839,177,946**	**964,584,950**
Liabilities							
Deposits from banks	33	280,478,119	280,478,119	-	124,365,459	124,365,459	-
Deposits from customers	34	3,082,971,012	3,082,971,012	-	1,944,908,569	1,944,908,569	-
Borrowings	40	136,482,823	136,482,823	-	88,364,968	88,364,968	-
On-lending facilities	38	57,425,081	57,425,081	-	249,191,651	249,191,651	-
Debt securities issued	39	133,142,336	49,605,817	83,536,519	84,745,841	23,704,652	61,041,189
Other financial liabilities	36(a)	219,418,692	-	219,418,692	183,363,822	-	183,363,822
		3,909,918,063	**3,606,962,852**	**302,955,211**	**2,674,940,310**	**2,430,535,299**	**244,405,011**
Total interest repricing gap		**373,546,196**	**(847,237,606)**	**1,220,783,802**	**128,822,586**	**(591,357,353)**	**720,179,939**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023								
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)**

31 DEC 2022

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	26,468,690	-	-	-	-	-	26,468,690
Loans and advances to customers (gross)	26	230,867,766	133,836,065	102,570,677	134,075,402	429,896,037	215,493,698	1,246,739,645
Assets pledged as collateral	25	8,323,703	17,926,500	1,700,000	-	23,980,000	27,079,004	79,009,207
Investment securities	24	46,221,326	125,570,320	13,370,249	15,273,808	66,618,380	219,906,321	486,960,404
		311,881,485	**277,332,885**	**117,640,926**	**149,349,210**	**520,494,417**	**622,911,755**	**1,999,610,678**
Liabilities subject to market interest rate risk:								
Deposits from banks	33	124,365,459	-	-	-	-	-	124,365,459
Deposits from customers	34	1,402,286,027	217,743,980	161,218,569	160,819,642	2,840,351	-	1,944,908,569
Borrowings	40	25,466,409	-	-	10,144,200	52,754,359	-	88,364,968
On-lending facilities	38	11,390,734	4,483,904	4,195,854	9,772,824	94,862,913	124,485,422	249,191,651
Debt securities issued	39	-	-	-	-	23,704,652	-	23,704,652
		1,563,508,629	**222,227,884**	**165,414,423**	**180,736,666**	**174,162,275**	**124,485,422**	**2,430,535,299**
Total interest repricing gap		**(1,251,627,144)**	**55,105,001**	**(47,773,497)**	**(31,387,456)**	**346,332,142**	**498,426,333**	**(430,924,621)**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY

		31 DEC 2023			31 DEC 2022		
In thousands of Naira	Note	Carrying amount	Rate sensitive	Non-rate sensitive	Carrying amount	Rate sensitive	Non-rate sensitive
Assets							
Cash and cash equivalents							
Cash and cash equivalents	21	4,577,221	-	4,577,221	30,607	-	30,607
Restricted reserve deposits	25	-	-	-	-	-	-
Loans and advances to customers (gross)	26	-	-	-	-	-	-
Assets pledged as collateral	25	-	-	-	-	-	-
Investment securities	24	63,922,161	63,922,161	-	8,023,508	8,023,508	-
Other financial assets (gross)	27(a)	6,218,475	1,172,314	5,046,161	6,426,859	-	6,426,859
		74,717,857	**65,094,475**	**9,623,382**	**14,480,974**	**8,023,508**	**6,457,466**
Liabilities							
Deposits from banks	33	-	-	-	-	-	-
Deposits from customers	34	-	-	-	-	-	-
Borrowings	40	2,917,689	2,917,689	-	856,858	856,858	-
On-lending facilities	38	-	-	-	-	-	-
Debt securities issued	39	-	-	-	-	-	-
Other financial liabilities	36(a)	4,264,740	-	4,264,740	7,649,281	-	7,649,281
		7,182,429	**2,917,689**	**4,264,740**	**8,506,139**	**856,858**	**7,649,281**
Total interest repricing gap		**67,535,428**	**62,176,786**	**5,358,642**	**5,974,835**	**7,166,650**	**(1,191,815)**

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 2023								
Assets subject to market interest rate 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
FOR THE YEAR ENDED 31 DECEMBER 2023

31 DEC 2022

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	-	-	-	-	-	-	-
Loans and advances to customers	26	-	-	-	-	-	-	-
Assets pledged as collateral	25	-	-	-	-	-	-	-
Investment securities	24	8,023,508	-	-	-	-	-	8,023,508
Total assets sensitive		**8,023,508**	**-**	**-**	**-**	**-**	**-**	**8,023,508**
Liabilities subject to market risk:								
Deposits from banks	33	-	-	-	-	-	-	-
Deposits from customers	34	-	-	-	-	-	-	-
Borrowings	40	-	-	-	856,858	-	-	856,858
On-lending facilities	38	-	-	-	-	-	-	-
Debt securities issued	39	-	-	-	-	-	-	-
		-	**-**	**-**	**856,858**	**-**	**-**	**856,858**
Total interest repricing gap		**8,023,508**	**-**	**-**	**(856,858)**	**-**	**-**	**7,166,650**

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 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

In thousands of Naira	Gross amount	Weighted average interest rate	Interest due at current weighted average rate	50bps	(50bps)	100bps	Total (100bps)
31 DEC 2023							
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**
31 DEC 2022							
Non-trading assets subject to rate sensitivity	1,999,610,678	11%	219,551,592	229,549,645	209,553,539	239,547,699	199,555,485
Non-trading liabilities subject to rate sensitivity	2,430,535,299	4%	(97,554,170)	(109,706,846)	(85,401,494)	(121,859,523)	(73,248,817)
			121,997,422	**119,842,799**	**124,152,045**	**117,688,176**	**126,306,668**
Impact on net interest income				**(2,154,623)**	**2,154,623**	**(4,309,246)**	**4,309,246**

COMPANY

In thousands of Naira	Gross amount	Weighted average interest rate	Interest due at current weighted average rate	50bps	(50bps)	100bps	Total (100bps)
31 DEC 2023							
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)**
31 DEC 2022							
Non-trading assets subject to rate sensitivity	8,023,508	7%	566,314	606,432	526,196	646,549	486,079
Non-trading liabilities subject to rate sensitivity	856,858	1%	(6,858)	(11,142)	(2,574)	(15,427)	1,711
			559,456	**595,290**	**523,622**	**631,122**	**487,790**
Impact on net interest income				**35,834**	**(35,834)**	**71,666**	**(71,666)**

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 the Treasury Bills and Federal Government of Nigeria bonds. The sensitivity to earnings was not considered because it does not have material impact on earnings.

Foreign exchange risk

FCMB 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

The table below summarises foreign currency exposures of the Group as at the year ended:

GROUP

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	597,167,508
Restricted reserve deposit	28	799,640,417	-	-	-	-	799,640,417
Non-pledged trading assets	22(a)	170,302,701	-	-	-	-	170,302,701
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	23(b)	-	-	-	-	-	-
Deposits from customers	34	2,183,677,732	867,791,244	7,707,452	23,794,584	-	3,082,971,012
Deposits from banks	33	3,115,861	277,362,258	-	-	-	280,478,119
Borrowings	40	49,918,407	86,564,416	-	-	-	136,482,823
On-lending facilities	38	57,425,081	-	-	-	-	57,425,081
Debt securities issued	39	22,190,031	110,952,305	-	-	-	133,142,336
Provision	37	6,121,024	4,775,503	-	-	-	10,896,527
Other liabilities	36	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	44	**268,161,000**	**142,536,333**	**-**	**3,296,160**	**-**	**413,993,493**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

31 DEC 2022

In thousands of Naira	Note	NGN	USD	GBP	EUR	Others	Grand total
Assets							
Cash and cash equivalents	21	64,928,268	163,125,354	7,259,482	10,034,820	2,137,699	247,485,623
Restricted reserve deposit	28	493,359,709	-	-	-	-	493,359,709
Non-pledged trading assets	22(a)	160,730,775	-	-	-	-	160,730,775
Loans and advances (net)	26	691,606,042	500,197,832	117,765	3,704,947	-	1,195,626,586
Investment securities	24	353,534,088	171,038,937	-	-	-	524,573,025
Asset pledged as collateral	25	79,009,207	-	-	-	-	79,009,207
Other assets	27	180,239,594	3,539,335	28,641	3,916	-	183,811,486
Total assets		**2,024,261,392**	**837,901,458**	**7,405,888**	**13,743,683**	**2,137,699**	**2,885,450,120**
Liabilities							
Trading liabilities	23(b)	1,883,937	-	-	-	-	1,883,937
Deposits from customers	34	1,523,405,836	410,837,654	3,948,886	6,716,179	14	1,944,908,569
Deposits from banks	33	11,225,529	113,139,930	-	-	-	124,365,459
Borrowings	40	25,466,409	62,898,559	-	-	-	88,364,968
On-lending facilities	38	249,191,651	-	-	-	-	249,191,651
Debt securities issued	39	31,410,391	53,335,450	-	-	-	84,745,841
Provision	37	5,204,023	2,310,861	-	-	-	7,514,884
Other liabilities	36	76,303,062	99,588,727	663,287	4,693,726	2,115,020	183,363,822
Total liabilities		**1,924,090,838**	**742,111,181**	**4,612,173**	**11,409,905**	**2,115,034**	**2,684,339,131**
Net on-balance sheet financial position		**100,170,554**	**95,790,277**	**2,793,715**	**2,333,778**	**22,665**	**201,110,989**
Off-balance sheet financial position	44	**166,881,056**	**132,572,673**	**663,287**	**4,693,726**	**2,115,020**	**306,925,762**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY

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)	-	-	-	-	-	-
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	23(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	-	-	-	-	-	-
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		**191,187,196**	**8,428,201**	**10,725**	**730**	**-**	**199,626,852**
Off-balance sheet financial position	44	**-**	**-**	**-**	**-**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY

31 DEC 2022

In thousands of Naira	Note	NGN	USD	GBP	EUR	Others	Grand total
Assets							
Cash and cash equivalents	21	30,607	-	-	-	-	30,607
Restricted reserve deposit	28	-	-	-	-	-	-
Non-pledged trading assets	22(a)	-	-	-	-	-	-
Loans and advances (net)	26	-	-	-	-	-	-
Investment securities	24	8,023,508	-	-	-	-	8,023,508
Investment in subsidiaries	29	132,228,197	-	-	-	-	132,228,197
Asset pledged as collateral	25	79,009,207	-	-	-	-	79,009,207
Other assets	27	6,334,672	-	-	-	-	6,334,672
Total assets		**146,616,984**	**-**	**-**	**-**	**-**	**146,616,984**
Liabilities							
Trading liabilities	23(b)	-	-	-	-	-	-
Deposits from customers	34	-	-	-	-	-	-
Deposits from banks	33	-	-	-	-	-	-
Borrowings	40	856,858	-	-	-	-	856,858
On-lending facilities	38	-	-	-	-	-	-
Debt securities issued	39	-	-	-	-	-	-
Provision	37	-	-	-	-	-	-
Other liabilities	36	7,649,281	-	-	-	-	7,649,281
Total liabilities		**8,506,139**	**-**	**-**	**-**	**-**	**8,506,139**
Net on-balance sheet financial position		**138,110,845**	**-**	**-**	**-**	**-**	**138,110,845**
Off-balance sheet financial position	44	**-**	**-**	**-**	**-**	**-**	**-**

In line with Central Bank of Nigeria guidelines, percentage of foreign borrowings to the shareholders' fund as at 31 December 2023 is 43.96% (31 December 2022: 29.95%) which is below the limit of 125%.

Exposure to currency risks – non-trading portfolios

At 31 December 2023, 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 2022: N9.60billion) 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 2022: N9.60billion) 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 2023. It includes the Group's USD financial instruments carried at Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) rate at N776.79/$.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

GROUP

	31 DEC 2023			31 DEC 2022		
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	10% decrease in the value of Naira against USD	10% increase in the value of Naira against USD
Financial assets						
Cash and cash equivalents	347,932,282	278,345,826	(278,345,826)	163,125,354	16,312,535	(16,312,535)
Loans and advances to customers	1,080,845,811	864,676,649	(864,676,649)	500,197,832	50,019,783	(50,019,783)
Investment securities	130,558,559	104,446,847	(104,446,847)	171,038,937	17,103,894	(17,103,894)
Other assets	13,866,082	11,092,866	(11,092,866)	3,539,335	353,934	(353,934)
Impact on financial assets	**1,574,723,450**	**1,259,778,761**	**(1,259,778,761)**	**837,901,458**	**83,790,146**	**(83,790,146)**
Financial liabilities						
Deposits from banks	277,362,258	221,889,806	(221,889,806)	113,139,930	11,313,993	(11,313,993)
Deposits from customers	867,791,244	694,232,995	(694,232,995)	410,837,654	41,083,765	(41,083,765)
Borrowings	86,564,416	69,251,533	(69,251,533)	62,898,559	6,289,856	(6,289,856)
Debt securities issued	110,952,305	88,761,844	(88,761,844)	53,335,450	5,333,545	(5,333,545)
Provision	4,775,503	3,820,402	(3,820,402)	2,310,861	231,086	(231,086)
Other liabilities	164,700,444	131,760,355	(131,760,355)	99,588,727	9,958,873	(9,958,873)
Impact on financial liabilities	**1,513,144,502**	**1,210,515,601**	**(1,210,515,601)**	**742,111,181**	**74,211,118**	**(74,211,118)**
Total increase / (decrease)	**61,578,948**	**49,263,160**	**(49,263,160)**	**95,790,277**	**9,579,028**	**(9,579,028)**

COMPANY

	31 DEC 2023			31 DEC 2022		
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	10% decrease in the value of Naira against USD	10% increase in the value of Naira against USD
Financial assets						
Cash and cash equivalents	348,289	278,631	(278,631)	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investment securities	8,079,912	6,463,930	(6,463,930)	-	-	-
Other assets	-	-	-	-	-	-
Impact on financial assets	**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)	**8,428,201**	**6,742,561**	**(6,742,561)**	**-**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023. It includes the Group's GBP financial instruments at carrying amounts.

GROUP

	31 DEC 2023			31 DEC 2022		
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	10% decrease in the value of Naira against GBP	10% increase in the value of Naira against GBP
Financial assets						
Cash and cash equivalents	16,319,049	13,055,239	(13,055,239)	7,259,482	725,948	(725,948)
Loans and advances to customers	123,210	98,568	(98,568)	117,765	11,777	(11,777)
Other assets	61,379	49,103	(49,103)	28,641	2,864	(2,864)
Impact on financial assets	**16,503,638**	**13,202,910**	**(13,202,910)**	**7,405,888**	**740,589**	**(740,589)**
Financial liabilities						
Deposits from customers	7,707,452	6,165,962	(6,165,962)	3,948,886	394,889	(394,889)
Other liabilities	895,151	716,121	(716,121)	663,287	66,329	(66,329)
Impact on financial liabilities	**8,602,603**	**6,882,083**	**(6,882,083)**	**4,612,173**	**461,218**	**(461,218)**
Total increase / (decrease)	**7,901,035**	**6,320,827**	**(6,320,827)**	**2,793,715**	**279,371**	**(279,371)**

COMPANY

	31 DEC 2023			31 DEC 2022		
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	10% decrease in the value of Naira against GBP	10% increase in the value of Naira against GBP
Financial assets						
Cash and cash equivalents	10,725	8,580	(8,580)	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Impact on financial assets	**10,725**	**8,580**	**(8,580)**	**-**	**-**	**-**
Financial liabilities						
Deposits from customers	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Impact on financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Total increase / (decrease)	**10,725**	**8,580**	**(8,580)**	**-**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Foreign exchange risk (EUR)

The following analysis details the Group's sensitivity to a 10 percent increase and decrease in the value of the Naira against EUR as the Group is mainly exposed to EUR. 10 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 2023. It includes the Group's EUR financial instruments at carrying amounts.

GROUP	31 DEC 2023			31 DEC 2022		
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	10% decrease in the value of Naira against EUR	10% increase in the value of Naira against EUR
Financial assets						
Cash and cash equivalents	30,802,790	24,642,232	(24,642,232)	10,034,820	1,003,482	(1,003,482)
Loans and advances to customers	9,396,863	7,517,490	(7,517,490)	3,704,947	370,495	(370,495)
Other assets	8,375	6,700	(6,700)	3,916	392	(392)
Impact on financial assets	**40,208,028**	**32,166,422**	**(32,166,422)**	**13,743,683**	**1,374,369**	**(1,374,369)**
Financial liabilities						
Deposits from customers	23,794,584	19,035,667	(19,035,667)	6,716,179	671,618	(671,618)
Other liabilities	9,461,227	7,568,982	(7,568,982)	4,693,726	469,373	(469,373)
Impact on financial liabilities	**33,255,811**	**26,604,649**	**(26,604,649)**	**11,409,905**	**1,140,991**	**(1,140,991)**
Total increase / (decrease)	**6,952,217**	**5,561,773**	**(5,561,773)**	**2,333,778**	**233,378**	**(233,378)**

COMPANY	31 DEC 2023			31 DEC 2022		
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	10% decrease in the value of Naira against EUR	10% increase in the value of Naira against EUR
Financial assets						
Cash and cash equivalents	730	584	(584)	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Impact on financial assets	**730**	**584**	**(584)**	**-**	**-**	**-**
Financial liabilities						
Deposits from customers	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Impact on financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Total increase / (decrease)	**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, Audit and Finance 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.

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, Audit and Finance 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 provide 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, Audit and Finance 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, Audit and Finance 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 organisation 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 FCMB 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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 delegated 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 Group fully complies with minimum regulatory capital adequacy requirements and remains a going concern.
- Ensuring the entities are adequately capitalized – that they have enough capital to support their levels 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 units 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
- 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Apart from the possibility of having savings from the operating expenses and the raising of additional tier 1 capital, the Banking subsidiary 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 portfolio plan, including gradual deleveraging and diversification of the loan book.
- Implementation of the Banking subsidiary'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 Banking subsidiary's business activities. The MRIA process identifies the key risk exposures of the Banking subsidiary, 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 Banking subsidiary are identified through a combination of the following activities:

(a) Review of the Banking subsidiary's operating environment – a forward and backward-looking analysis of the Banking subsidiary'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 Banking subsidiary;

(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 Banking subsidiary – 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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(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 2023 and 31 December 2022

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

FOR THE YEAR ENDED 31 DECEMBER 2023

Capital adequacy computation

	COMMERCIAL AND RETAIL BANKING BUSINESS SEGMENT		BANKING SUBSIDIARY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Tier 1 Capital				
Share capital	6,500,000	6,500,000	5,000,000	5,000,000
Additional tier 1 (AT1) capital issued	46,686,000	-	46,686,000	-
Share premium	97,846,691	97,846,691	97,846,691	97,846,691
Statutory reserves	48,877,667	33,833,168	43,240,472	31,754,986
AGSMEIS reserve	8,577,124	4,697,947	8,526,442	4,697,947
Retained earnings	112,056,105	52,740,239	104,843,609	48,690,652
Regulatory risk reserve	17,299,858	14,980,000	16,940,712	14,980,000
Forbearance reserve	-	1,960,712	-	1,960,712
Total qualifying tier 1 capital	**337,843,444**	**212,558,757**	**323,083,926**	**204,930,988**
Less Regulatory deductions:				
Goodwill	(5,993,863)	(5,993,863)	(5,993,863)	(5,993,863)
Deferred tax assets	(8,128,148)	(8,422,285)	(7,995,669)	(8,422,285)
Software	(10,174,324)	(8,182,351)	(9,755,665)	(8,182,351)
Investments in unconsolidated Subsidiaries	-	-	-	-
Regulatory risk reserve	(17,299,858)	(14,980,000)	(16,940,712)	(14,980,000)
Adjusted total qualifying tier 1 capital	**296,247,251**	**174,980,258**	**282,398,017**	**167,352,489**
Tier 2 Capital				
Translation reserve	37,072,315	12,553,776	36,922,919	12,503,699
Fair value reserve	48,730,998	21,536,369	48,338,762	20,141,997
Debt securities issued	94,955,936	37,904,720	94,955,936	37,904,720
Total qualifying tier 2 capital	**180,759,249**	**71,994,865**	**180,217,617**	**70,550,416**
Total qualifying tier 2 capital restricted to one-third (1/3) of Tier 1 capital after regulatory deductions	**98,465,750**	**58,326,753**	**94,132,672**	**55,784,163**
Total regulatory capital	**394,996,335**	**233,307,011**	**376,530,689**	**223,136,652**
Less: Investments in unconsolidated subsidiaries	-	-	-	-
Total qualifying capital	**394,996,335**	**233,307,011**	**376,530,689**	**223,136,652**
Risk weighted assets				
Risk weighted amount for credit risk	2,121,951,312	1,169,108,079	2,075,702,785	1,144,836,891
Risk weighted amount for operational risk	292,637,720	228,287,925	268,316,139	208,321,601
Risk weighted amount for market risk	72,868,404	39,242,897	72,868,404	39,242,897
Risk-weighted assets	**2,487,457,436**	**1,436,638,901**	**2,416,887,328**	**1,392,401,389**
Capital adequacy ratio	**15.88%**	**16.24%**	**15.58%**	**16.03%**

Note on capital adequacy ratio

The Basel II capital adequacy ratio after adjusted impact of IFRS 9 transition was 15.88% and 15.58% for the Group and the Banking subsidiary respectively, as at 31 December 2023 (31 December 2022: 16.24% and 16.03%), 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 III 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, Audit and Finance 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, Audit and Finance 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 the 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, Black-Scholes and polynomial option pricing models 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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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.

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 2023					
Assets					
Trading assets	22(a)	170,302,701	-	-	170,302,701
Derivative assets held for risk management	23(a)	-	1,520,716	-	1,520,716
Investment securities	24(d)(g)	256,806,468	-	65,449,363	322,255,831
		427,109,169	**1,520,716**	**65,449,363**	**494,079,248**
Liabilities					
Trading liabilities	23(b)	-	-	-	-
Derivative liabilities held for risk management	23(b)	-	998,332	-	998,332
		-	**998,332**	**-**	**998,332**
31 DEC 2022					
Assets					
Trading assets	22(a)	160,730,775	-	-	160,730,775
Derivative assets held for risk management	23(a)	-	853,709	-	853,709
Investment securities	24(d)(g)	231,092,599	-	37,507,207	268,599,806
		391,823,374	**853,709**	**37,507,207**	**430,184,290**
Liabilities					
Trading liabilities	23(b)	1,883,937	-	-	1,883,937
Derivative liabilities held for risk management	23(b)	-	1,699,900	-	1,699,900
		1,883,937	**1,699,900**	**-**	**3,583,837**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
31 DEC 2023					
Assets					
Trading assets	22(a)	-	-	-	-
Derivative assets held for risk management	23(a)	-	-	-	-
Loans and advances to customers		-	-	-	-
Assets pledged as collateral	25(a)	-	-	-	-
Investment securities	24(d)(g)	-	-	49,851,607	49,851,607
		-	**-**	**49,851,607**	**49,851,607**
Liabilities					
Trading liabilities	23(b)	-	-	-	-
Derivative liabilities held for risk management	23(b)	-	-	-	-
Other long term benefits		-	-	-	-
		-	**-**	**-**	**-**
31 DEC 2022					
Assets					
Trading assets	22(a)	-	-	-	-
Derivative assets held for risk management	23(a)	-	-	-	-
Assets pledged as collateral	25(a)	-	-	-	-
Investment securities	24(d)(g)	-	-	-	-
		-	**-**	**-**	**-**
Liabilities					
Trading liabilities	23(b)	-	-	-	-
Derivative liabilities held for risk management	23(b)	-	-	-	-
		-	**-**	**-**	**-**

The carrying amount under Level 3 represents the fair value of unquoted equity investments. The movement has been disclosed in Note 26(e).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
31 DEC 2023						
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)	466,880,846	-	-	466,880,846	472,490,548

31 DEC 2022

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Assets						
Loans and advances to customers	26	-	-	1,246,739,645	1,246,739,645	1,195,626,586
Assets pledged as collateral	25	56,985,169	-	-	56,985,169	56,985,169
Investment securities	24(a)	287,951,841	-	-	287,951,841	255,973,219

COMPANY

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

31 DEC 2022

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)	8,023,508	-	-	8,023,508	8,023,508

(c) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. 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, elapsed. 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 32 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 26.54%; 31.50%, and 30.99% for FCMB Pensions Limited , CSLS Limited and the Personal Banking Group of the Banking subsidiary respectively (December 2022: 25.05%; 24.30%; and 22.43%) and a cash flow growth rate of 5.0% for the three GGUs (December 2022: 3.90%; 3.00% 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 Central Bank of Nigeria (CBN). 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.

(ii) The non-distributable reserve (excluding regulatory risk reserve) should be classified under Tier 1 as part of the core capital.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Prudential adjustments for the year ended 31 December 2023

The Banking subsidiary has complied with the requirements of the guidelines as follows:

In thousands of Naira	Note	31 DEC 2023	31 DEC 2022
Impairment assessment under IFRS			
Loans & advances:			
Stage 1	26(c)	10,467,277	15,308,703
Stage 2	26(c)	12,071,496	11,481,709
Stage 3	26(c)	59,061,521	20,121,519
Total impairment allowances on loans		**81,600,294**	**46,911,931**
Other financial assets:			
Stage 1	27(c)	3,349,310	1,750,249
Stage 2	27(c)	7,127,069	3,027,130
Stage 3	27(c)	39,907,741	23,660,061
Provision	37	10,875,242	7,509,523
Investment securities at amortised cost	24(b)	6,813,133	2,722,824
Investment securities at FVOCI	24(d)	340,040	872,952
Cash and cash equivalents	21(a)	9,824	23,949
Total impairment allowances on other financial assets and provision		**68,422,359**	**39,566,688**
Total impairment allowances by the Banking subsidiary (a)		**150,022,653**	**86,478,619**
Total regulatory impairment based on prudential guidelines (b)		**-**	**101,458,619**
Required balance in regulatory risk reserves (c = b - a) <0 returned 0, else (b-a)		**-**	**14,980,000**
Balance, 1 January		**14,980,000**	**4,590,000**
Transfer from regulatory risk reserve		**-**	**10,390,000**
Balance, 31 December		**14,980,000**	**14,980,000**

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 Banking subsidiary 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Information about operating segments;

(i) The business segment results are as follows:

GROUP

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	-	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	-	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

31 DEC 2022

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	7,279,993	448,317	42,245,213	4,263,921	15,108,686	46,720,867	4,367,195	1,563,230	121,997,422
Net fee and commission income	3,986,063	7,011,839	8,529,937	1,273,651	4,501,249	6,643,909	531,571	1,536,202	34,014,421
Net trading income	572,478	-	-	-	-	-	-	12,293,096	12,865,574
Net loss from other financial instruments at FVTPL	-	-	-	-	-	-	-	-	-
Other revenue	723,121.70	165,664	243,481	115,462	457,607	437,810	54,544	3,110,340	5,308,030
Other income	43,898	-	-	-	-	1,173,485	-	-	1,217,383
Inter-segment revenue	-	-	2,241,140	624,386	(1,588,636)	2,808,304	558,208	(4,643,402)	-
Total segment revenue	**12,605,553**	**7,625,821**	**53,259,771**	**6,277,420**	**18,478,906**	**57,784,375**	**5,511,518**	**13,859,466**	**175,402,830**
Expenses:									
Operating expenses	(7,752,337)	(3,778,036)	(29,960,312)	(3,976,350)	(12,740,121)	(36,577,508)	(6,013,612)	(3,396,252)	(104,194,528)
Net Impairment losses on financial instruments	(971,450)	(3,100)	(7,422,143)	(2,197,818)	(10,444,924)	(2,258,094)	(1,070,418)	(598,361)	(24,966,308)
Depreciation and amortisation expenses	(432,919)	(297,271)	(3,071,779)	(346,154)	(959,606)	(3,725,142)	(563,446)	(275,614)	(9,671,931)
	(9,156,706)	**(4,078,407)**	**(40,454,234)**	**(6,520,322)**	**(24,144,651)**	**(42,560,744)**	**(7,647,476)**	**(4,270,227)**	**(138,832,767)**
Reportable segment profit /(loss) before income tax	**3,448,847**	**3,547,414**	**12,805,537**	**(242,902)**	**(5,665,745)**	**15,223,631**	**(2,135,958)**	**9,589,239**	**36,570,063**
Reportable segment assets	198,483,872	8,594,934	304,957,367	23,272,798	685,741,446	219,554,713	21,838,789	937,366,374	2,399,810,293
Reportable segment liabilities	164,048,250	8,360,863	697,232,412	132,561,383	544,529,315	703,956,291	119,544,036	318,246,109	2,688,478,659

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(ii) Reconciliations of reportable segments revenues, profit or loss and assets and liabilities

GROUP

In thousands of Naira	31 DEC 2023	31 DEC 2022
Revenues		
Total revenue for reportable segments	321,127,981	175,402,830
Unallocated amounts	-	-
Elimination of inter-segment revenue	-	-
Total net revenue	**321,127,981**	**175,402,830**
Profit or loss		
Total profit or loss for reportable segments	104,431,449	36,570,063
Unallocated amounts	-	-
Profit before income tax	**104,431,449**	**36,570,063**

GROUP

	31 DEC 2023	31 DEC 2022
Assets		
Total assets for reportable segments	3,529,332,297	2,399,810,293
Other unallocated amounts	894,562,331	583,242,264
Total assets	**4,423,894,628**	**2,983,052,557**
Liabilities		
Total liabilities for reportable segments	3,935,598,460	2,688,478,659
Other unallocated amounts	25,669,610	18,694,288
Total liabilities	**3,961,268,070**	**2,707,172,947**

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.

(iii) The Geographical information result for 31 December 2023 is as follows:

In thousands of Naira	NIGERIA	EUROPE	TOTAL
Revenues	306,208,706	14,919,275	321,127,981
Non-current assets (see note 6 (v) below)	334,051	990,456	1,324,507

(iv) The Geographical information result for 31 December 2022 is as follows:

In thousands of Naira	NIGERIA	EUROPE	TOTAL
Revenues	167,537,495	7,865,335	175,402,830
Non-current assets (see note 6 (v) below)	87,929,327	1,099,519	89,028,846

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(v) Non-current assets includes property and equipment, intangible assets and deferred tax assets

(vi) Included in the Personal Banking reportable segment were group lending (mirco-lending) business performance. The group lending business recorded profit of N515.85million for the year ended 31 December 2023, (31 December 2022: N835.786million) and customer loans and advances of N5.69billion (31 December 2022: N4.38billion) and deposit from customer of N2.49billion (31 December 2022: N2.19billion).

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 excluded from the fair value table by hierarchy 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 2023			31 DEC 2022		
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)	170,302,701	170,302,701	1	160,730,775	160,730,775	1
Derivative assets held for risk management	23(a)	1,520,716	1,520,716	1	853,709	853,709	1
Assets pledged as collateral	25(b)	-	-	-	-	-	-
Carried at FVOCI:							
Investment securities - debts	24(d)(d)	256,806,468	256,806,468	1	231,092,599	231,092,599	1
Investment securities - unquoted equity investments	24(g)	65,449,363	65,449,363	3	37,507,207	37,507,207	3
Assets pledged as collateral	25(a)	10,285,173	10,285,173	1	22,024,038	22,024,038	1
Carried at amortized cost:							
Cash and cash equivalents	21	579,167,508	579,167,508	3	247,485,623	247,485,623	3
Restricted reserve deposits	28	799,640,417	799,640,417	3	493,359,709	493,359,709	3
Loans and advances to customers (Gross)	26(a)	1,929,584,201	1,929,584,201	3	1,246,739,645	1,246,739,645	3
Investment securities	24(a)	472,383,924	434,796,810	1	255,867,805	255,867,805	1
Assets pledged as collateral	25 (c)	76,429,167	76,429,167	1	56,985,169	56,985,169	1
Other financial assets	27(a)	42,835,750	42,835,750	3	183,811,486	183,811,486	3
Liabilities							
Carried at FVTPL:							
Trading liabilities	23(b)	-	-		1,883,937	1,883,937	1
Derivative liabilities held for risk management	23(b)	998,332	998,332	1	1,699,900	1,699,900	

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY		**31 DEC 2023**			**31 DEC 2022**		
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)	49,851,607	49,851,607	3	-	-	-
Assets pledged as collateral	25(b)	-	-		-	-	-
Carried at FVOCI:							
Investment securities - debts	24(d)	-	-	-	-	-	-
Investment securities - unquoted equity investments	24(g)	-	-	-	-	-	-
Assets pledged as collateral	25(a)	-	-	-	-	-	-
Carried at amortized cost:							
Cash and cash equivalents	21	4,577,221	4,577,221	3	30,607	30,607	3
Restricted reserve deposits	28	-	-	-	-	-	-
Loans and advances to customers (Gross)	26(a)	-	-	-	-	-	-
Investment securities	24(a)	14,070,554	14,070,554	1	8,023,508	8,023,508	1
Assets pledged as collateral	25 (c)	-	-	-	-	-	-
Other financial assets	27(a)	6,081,702	6,081,702	3	6,334,672	6,334,672	3
Liabilities							
Carried at FVTPL:							
Trading liabilities	23(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.

	GROUP		**COMPANY**	
In thousands of Naira	**31 DEC 2023**	**31 DEC 2022**	**31 DEC 2023**	**31 DEC 2022**

8 Interest and discount income

Cash and cash equivalents	3,452,440	1,097,927	321,199	150,933
Loans and advances to customers	272,924,102	174,703,392	-	-
Investment securities at amortised cost	53,653,915	21,152,593	569,168	347,806
Investment securities at FVOCI	24,962,464	22,597,680	220,611	67,575
Total interest income	**354,992,921**	**219,551,592**	**1,110,978**	**566,314**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
9 Interest expense				
Deposits from banks	9,901,527	5,933,312	-	-
Deposits from customers	126,646,305	68,879,074	-	-
	136,547,832	**74,812,386**	**-**	**-**
Borrowings	24,837,434	11,564,500	192,580	6,858
Debt securities issued	12,431,407	8,523,788	-	-
Onlending facitilies	4,338,408	2,409,973	-	-
Interest expense on lease liabilities	241,516	243,523	-	-
	178,396,597	**97,554,170**	**192,580**	**6,858**

The amounts reported above include interest income and expense, calculated using the effective interest method, that relate to the following financial assets and financial liabilities.

Financial assets measured at amortised cost	330,030,457	196,953,912	890,367	498,739
Financial assets measured at FVOCI	24,962,464	22,597,680	220,611	67,575
Total	**354,992,921**	**219,551,592**	**1,110,978**	**566,314**
Financial liabilities measured at amortised cost	178,396,597	97,554,170	192,580	6,858

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
10 Net impairment loss on financial assets				
Loan and advances (see note 26(c))	55,185,391	22,124,315	-	-
Other assets (see note 27(c))	11,367,137	6,890,371	44,586	-
Investment securities - amortised cost (see note 24(b))	1,925,338	3,587	110,795	27,669
Investment securities - fair value other comprehensive income (see note 24(e))	(532,966)	1,061,662	-	-
Cash and cash equivalents (see note 21(a))	5,240	21,570	-	-
Financial guarantee contracts and loan commitment issued (see note 37(a))	(1,455,945)	129,099	-	-
Recoveries on loans previously written off	(6,984,070)	(5,264,296)	-	-
	59,510,125	**24,966,308**	**155,381**	**27,669**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
11 Disaggregation of fee and commission income by major type of services;				
Credit related fees	687,169	634,815	-	-
Account Maintenance	8,688,922	6,850,703	-	-
Letters of credit commission	983,681	1,403,821	-	-
Asset Management Fees	6,995,685	5,641,022	-	-
Administration Fees	269,406	183,298	-	-
Commission on off-balance sheet transactions	1,386,108	1,280,110	-	-
Electronics fees and commissions	17,698,919	13,996,952	-	-
Service fees and commissions	25,538,296	14,048,256	1,675,185	1,054,476
Gross Fee and commission income	**62,248,186**	**44,038,977**	**1,675,185**	**1,054,476**
Electronics fees and commissions recoverable expenses	(13,611,753)	(8,148,012)	-	-
Cheque books recoverable expenses	(39,192)	(36,039)	-	-
Other banks charges	(3,179,617)	(1,840,505)	(7,814)	(1,347)
Fee and commission expense	**(16,830,562)**	**(10,024,556)**	**(7,814)**	**(1,347)**
Net fee and commission income	**45,417,624**	**34,014,421**	**1,667,371**	**1,053,129**

(a) Disaggregation of fee and commission income with the Group's reportable segments;

For the year 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	-	-	983,680
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	56.00	17,698,919
Service fees and commissions	8,152,222	1,829,391	3,266,247	555,430	6,458,097	2,371,282	54,977	1,600,012	24,287,658
Gross Fee and commission income	**8,152,222**	**9,094,482**	**11,692,991**	**1,673,682**	**9,942,891**	**18,496,926**	**344,285**	**1,600,068**	**60,997,547**
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	(2,157,909)	(3,002)	(96,202)	(2,540)	(4,726)	(167,274)	(3,597)	(287,592)	(2,722,842)
Fee and commission expense	**(2,157,909)**	**(3,002)**	**(1,194,846)**	**(24,411)**	**(3,126,954)**	**(9,556,885)**	**(22,092)**	**(287,688)**	**(16,373,787)**
Net fee and commission income	**5,994,313**	**9,091,480**	**10,498,145**	**1,649,271**	**6,815,937**	**8,940,041**	**322,193**	**1,312,380**	**44,623,760**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

For the year ended 31 December 2022

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	-	-	406,441	118,948	67,513	41,324	589	-	634,815
Account Maintenance	-	-	4,556,748	475,318	495,386	1,183,411	139,840	-	6,850,703
Letters of credit commission	-	-	519,423	47,846	836,547	5	-	-	1,403,821
Asset Management Fees	-	5,641,022	-	-	-	-	-	-	5,641,022
Administration Fees	-	183,298	-	-	-	-	-	-	183,298
Commission on off-balance sheet transactions	-	-	408,255	198,259	591,252	12,052	70,292	-	1,280,110
Electronics fees and commissions	-	-	1,878,589	117,884	814,878	10,862,070	304,720	18,811	13,996,952
Service fees and commissions	4,868,052	1,251,973	1,522,070	427,869	1,776,161	2,431,765	25,117	1,745,249	14,048,256
Gross Fee and commission income	**4,868,052**	**7,076,293**	**9,291,526**	**1,386,124**	**4,581,737**	**14,530,627**	**540,558**	**1,764,060**	**44,038,977**
Electronics fees and commissions recoverable expenses	(500.00)	-	(648,246)	(19,461)	(77,664)	(7,394,351)	(7,790)	-	(8,148,012)
Cheque books recoverable expenses	-	-	(20,167)	(128)	(230)	(15,168)	(346)	-	(36,039)
Other banks charges	(881,489)	(64,454)	(93,177)	(92,883)	(2,594)	(477,199)	(851)	(227,858)	(1,840,505)
Fee and commission expense	**(881,989)**	**(64,454)**	**(761,590)**	**(112,472)**	**(80,488)**	**(7,886,718)**	**(8,987)**	**(227,858)**	**(10,024,556)**
Net fee and commission income	**3,986,063**	**7,011,839**	**8,529,936**	**1,273,652**	**4,501,249**	**6,643,909**	**531,571**	**1,536,202**	**34,014,421**

(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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Investment management service	The Group provides investment management services. 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. 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. 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.

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
12 Net trading income				
Foreign exchange trading income	2,348,585	666,657	-	-
FGN bonds trading income	11,092,441	5,594,652	-	-
Treasury bills trading (loss) / income	(4,335,028)	6,604,265	-	-
	9,105,998	**12,865,574**	**-**	**-**
13 Net income from financial instruments mandatorily measured at fair value through profit or loss				
Net income arising on:				
Fair value instruments held	-	-	3,165,607	-
Fair value gain on derivative financial instruments held for risk management	-	-	-	-
	-	**-**	**3,165,607**	**-**
14(a) Other gains				
Dividends on unquoted equity securities (see note (a)(i))	1,708,284	977,540	-	-
Foreign exchange gains (see note (a)(ii))	83,956,087	4,297,573	5,627,580	390,196
Modification gain on restructured facilities (see note (a)(iii))	3,643,983	32,917	-	-
	89,308,354	**5,308,030**	**5,627,580**	**390,196**

(i) This amount represents 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 gains realised from the revaluation of foreign currency-denominated assets and liabilities held in the non-trading books.

The Central Bank of Nigeria (CBN) adopted a more liberal foreign exchange management system in 2023, which resulted in a significant movement in the naira exchange rate against the US dollar from N461.1/US$ in December 2022 to N951.79/US$ (Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) in December 2023).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

The impact of this foreign currency revaluation of net foreign currency-denominated assets and liabilities held in the non-trading books is represented as foreign exchange gains for the year ended 31 December 2023.

(iii) This represents the gain on restructured facilities during the year.

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
14 (b) Other income				
Gain/(loss) on sale of property and equipment	39,401	(10,620)	(1,837)	(632)
Rental/service income	660,280	1,228,003	210,431	210,447
	699,681	**1,217,383**	**208,594**	**209,815**
14 (c) Intra group revenue				
Dividends on equity investment securities in the subsidiaries (see note (c)(i))	-	-	10,870,868	6,745,194
Investment securities at FVTPL	-	-	1,641,278	-
	-	**-**	**12,512,146**	**6,745,194**

(i) The amount of N10.87billion in the Company represents N912.8million (2022: N371.2million) from FCMB Pensions Limited , N5.6billion (2022: N2billion) from First City Monument Bank Limited, N1.2billion (2022: N859.5million) from CSL Stockbrokers Limited, N298million (2022: N150million) from FCMB Capital Markets Limited, N40.6million (2022: N36.8million) from FCMB Trustees Limited and N3.3billion (2022: N2.8billion) from Credit Direct Limited .

The comparative figure for dividends on equity securities in subsidiaries was reclassified from other gains/(loss) to enhance the presentation of the Financial Statements.

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
15 Personnel expenses				
Wages and salaries	34,132,597	25,299,929	392,415	339,902
Contributions to defined contribution plans (see note 35)	1,010,131	716,687	18,748	15,756
Other employee benefits (see note (a) below)	14,434,414	9,598,299	776,112	277,427
	49,577,142	**35,614,915**	**1,187,275**	**633,085**

(a) Other employee benefits

These are non-payroll staff cost, which includes medical expenses, club subscriptions and other staff related expenses not paid to staff.

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
16 Depreciation and amortisation				
Amortisation of intangibles (see note 31)	3,094,464	2,005,606	-	-
Depreciation of property and equipment and right of use assets (see note 30(a))	8,079,708	7,666,325	26,380	19,909
	11,174,172	**9,671,931**	**26,380**	**19,909**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
17 General and administrative expenses				
Communication, stationery and postage	3,255,263	2,621,546	9,671	9,678
Business travel expenses	2,650,431	1,086,417	24,270	2,695
Advert, promotion and corporate gifts	6,512,443	4,759,378	32,139	36,707
Business premises and equipment costs	8,573,882	7,607,697	20,385	33,864
Operating lease expenses	1,394,942	906,018	7,174	4,505
Directors' emoluments and expenses	3,090,574	1,829,752	614,318	582,916
IT expenses	16,932,299	9,986,656	14,718	14,332
Contract services and training expenses	9,781,565	8,146,572	2,049	284
Vehicles maintenance expenses	1,074,587	922,815	14,266	4,153
Security expenses	2,354,748	2,287,164	1,167	-
Auditors' remuneration	787,550	501,835	60,000	45,000
Professional charges	7,324,470	4,101,373	402,948	147,048
	63,732,754	**44,757,223**	**1,203,105**	**881,182**
18 Other operating expenses				
NDIC Insurance Premium	8,581,707	6,339,599	-	-
AMCON Levy	15,657,004	12,841,873	-	-
Insurance expenses	1,326,245	1,350,689	24,286	14,412
Others (see note (a) below)	7,137,383	3,290,229	147,932	93,147
	32,702,339	**23,822,390**	**172,218**	**107,559**
(a) Others comprises:				
AGM, meetings and shareholders expenses	424,053	245,493	89,500	54,693
Donation and sponsorship expenses (see note (b) below)	221,325	299,977	-	-
Entertainment expenses	828,407	441,173	11,162	4,931
Fraud and forgery expense	908,346	123,083	-	-
Regulatory charges	12,903	10,910	12,903	10,910
Other accounts written off	439,665	259,023	121	114
PENCOM Recovery Agent Fee	4,363	8,004	-	-
Pension Protection Fund Expenses	213,957	171,169	-	-
Provision for litigation (see note 37(a))	2,525,000	915,000	-	-
Industrial training fund levy	335,923	247,292	15,204	12,319
Nigeria Social Insurance Trust Fund expenses	265,304	208,027	8,754	6,250
Penalties (see note 46)	145,102	70,300	-	-
Miscellaneous expenses	813,036	290,778	10,288	3,930
	7,137,383	**3,290,229**	**147,932**	**93,147**

(b) The Group made contributions to charitable and non-political organisations amounting to N221.33million (31 December 2022: N299.98million) during the year. The detailed analysis is in the Directors' report, page **57.**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
19 Earnings per share				
Basic and diluted earnings per share				
Profit attributable to equity holders (N'000)	93,017,619	30,900,747	19,159,419	7,264,188
Weighted average number of ordinary shares in issue ('000)	19,802,710	19,802,710	19,802,710	19,802,710
	4.70	**1.56**	**0.97**	**0.37**
20 Tax expense				
(i) Current tax expense:				
Minimum tax (see note 20(v))	2,218,204	1,242,213	-	11,107
National Information Technology Development Agency (NITDA) levy	1,002,116	289,267	213,553	5,432
Nigeria Police Trust Fund levy	5,011	1,741	1,068	364
National Agency for Science and Engineering Infrastructure levy	197,141	64,199	-	-
Tertiary education tax	61,735	176,927	61,735	7,295
Capital gain tax	-	11	-	-
Corporate income tax	5,632,862	2,956,457	85,201	-
	9,117,069	**4,730,815**	**361,557**	**24,198**
(ii) Deferred tax expense:				
Origination of temporary differences (see note 31(b))	2,296,761	710,557	1,834,361	-
	2,296,761	**710,557**	**1,834,361**	**-**
Income tax expense	9,195,626	4,199,159	2,195,918	13,091
	11,413,830	**5,441,372**	**2,195,918**	**24,198**

	GROUP		COMPANY	
	31 DEC 2023			
(iii) Reconciliation of effective tax rate				
Profit before tax		104,431,449		21,355,337
Income tax using the domestic corporation tax rate	30.00%	31,329,435	30.00%	6,406,601
National Information Technology Development Agency (NITDA) levy	1.00%	1,002,116	1.00%	213,553
Nigeria Police Trust Fund levy	0.005%	5,011	0.005%	1,068
National Agency for Science and Engineering Infrastructure levy	0.19%	197,141	0.00%	-
Non-deductible expenses	24.50%	25,572,343	119.70%	25,572,343
Tax exempt income	(46.90%)	(48,995,621)	(140.90%)	(30,082,848)
Minimum tax	2.10%	2,218,204	0.00%	-
Total tax expense	**10.9%**	**11,413,830**	**10.3%**	**2,195,918**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	GROUP		COMPANY	
	31 DEC 2022			
Profit before tax		36,570,063		7,288,386
Income tax using the domestic corporation tax rate	30.0%	10,971,019	30.0%	2,186,516
National Information Technology Development Agency (NITDA) levy	0.8%	289,267	0.1%	5,432
Nigeria Police Trust Fund levy	0.0%	1,741	0.0%	364
Non-deductible expenses	0.2%	64,199	0.0%	0
Tax exempt income	119.1%	43,549,573	0.0%	0
Minimum tax	(139.1%)	(50,853,578)	(30.0%)	(2,186,516)
Unrecognised current year tax losses	3.4%	1,242,213	0.2%	11,107
Capital gain tax	0.0%	11	0.0%	0
Total tax expense	**14.9%**	**5,441,372**	**0.3%**	**24,198**

(iv) The Banking subsidiary was assessed based on the minimum tax legislation for the year ended 31 December 2023. 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 financial years ending on any date between 1 January 2019 and 31 December 2020 or 1 January 2020 and 31 December 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 exempting 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 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 subsidiary 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 shares 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 as 0.25% of Profit Before Tax for commercial companies in the banking, mobile communication, ICT, aviation, maritime and oil and gas sectors.

The Group utilized the services of the following tax consultants during the year under review:

NAME OF PROFESSIONAL
Pedabo Associates Ltd.

FRC_NUMBER
FRC/2013/ICAN/00000000908

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
	In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
(v)	**Current income tax liability**				
	At 1 January	7,180,286	5,449,065	72,584	50,926
	Tax paid	(5,380,741)	(2,957,020)	(12,751)	(2,540)
	Tax refund (see note (a) below)	(34,989)	(42,574)	(11,107)	-
	Minimum tax (see note 20(i))	2,218,204	1,242,213	-	11,107
	Capital gain tax	-	11	-	-
	National Information Technology Development Agency (NITDA) levy (see note 20(i))	1,002,116	289,267	213,553	5,432
	Nigeria Police Trust Fund levy (see note 20(i))	5,011	1,741	1,068	364
	Tertiary education tax (see note 20(i))	61,734.84	176,927	61,735	7,295
	National Agency for Science and Engineering Infrastructure (NASENI) levy (see note 20(i))	197,141	64,199	-	-
	Income tax expense (see note 20(i))	5,632,862	2,956,457	85,201	-
	Effect of movement in exchange rates	414,542	-	-	-
		11,296,167	**7,180,286**	**410,283**	**72,584**
	Current	11,296,167	7,180,286	410,283	72,584
	Non-current	-	-	-	-
		11,296,167	**7,180,286**	**410,283**	**72,584**

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

		GROUP		COMPANY	
	In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022

21 Cash and cash equivalents

		31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
	Cash	34,869,093	27,543,538	-	-
	Current balances with banks within Nigeria	99,189	612,472	4,577,221	30,607
	Current balances with banks outside Nigeria (see note (c) below)	376,361,162	165,204,756	-	-
	Placements with local banks	13,063,999	13,806,947	-	-
	Placements with foreign banks	-	12,661,743	-	-
	Unrestricted balances with Central banks	154,815,173	27,681,424	-	-
		579,208,616	**247,510,880**	**4,577,221**	**30,607**
	Less impairment allowances (note (a) below)	(41,108)	(25,257)	-	-
		579,167,508	**247,485,623**	**4,577,221**	**30,607**
	Current	579,167,508	247,485,623	4,577,221	30,607
	Non-current	-	-	-	-
		579,167,508	**247,485,623**	**4,577,221**	**30,607**
(a)	**Impairment allowance**				
	Balance at 1 January	25,257	29,742	-	-
	Net remeasurement of loss allowance (see note 10)	5,240	21,570	-	-
	Effect of movement in exchange rates	10,611	(26,055)	-	-
	Closing balance	**41,108**	**25,257**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(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 N120.2billion (31 December 2022: N40.46billion) which represents the naira value of foreign currency amounts held by the Banking subsidiary on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see Note 36(a)).

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
22 (a) Non-pledged trading assets				
Federal Government of Nigeria Bonds - fair value through profit or loss (FVTPL)	38,636,240	47,870,384	-	-
Treasury Bills - fair value through profit or loss (FVTPL)	1,583,654	39,401	-	-
Fund investments Government and others	130,082,807	112,820,990	-	-
	170,302,701	**160,730,775**	**-**	**-**
Current	166,509,857	114,364,965	-	-
Non-current	3,792,844	46,365,810	-	-
	170,302,701	**160,730,775**	**-**	**-**
(b) Trading liabilities				
Short sold positions - Federal Government of Nigeria Bonds - fair value through profit or loss (FVTPL)	-	1,883,937	-	-
Short sold positions - Treasury bills - fair value through profit or loss (FVTPL)	-	-	-	-
	-	**1,883,937**	**-**	**-**
Current	-	1,883,937	-	-
Non-current	-	-	-	-
	-	**1,883,937**	**-**	**-**
23 Derivative assets and liabilities held for risk management				
Instrument type				
(a) **Assets:** - Non-deliverable forwards transactions	1,520,716	853,709	-	-
	1,520,716	**853,709**	**-**	**-**
Current	1,520,716	853,709	-	-
Non-current	-	-	-	-
	1,520,716	**853,709**	**-**	**-**
(b) **Liabilities** - Non-deliverable forwards transactions	998,332	1,699,900	-	-
- Total return swap transactions	-	-	-	-
	998,332	**1,699,900**	**-**	**-**
Current	998,332	1,699,900	-	-
Non-current	-	-	-	-
	998,332	**1,699,900**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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	
	In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
24	**Investment securities**				
	Investment securities at amortised cost (see note (a))	472,383,924	255,867,805	14,070,554	8,023,508
	Investment securities at FVTPL - debt instruments (see note (c) below)	-	-	49,851,607	-
	Investment securities at FVOCI - debt instruments (see note (d) below)	256,806,468	231,092,599	-	-
	Investment securities at FVOCI - quoted equity investments (see note (e) below)	106,624	105,414	-	-
	Investment securities at FVOCI - unquoted equity investments (see note (f) below)	65,449,363	37,507,207	-	-
		794,746,379	**524,573,025**	**63,922,161**	**8,023,508**
	Current	238,538,397	200,435,703	5,990,642	8,023,508
	Non-current	556,207,982	324,137,322	57,931,519	-
		794,746,379	**524,573,025**	**63,922,161**	**8,023,508**
(a)	**Investment securities at amortised cost**				
	Federal Government of Nigeria (FGN) Bonds - listed	372,141,965	195,369,421	-	-
	Federal Government of Nigeria (FGN) EuroBonds - listed	77,430,273	37,509,344	-	-
	State Government Bonds - unlisted	12,822,522	14,311,107	-	-
	Corporate bonds - unlisted	9,846,054	7,141,475	8,079,912	3,883,618
	Unclaimed dividend investment fund	2,525,674	1,905,450	2,525,674	1,905,450
	Placements	4,832,333	2,570,131	3,771,829	2,430,506
		479,598,821	**258,806,928**	**14,377,415**	**8,219,574**
	Less impairment allowances (see note (b) below)	(7,214,897)	(2,939,123)	(306,861)	(196,066)
		472,383,924	**255,867,805**	**14,070,554**	**8,023,508**
(b)	**Impairment allowance**				
	At 1 January	2,939,123	2,842,957	196,066	168,397
	Net remeasurement of loss allowance (see note 10)	1,925,338	3,587	110,795	27,669
	Translation difference	2,350,436	92,579	-	-
	Closing balance	**7,214,897**	**2,939,123**	**306,861**	**196,066**
(c)	**Investment securities at FVTPL**				
	Bond - AT1 instrument	-	-	49,851,607	-
		-	**-**	**49,851,607**	**-**

The 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).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
	In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
(d)	**Investment securities at FVOCI**				
	Federal Government of Nigeria (FGN) Bonds - listed	32,918,562	16,459,790	-	-
	Federal Government of Nigeria (FGN) Sukuk Bonds	21,672,197	13,184,243	-	-
	Treasury bills - listed	136,189,663	182,483,689	-	-
	Bank, Government bonds, and HQLA Investments	65,508,846	18,451,992	-	-
	Legacy Debt Fund	46,537	46,414	-	-
	Legacy USD Bond Fund	297,865	295,554	-	-
	Legacy Money Market Fund	172,798	170,917	-	-
		256,806,468	**231,092,599**	**-**	**-**
(e)	**Impairment allowance**				
	At 1 January	1,378,165	316,503	-	-
	Net remeasurement of loss allowance (see note 10)	(532,966)	1,061,662	-	-
	Closing balance	**845,199**	**1,378,165**	**-**	**-**
(f)	**Investment securities at FVOCI - quoted equity investments**				
	Industrial and General Insurance Plc	4,449	4,326	-	-
	Food Concepts	3,243	2,700	-	-
	Legacy Equity Fund	98,932	98,388	-	-
		106,624	**105,414**	**-**	**-**
(g)	**Investment securities at FVOCI - unquoted equity investments**				
	Credit Reference Company Limited	916,285	804,375	-	-
	Nigeria Inter-bank Settlement System Plc	17,895,438	11,138,200	-	-
	Africa Finance Corporation	36,168,020	17,521,800	-	-
	Africa Export-Import Bank, Cairo	3,650,050	1,830,106	-	-
	Smartcard Nigeria Plc	2,101,650	1,509,000	-	-
	FMDQ (OTC) Plc	4,605,458	4,597,515	-	-
	Financial Derivative Ltd	28,062	28,062	-	-
	Shared Agent Network Expansion Facilities Limited (SANEF)	84,400	78,149	-	-
		65,449,363	**37,507,207**	**-**	**-**

(h) 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 2023 / 31 December 2022.

(i) Debt securities classified at amortised cost have interest rates of 6.13% to 17.50% (31 December 2022: 6.13% to 17.50%) and mature between 2024 and 2053 years. Debt securities at fair value through other comprehensive income have stated interest rates of 11.2% to 16.29% (31 December 2022: 10.00% to 16.29%) and mature between 2023 and 2053 years.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(k) Movement in investment securities

The movement in investment securities for the Group may be summarised as follows:

GROUP

Movements in investment securities during the year ended 31 December 2023

In thousands of Naira	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 in 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**

Movements in investment securities during the year ended 31 December 2022:

In thousands of Naira	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	26,688,710	-	172,882,523	172,884,325	92,776	372,548,333
Foreign currency exchange differences recognised in profit and loss	-	-	(1,713,183)	1,785,895	-	72,712
Additions	-	-	189,302,195	77,629,269	12,638	266,944,103
Disposals	(1,542,320)	-	(87,354,632)	(10,903,277)	-	(99,800,229)
Gains from changes in fair value recognised in other comprehensive income	11,207,646	-	-	(10,303,613)	-	904,033
Foreign currency translation differences recognised in other comprehensive income	1,153,171	-	-	-	-	1,153,171
Amortised cost adjustments	-	-	(14,309,975)	-	-	(14,309,975)
Impairment allowance	-	-	(2,939,123)	-	-	(2,939,123)
Closing balance	**37,507,207**	**-**	**255,867,805**	**231,092,599**	**105,414**	**524,573,025**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY

Movements in investment securities during the year ended 31 December 2023

In thousands of Naira	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 in profit and loss	-	-	5,692,567	-	-	5,692,567
Additions	-	46,686,000	661,340	-	-	47,347,340
Disposals	-	-	-	-	-	-
Gains from changes in fair value recognised in profit or loss	-	3,165,607	-	-	-	3,165,607
Gains / (loss) from changes in fair value recognised in other comprehensive income	-	-	-	-	-	-
Foreign currency translation differences recognised in other comprehensive income	-	-	-	-	-	-
Amortised cost adjustments	-	-	-	-	-	-
Impairment allowance	-	-	(306,861)	-	-	(306,861)
Closing balance	**-**	**49,851,607**	**14,070,554**	**-**	**-**	**63,922,161**

Movements in investment securities during the year ended 31 December 2022:

In thousands of Naira	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	-	-	6,007,162	-	-	6,007,162
Foreign currency exchange differences recognised in profit and loss	-	-	(374,843)	-	-	(374,843)
Additions	-	-	2,587,255	-	-	2,587,255
Impairment allowance	-	-	(196,066)	-	-	(196,066)
Closing balance	**-**	**-**	**8,023,508**	**-**	**-**	**8,023,508**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

25 Assets pledged as collateral

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

In thousands of Naira	GROUP 31 DEC 2023	GROUP 31 DEC 2022	COMPANY 31 DEC 2023	COMPANY 31 DEC 2022
(a) Investment Securities - FVOCI				
Treasury Bills - listed	10,285,173	21,168,552	-	-
Federal Government of Nigeria (FGN) Bonds - listed	-	855,486	-	-
	10,285,173	**22,024,038**	**-**	**-**
(b) Investment Securities - FVTPL				
Treasury Bills - listed	-	-	-	-
	-	**-**	**-**	**-**
(c) Investment Securities - Amortized cost				
Treasury Bills - listed	-	-	-	-
Federal Government of Nigeria (FGN) Bonds - listed	76,429,167	56,985,169	-	-
	76,429,167	56,985,169	-	-
	86,714,340	**79,009,207**	**-**	**-**
Current	25,997,826	21,672,254	-	-
Non-current	60,716,514	57,336,953	-	-
	86,714,340	**79,009,207**	**-**	**-**

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 2022: 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 represent pledged assets to these parties;

In thousands of Naira		GROUP 31 DEC 2023	GROUP 31 DEC 2022	COMPANY 31 DEC 2023	COMPANY 31 DEC 2022
Counterparties	**Reasons for pledged securities**				
Nigeria Inter-bank Settlement Plc (NIBSS)	Cards, POS transactions settlements	2,320,850	2,184,482	-	-
Interswitch Nigeria Limited	Cards, POS transactions settlements	24,514,412	13,074,000	-	-
Federal Inland Revenue Service(FIRS)	Third parties collection transactions	1,593,639	1,500,000	-	-
Central Bank of Nigeria (CBN)	Third parties clearing instruments	13,811,535	13,000,000	-	-
Bank of Industry (BOI)	On-lending facilities to customers	15,086,357	5,699,916	-	-
System Specs/Remita	Remita Transfer Transactions	318,728	300,000	- -	-
Standard Bank London	Borrowed funds repo transactions	-	14,216,309	-	-
E-transact	Cards, POS transactions settlements	1,296,159	1,220,000	-	-
Development Bank of Nigeria (DBN)	On-lending facilities to customers	6,138,696	9,874,500	-	-
Central Bank of Nigeria (CBN)	FMDQ OTC settlement transactions	3,187,277	3,000,000	-	-
Central Bank of Nigeria (CBN)	Interbank Funding under repurchase agreement	9,904,783	-	-	-
Citi Nominee	FMDQ OTC settlement transactions	8,541,904	14,940,000	-	-
		86,714,340	**79,009,207**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022

26 Loans and advances to customers

(a) **Overdrafts**	324,800,170	126,172,138	-	-
Term loans	1,339,105,534	863,631,922	-	-
On-lending facilities	264,548,415	246,905,392	-	-
Advances under finance lease (see note (b) below)	1,130,082	10,030,193	-	-
Gross loans and advances to customers at amortised costs	**1,929,584,201**	**1,246,739,645**	**-**	**-**
Less impairment loss allowance	(88,068,005)	(51,113,059)	-	-
Net loans and advances to customers	**1,841,516,196**	**1,195,626,586**	**-**	**-**
Current	1,018,902,729	601,349,910	-	-
Non-current	822,613,467	594,276,676	-	-
	1,841,516,196	**1,195,626,586**	**-**	**-**

GROUP	31 DEC 2023			31 DEC 2022		
	Gross amount	ECL allowance	Carrying amount	Gross amount	ECL allowance	Carrying amount
Retail customers:						
Mortgage lending	4,296,095	(141,430)	4,154,665	2,699,704	(157,463)	2,542,241
Personal loans	229,320,155	(8,234,843)	221,085,312	155,978,627	(6,046,999)	149,931,628
Credit cards	6,517,402	(210,005)	6,307,397	6,124,394	(304,362)	5,820,032
Corporate customers:						
Finance leases (see note (b) below)	1,130,082	(49,687)	1,080,395	10,030,193	(2,092,925)	7,937,268
Other secured lending	1,688,320,467	(79,432,040)	1,608,888,427	1,071,906,727	(42,511,310)	1,029,395,417
	1,929,584,201	**(88,068,005)**	**1,841,516,196**	**1,246,739,645**	**(51,113,059)**	**1,195,626,586**

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
(b) **Finance lease**				
Loan and advances to customer at amortised cost include the following finance lease:				
Gross investment:				
Less than one year	518,884	7,107,282	-	-
Between one and five years	1,150,852	3,978,446	-	-
More than five years	-	-	-	-
	1,669,736	11,085,728	-	-
Unearned finance income	(539,654)	(1,055,535)	-	-
Net investment in finance leases	1,130,082	10,030,193	-	-
Less impairment allowance	(49,687)	(2,092,925)	-	-
	1,080,395	**7,937,268**	**-**	**-**
Net investment in finance leases				
Net investment in finance leases, receivables:				
Less than one year	518,884	7,107,282	-	-
Between one and five years	611,198	2,922,911	-	-
	1,130,082	**10,030,193**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(c) Movement on ECL allowance loans and advances to customers at amortised cost

GROUP

	31 DEC 2023				31 DEC 2022			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
At 1 January	17,876,098	11,613,853	21,623,108	51,113,059	18,097,492	7,031,662	24,439,274	49,568,428
Transfer to stage 1	5,261,623	(1,733,072)	(3,528,551)	-	3,535,667	(745,515)	(2,790,152)	-
Transfer to stage 2	(345,800)	355,152	(9,352)	-	(570,822)	606,367	(35,545)	-
Transfer to stage 3	(1,558,475)	(1,823,956)	3,382,431	-	(295,748)	(242,761)	538,509	-
Net remeasurement of loss allowances (see note 10)	(14,285,301)	1,027,915	68,442,777	55,185,391	(3,143,677)	3,720,038	21,547,954	22,124,315
Write-offs	-	-	(37,211,861)	(37,211,861)	-	-	(22,218,220)	(22,218,220)
Translation difference	8,208,154	3,297,178	7,470,967	18,976,299	253,186	1,244,062	141,288	1,638,536
Closing balance	**15,156,299**	**12,737,070**	**60,169,519**	**88,068,005**	**17,876,098**	**11,613,853**	**21,623,108**	**51,113,059**

	GROUP		COMPANY	
	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
(d) Classification of loans by security type				
Secured against real estate	302,677,758	116,202,109	-	-
Secured by shares of quoted and unquoted companies	18,739,691	18,846,492	-	-
Cash Collateral	165,288,530	106,938,512	-	-
Fixed and floating assets	970,489,101	596,713,337	-	-
Otherwise secured	48,769,968	348,503,762	-	-
Unsecured	423,619,153	59,535,433	-	-
	1,929,584,201	**1,246,739,645**	**-**	**-**

(e) Information about the Group's credit analysis, market risks, and impairment losses for loans and advances is included in Note 4.

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022

27 Other assets

(a) **Other financial assets:**				
E-settlement receivables	38,703,068	8,018,214	-	-
Agric SMEIS receivables (See note (d) below)	4,697,909	3,521,438	-	-
Differentiated Cash Reserve Requirement Scheme (DCRR) receivable (See note (e) below)	-	161,964,144	-	-
Related parties receivables	-	-	4,546,395	6,252,893
Insurance claims and fraud receivables (See note (g) below)	7,343,655	4,621,262	-	-
Judgement debt receivables (See note (h) below)	6,730,232	4,231,920	-	-
Accounts receivable- TSA refunds	433,101	433,101	-	-
Accounts receivable- remittances	6,406,673	-	-	-
Accounts receivables (See note (f) below)	29,296,776	29,805,608	1,672,080	173,966
	93,611,414	**212,595,687**	**6,218,475**	**6,426,859**
Less impairment allowances (note (c) below)	(50,775,664)	(28,784,201)	(136,773)	(92,187)
	42,835,750	**183,811,486**	**6,081,702**	**6,334,672**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
	In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
(b)	**Other non-financial assets:**				
	Prepayments	12,285,835	7,091,216	203,308	18,804
	Consumables	1,763,588	1,482,375	-	-
		14,049,423	8,573,591	203,308	18,804
		56,885,173	**192,385,077**	**6,285,010**	**6,353,476**
	Current	38,137,841	50,674,365	4,409,622	6,334,672
	Non-current	18,747,332	141,710,712	1,875,388	18,804
		56,885,173	**192,385,077**	**6,285,010**	**6,353,476**
(c)	**Movement in impairment on other financial assets**				
	At 1 January	28,784,201	21,209,342	92,187	92,187
	Net remeasurement of loss allowances (see note 10)	11,367,137	6,890,371	44,586	-
	Write-offs	(73,263)	(164,562)	-	-
	Translation difference	10,697,589	849,050	-	-
	Balance at the end	**50,775,664**	**28,784,201**	**136,773**	**92,187**

(d) Agric SMEIS receivables represents the Bank subsidiary'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 warehoused in other assets pending allocation of investment units from the scheme.

(e) Differentiated Cash Reserve Requirement Scheme (DCRR) receivable represents the special intervention fund with the Central Bank of Nigeria introduced in January 2016 as a reduction in the cash reserve ratio with a view of channeling the reduction to financing the real sector has been matched off the onlending liabilities corresponding balance, (see note 38(d)).

(f) The amount of N1.67billion in the Company represents N1.17billion employee related receivable and N0.5billion other accounts receivable.

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

(h) The amount includes Judgement debt receivables in respect of suit against the Bank 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 Bank subsidiary won the case as judgement was awarded in its favour and ordered Zumax to repay the Bank subsidiary 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.

28 Restricted reserve deposits

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Restricted mandatory reserve deposits with central banks (see note (a) below)	776,548,992	470,334,488	-	-
Special Cash Reserve Requirement (see note (b) below)	23,019,130	22,841,064	-	-
LDR Cash Reserve (see note (c) below)	72,295	184,157	-	-
	799,640,417	**493,359,709**	**-**	**-**
Current	-	-	-	-
Non-current	799,640,417	329,739,147	-	-
	799,640,417	**329,739,147**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
29 Investment in Subsidiaries				
(a) Investment in subsidiaries comprises:				
First City Monument Bank Limited (see note (i) below)	-	-	115,422,326	115,422,326
FCMB Capital Markets Limited (see note (ii) below)	-	-	240,000	240,000
CSL Stockbrokers Limited (CSLS) (see note (iii) below)	-	-	3,053,777	3,053,777
FCMB Trustees Limited (see note (iv) below)	-	-	220,000	220,000
FCMB Microfinance Bank Limited (see note (v) below)	-	-	1,000,000	1,000,000
FCMB Pensions Limited (see note (vi) below)	-	-	11,925,884	11,925,884
Credit Direct Limited (see note (vii) below)	-	-	366,210	366,210
Carrying amount	**-**	**-**	**132,228,197**	**132,228,197**
Current	-	-	-	-
Non-current	-	-	132,228,197	132,228,197
	-	**-**	**132,228,197**	**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	% of equity capital held (Direct holdings)	Financial year end
(1) First City Monument Bank Limited (see Note (i) below)	Nigeria	Banking	100%	31 Dec 2023
(2) FCMB Capital Markets Limited (see Note (ii) below)	Nigeria	Capital Market	100%	31 Dec 2023
(3) CSL Stockbrokers Limited (CSLS) (see Note (iii) below)	Nigeria	Stockbroking	100%	31 Dec 2023
(4) FCMB Trustees Limited (see Note (iv) below)	Nigeria	Trusteeship	100%	31 Dec 2023
(5) FCMB Microfinance Bank Limited (see Note (v) below)	Nigeria	Micro-lending	100%	31 Dec 2023
(6) FCMB Pensions Limited (see Note (vi) below)	Nigeria	Pension Fund Administrator	91.71%	31 Dec 2023
(7) Credit Direct Limited (see Note (vii) below)	Nigeria	Micro-lending	100%	31 Dec 2023

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

(iv) This represents the cost of the Company's 100% equity holding in FCMB Trustees Limited. The Company was incorporated in November 24, 2010. The company invested additional N180m in FCMB Trustees Limited in September 2015 in order to recapitalise the business in line with the new SEC minimum capitalisation policy of N300m for trustee businesses in Nigeria. The company changed its 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 Microfinance 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 respectively thereby raising the total equity holding to 92.80%. The company changed its 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. 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. The consideration for the rights issue was settled by a reclassification from a receivable account with FCMB Pensions Limited. The company's stake in FCMB Pensions Limited was reduced to 91.28% post acquisition of AIICO Pension and after the rights issue, and the holding was increased to 91.71% during year ended 31 December 2023.

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

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

(ix) The investments are carried at cost less impairment. There was no impairments on any of the subsidiaries as at the reporting date (2022; nil).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

30 Property and equipment, and right of use assets

GROUP

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)	(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**

31 DEC 2022 *In thousands of Naira*	Leasehold land	Buildings	Right-of-use Assets-Buildings	Leasehold improvement	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost									
At 1 January	4,684,743	25,253,370	6,212,749	6,127,177	5,213,591	43,298,597	9,999,494	709,442	101,499,163
On Acquiition of AIICO Pensions	-	-	-	-	12,914	26,300	61,229	-	100,443
Additions during the year	20,000	290,126	362,861	309,489	718,182	5,177,177	599,040	4,272,083	11,748,958
Reclassifications	-	54,072	-	-	966	483,294	11,684	(550,016)	-
Transfer from intangible assets (see note 31)	-	-	-	-	-	-	-	(70,805)	(70,805)
Disposal during the year	-	(62,489)	-	-	(329,607)	(4,098,113)	2,768	1,505	(4,494,482)
Derecognised during the year	-	-	(1,371,815)	-	-	-	-	-	(1,371,815)
Items written-off during the year	-	-	-	-	-	-	-	(74,245)	(74,245)
Effect of movements in exchange rates	-	-	114,809	11,679	-	8,543	230	-	135,261
Balance at the end	**4,704,743**	**25,535,079**	**5,318,604**	**6,448,345**	**5,616,046**	**44,895,798**	**10,668,909**	**4,284,954**	**107,472,478**
Accumulated depreciation									
At 1 January	-	4,954,875	2,116,645	4,454,005	4,437,440	29,218,142	9,233,505	-	54,414,612
Depreciation for the year (see note 16)	-	618,235	586,762	377,676	565,073	5,098,365	420,214	-	7,666,325
Eliminated on Disposal	-	(19,084)	-	-	(329,607)	(4,098,113)	(2,768)	-	(4,449,572)
Derecognised during the year	-	-	(831,296)	-	-	-	-	-	(831,296)
Effect of movements in exchange rates	-	131,764	32,670	(210,528)	(188,417)	(10,512)	(50,090)	-	(295,113)
Balance at the end	**-**	**5,685,790**	**1,904,781**	**4,621,153**	**4,484,489**	**30,207,882**	**9,600,861**	**-**	**56,504,956**
Carrying amounts:									
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**
Balance at 31 December 2022	4,704,743	19,849,289	3,413,823	1,827,192	1,131,557	14,687,916	1,068,048	4,284,954	50,967,522

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY

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**

31 DEC 2022 *In thousands of Naira*	Leasehold land	Buildings	Right-of-use Assets-Buildings	Leasehold improvement	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost									
At 1 January	-	-	-	5,181	52,500	20,759	12,437	-	90,877
Additions during the year	-	-	-	-	-	7,130	1,978	-	9,108
Disposal during the year	-	-	-	-	-	(189)	(2,768)	-	(2,957)
Balance at the end	**-**	**-**	**-**	**5,181**	**52,500**	**27,700**	**11,647**	**-**	**97,028**
Accumulated depreciation									
At 1 January	-	-	-	4,267	29,531	9,629	4,635	-	48,062
Depreciation for the year (see note 16)	-	-	-	518	13,125	3,925	2,341	-	19,909
Eliminated on Disposal	-	-	-	-	-	(189)	(919)	-	(1,108)
Balance at the end	**-**	**-**	**-**	**4,785**	**42,656**	**13,365**	**6,057**	**-**	**66,863**
Carrying amounts:									
Balance at 31 December 2023	**-**	**-**	**-**	**38**	**130,608**	**10,814**	**10,704**	**-**	**152,164**
Balance at 31 December 2022	-	-	-	396	9,844	14,335	5,590	-	30,165

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2022: 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 2022: nil).

(vi) Property, plant and equipment includes right-of-use assets of N2.54billion for 31 December 2023 (31 December 2022: N2.46billion) related to leased properties that do not meet the definition of investment property.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
31 Intangible assets				
Software (see note (a) below)	10,477,411	8,751,557	181,887	12,094
Goodwill (see note (d) below)	19,291,037	19,291,037	-	-
Customer relationships (see note (e) below)	1,496,342	1,594,999	-	-
	31,264,790	**29,637,593**	**181,887**	**12,094**
(a) **Software**				
Cost				
At 1 January	21,438,903	16,472,531	15,945	3,851
On acquisition of AIICO	-	249,787	-	-
Additions during the year	2,615,709	3,884,195	169,793	12,094
Work-in-progress - additions during the year	1,928,529	842,710	-	-
Transfer from property and equipment (see note 30)	19,731	-	-	-
Effect of movement in exchange rates	988,690	(10,320)	-	-
Balance at the end	**26,991,562**	**21,438,903**	**185,738**	**15,945**
Accumulated amortisation				
At 1 January	12,687,346	10,655,538	3,851	3,851
On acquisition of AIICO	-	229,225	-	-
Amortisation for the year (see note 16)	3,094,464	2,005,606	-	-
Effect of movement in exchange rates	732,341	(203,023)	-	-
Balance at the end	**16,514,151**	**12,687,346**	**3,851**	**3,851**
Carrying amount	**10,477,411**	**8,751,557**	**181,887**	**12,094**

(b) There were no capitalised borrowing costs related to any acquisition during the year (31 December 2022: nil)
(c) There was no impairment loss on the Group's software during the year (31 December 2022: nil)

	GROUP		COMPANY	
	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
(d) **Goodwill**				
At 1 January	19,291,037	11,338,977	-	-
Acquired during the year(see note (f) below)	-	7,952,060	-	-
Carrying amount	**19,291,037**	**19,291,037**	**-**	**-**
(e) **Customer relationships**				
At 1 January	1,677,217	-	-	-
Acquired during the year- (see note (g) below)	-	1,677,217	-	-
	1,677,217	**1,677,217**	**-**	**-**
Accumulated depreciation				
At 1 January	82,218	-	-	-
Charged during the year:	98,657	82,218	-	-
	180,875	**82,218**	**-**	**-**
Net book value	**1,496,342**	**1,594,999**	**-**	**-**
	31,264,790	**29,637,593**	**181,887**	**12,094**
Current	-	-	-	-
Non-current	31,264,790	29,637,593	181,887	12,094
	31,264,790	**29,637,593**	**181,887**	**12,094**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(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 2023 (31 December 2022: nil) because the recoverable amounts of these CGU were determined to be higher than the carrying amount by N51.8billion.

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 company and group and have been based on historical data from both external and internal sources.

	FCMB Pensions Limited		CSL Stockbrokers Limited		Personal Banking Group	
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Goodwill	N13.09billion	N13.09billion	N0.21billion	N0.21billion	N5.99billion	N5.99billion
Discount rate (see below	26.54%	25.05%	31.50%	24.30%	30.99%	22.43%
Terminal value growth rate	5.00%	3.90%	5.00%	3.00%	5.00%	5.00%
Forecast profit before taxes (average of next five years)	N26.075billion	N20.04billion	N5.2billion	N1.21billion	N23.02billion	N18.30billion
Forecast profit before taxes growth rate (average of next five years)	28.78%	27.90%	13.15%	9.60%	16.00%	19.13%

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.

32 Deferred tax assets and liabilities

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

Deferred tax assets and liabilities are attributable to the following:

GROUP

In thousands of Naira	Assets	Liabilities	Net	Assets	Liabilities	Net
	31 DEC 2023			31 DEC 2022		
Property and equipment	1,202,215	(520,592)	681,623	1,202,216	(391,897)	810,319
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	4,845,892	-	4,845,892
Effects of movement in exchange rates	13,332	(1,834,361)	(1,821,029)	(28,165)	-	(28,165)
Net tax assets/ (liabilities)	**8,003,544**	**(2,354,953)**	**5,648,591**	**8,423,731**	**(391,897)**	**8,031,834**

COMPANY

In thousands of Naira	Assets	Liabilities	Net	Assets	Liabilities	Net
	31 DEC 2023			31 DEC 2022		
Property and equipment	-	-	-	-	-	-
Allowances for loan losses	-	-	-	-	-	-
Effects of movement in exchange rates	-	(1,834,361)	(1,834,361)	-	-	-
Net tax assets/ (liabilities)	**-**	**(1,834,361)**	**(1,834,361)**	**-**	**-**	**-**

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Deferred tax assets				
Current	-	-	-	-
Non-current	8,003,544	8,423,731	-	-
	8,003,544	**8,423,731**	**-**	**-**

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

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**

Movements in temporary differences during the year ended 31 December 2022

GROUP

	Balance at 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2022
Property and equipment	1,203,659	(1,444)	-	1,202,215
Allowances for loan losses	2,403,788	-	-	2,403,788
Tax loss carried forward	5,556,449	(710,557)	-	4,845,892
Effects of movement in exchange rates	-	(28,165)	-	(28,165)
	9,163,896	**(740,166)**	**-**	**8,423,730**

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.

(c) **Unrecognised deferred tax assets**

The amount of deductible temporary differences for which no deferred tax asset is recognised in the Group is detailed below:

	31 DEC 2023		31 DEC 2022	
In thousands of Naira	Gross amount	Tax Impact	Gross Impact	Tax amount
Tax losses	130,612,859	39,183,858	88,055,750	26,416,725
Allowance for loan losses and other losses	43,196,239	13,822,796	28,005,972	8,961,911
Property and equipment (unutilised capital allowance)	16,662,891	4,998,867	14,651,518	4,395,455
Other deductible temporary differences	71,158,167	21,347,450	19,623,465	5,887,040
	261,630,156	**79,352,971**	**150,336,705**	**45,661,131**

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.

33 Deposits from the banks

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Money market deposits	10,392,523	11,255,709	-	-
Trade related obligations to foreign banks	270,085,596	113,109,750	-	-
	280,478,119	**124,365,459**	**-**	**-**
Current	280,478,119	124,365,459	-	-
Non-current	-	-	-	-
	280,478,119	**124,365,459**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

34 Deposits from customers

In thousands of Naira	GROUP 31 DEC 2023	GROUP 31 DEC 2022	COMPANY 31 DEC 2023	COMPANY 31 DEC 2022
Retail customers:				
Term deposits	861,658,961	500,071,657	-	-
Current deposits	737,189,359	434,974,668	-	-
Savings	728,350,988	508,279,930	-	-
	2,327,199,308	**1,443,326,255**	**-**	**-**
Corporate customers:				
Term deposits	326,930,394	221,763,227	-	-
Current deposits	428,841,310	279,819,087	-	-
	755,771,704	**501,582,314**	**-**	**-**
	3,082,971,012	**1,944,908,569**	**-**	**-**
Current	3,082,641,497	1,934,142,652	-	-
Non-current	329,515	10,765,917	-	-
	3,082,971,012	**1,944,908,569**	**-**	**-**

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

35 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 are up to date.

Total contributions to the scheme for the year were as follows:

In thousands of Naira	GROUP 31 DEC 2023	GROUP 31 DEC 2022	COMPANY 31 DEC 2023	COMPANY 31 DEC 2022
At 1 January	23,384	14,855	-	-
Charged to profit or loss for the year (see note 15)	1,010,131	716,687	18,748	15,756
Employee contribution for the year	808,105	573,350	14,998	12,605
Total amounts remitted for the year	(1,717,989)	(1,281,508)	(33,746)	(28,361)
Balance at the end	**123,631**	**23,384**	**-**	**-**
Current	123,631	23,384	-	-
Non-current	-	-	-	-
	123,631	**23,384**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

36 Other liabilities

		GROUP		COMPANY	
	In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
(a)	**Other financial liabilities:**				
	Customers' deposit for letters of credit	120,195,226	40,456,852	-	-
	Bank cheques/drafts	5,902,685	4,622,679	-	-
	Negotiated letters of credits	37,935,037	82,703,032	-	-
	E-settlement payables	8,081,504	14,373,451	-	-
	Withholding tax and value added tax payables	2,439,405	1,914,848	17,269	6,040
	Collections account balances (see note (c))	10,075,064	5,800,524	-	-
	Unclaimed items	4,169,503	6,198,564	-	-
	Undisbursed intervention funds (see note (d))	3,262,448	908,267	-	-
	AMCON Sinking fund accounts payable (see note (e))	-	1,017,317	-	-
	Accounts payables	25,260,357	23,670,439	2,150,008	5,945,392
	Accounts payable - unclaimed dividend	2,097,463	1,697,849	2,097,463	1,697,849
		219,418,692	**183,363,822**	**4,264,740**	**7,649,281**
(b)	**Other non-financial liabilities:**				
	Deferred income & Rent received in advance (see note (f))	1,214,809	2,536,881	-	-
	Accrued expenses	22,680,283	8,576,433	1,019,629	452,849
	Lease liability (see note (g))	1,785,305	2,425,035	-	-
		25,680,397	**13,538,349**	**1,019,629**	**452,849**
		245,099,089	**196,902,171**	**5,284,369**	**8,102,130**
	Current	215,249,189	175,938,377	2,167,277	1,628,923
	Non-current	29,849,900	20,963,794	3,117,092	6,473,207
		245,099,089	**196,902,171**	**5,284,369**	**8,102,130**

(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 on-lending facilities undisbursed as customers are yet to meet conditions precedent to drawdown.

(e) This relates to AMCON sinking fund contribution for prior years as advised by Central Bank of Nigeria, based on the recalculation in line with the AMCON Amendment Act 2015. This amount is payable over a period of five years commencing in year 2019. This has been fully paid down as at 31 December 2023.

(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 N2.84billion and N2.54billion as at 31 December 2023 (31 December 2022: N3.22billion and N2.46billion) for Banking subsidiary. The Banking subsidiary has applied 16.0% as the weighted average incremental borrowing rate to lease liability on transition date.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Not more than one year	404,078	611,249	-	-
Over one year but less than five years	(461,473)	1,761,391	-	-
More than five years	1,842,700	52,395	-	-
	1,785,305	**2,425,035**	**-**	**-**
The table below shows the movement in lease liability during the year:				
As at 1 January	2,425,035	2,616,329	-	-
Additions during the year	307,390	257,649	-	-
Interest expense on lease liabilities	241,343	243,523	-	-
Less: Lease payments	(703,619)	(561,182)	-	-
Less: Derecognised lease liability	(1,107,903)	(318,340)	-	-
Lease modification	(12,292)	109,832	-	-
Effects of movement in exchange rates	635,351	77,224	-	-
Balance at the end	**1,785,305**	**2,425,035**	**-**	**-**

(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.

37 Provision

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Legal claims (see note (c))	10,317,304	5,492,417	-	-
Financial guarantee contracts and loan commitments issued (see note (b))	579,223	2,022,467	-	-
	10,896,527	**7,514,884**	**-**	**-**
Current	-	-	-	-
Non-current	10,896,527	6,747,271	-	-
	10,896,527	**6,747,271**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(a) **Movement in provision during the year**

	31 DEC 2023			31 DEC 2022		
	Legal claims	Financial guarantee contracts and loan commitments issued	Total	Legal claims	Financial guarantee contracts and loan commitments issued	Total
GROUP						
At 1 January	5,492,417	2,022,467	7,514,884	4,856,591	1,890,680	6,747,271
Net remeasurement loss allowance (see note 10)	-	(1,455,945)	(1,455,945)	-	129,099	129,099
Provisions made during the year (see note 18(a))	2,525,000	-	2,525,000	915,000	-	915,000
Amount utilised during the year	(153,563)	-	(153,563)	(464,124)	-	(464,124)
Effects of movement in exchange rates	2,453,450	12,701	2,466,151	184,950	2,688	187,638
Balance at the end	**10,317,304**	**579,223**	**10,896,527**	**5,492,417**	**2,022,467**	**7,514,884**

(b) The amount represents the sum of ECL provision of N436.19million (31 December 2022: N1.59billion) on financial guarantee contracts and N121.75million (31 December 2022: N424.59million 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 44.

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
38 On-lending facilities				
Bank of industry (BOI) (see note (a) below)	2,365,572	2,660,992	-	-
Commercial Agriculture Credit Scheme (CACS) (see note (b) below)	1,375,601	3,588,737	-	-
Real Sector Support Facility (RSSF) (see note (c) below)	2,082,020	57,693,996	-	-
Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement Scheme (DCRR) (see note (d) below)	-	104,628,881	-	-
Power & Aviation Intervention Fund (see note (e) below)	7,455,301	11,243,240	-	-
Micro, Small and Medium Enterprises Development Fund (MSMEDF) (see note (f) below)	812,054	2,045,071	-	-
Development Bank of Nigeria (DBN) (see note (g) below)	40,820,973	60,830,734	-	-
Nigerian Export - Import Bank (NEXIM) (see note (h) below)	2,513,560	6,500,000	-	-
	57,425,081	**249,191,651**	**-**	**-**
Current	17,717,618	81,762,920	-	-
Non-current	39,707,463	167,428,731	-	-
	57,425,081	**249,191,651**	**-**	**-**

(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 N14.20billion for 31 December 2023 (31 December 2022: N5.70billion), (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 Banking subsidiary 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 Banking subsidiary 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 Banking subsidiary is under obligation to on-lend to the Banking subsidiary's qualified customers at an all-in interest rate of not more than 9% per annum. Based on the structure of the facility, the Banking subsidiary assumes the credit risk of all amounts lent to the Banking subsidiary's customers. This facility is not secured. In response to the COVID-19 pandemic, the Central Bank Of Nigeria granted concessions to cushion the impact of the pandemic by downward reduction in the rate from 9% to 5% effective on 1 March 2020 to elapse on 28 February 2021, which was extended to 28 February 2022 and has subsequently elapsed.

(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. In response to the COVID-19 pandemic, the Central Bank Of Nigeria granted concessions to cushion the impact of the pandemic by downward reduction in the rate from 9% to 5% effective on 1 March 2020 to elapse on 28 February 2021,which was extended to 28 February 2022 and has subsequently elapsed.

(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 Banking subsidiary 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. This has been matched off against the corresponding receivable going forward, (see note 27(d)).

(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 Banking subsidiary is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. This facility is not secured. In response to the COVID-19 pandemic, the Central Bank Of Nigeria granted concessions to cushion the impact of the pandemic by downward reduction in the rate from 9% to 5% effective on 1 March 2020 to elapse on 28 February 2021, which was extended to 28 February 2022 and has subsequently elapsed.

(f) "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. In response to the COVID-19 pandemic, the Central Bank Of Nigeria granted concessions to cushion the impact of the pandemic by downward reduction in the rate from 9% to 5% effective on 1 March 2020 to elapse on 28 February 2021, which was

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

extended to 28 February 2022 and has subsequently elapsed.

(g) Development Bank of Nigeria (DBN)

The Development Bank of Nigeria (DBN) is a line of credit granted to the Banking subsidiary for the purpose of providing on lending concessionary loans to MSMEs, including agricultural sector, manufacturing sector and gender loans. The facility has a maximum tenor of 10 years for term loans and a maximum tenor of 3 years for working capital requirements. The facility attracts an interest rate of between 9.76% - 15.00% 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. This facility is secured by government securities valued N5.78billion (31 December 2022: N9.87billion). In response to the COVID-19 pandemic, the fund provider, Development Bank of Nigeria granted concessions to cushion the impact of the pandemic by granting a three-month moratorium on principal and interest repayments and also a three-month tenor extension on all outstanding facilities to accommodate the moratorium, which was extended to 28 February 2022 and has subsequently elapsed.

(h) 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 Banking subsidiary is under obligation to on-lend to customers at an all-in interest spread of 9% per annum.

(i) Movement in on-lending facilities during the year was as follows:

	GROUP		COMPANY	
	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
At 1 January	249,191,651	157,873,774	-	-
Additions during the year	19,263,253	139,192,990	-	-
Repayments during the year	(106,400,942)	(47,875,113)	-	-
Reclassification to other financial assets (see note 27(d))	(104,628,881)	-	-	-
Balance at the end	**57,425,081**	**249,191,651**	**-**	**-**

39 Debt securities issued

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 20223	31 DEC 2022
Debt securities at amortised cost:				
Bond issued (see note (a) below)	-	5,105,927	-	-
Note issued (see note (b) below)	44,401,004	21,510,315	-	-
Note issued (see note (c) below)	49,605,817	23,704,652	-	-
Note issued (see note (d) below)	29,998,331	29,998,387	-	-
Note issued (see note (e) below)	9,137,184	4,426,560	-	-
	133,142,336	**84,745,841**	**-**	**-**
Current	10,206,701	13,117,329	-	-
Non-current	122,935,635	71,628,512	-	-
	133,142,336	**84,745,841**	**-**	**-**

(a) This represents the third tranches of a N100 billion debt issuance programme that has been repaid as at 31 December 2023 (31 December 2022: N5.11billion).

(b) The amount of N44.40billion (31 December 2022: N21.51billion) 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(c) The amount of N49.61billion (31 December 2022: N23.70billion) represents the amortised cost of $50million, 5years 8.53% Fluctuating Rate Unsecured Note Due 2030 issued on 3 September 2020. The Principal amount is repayable on 20 quarterly installments effective from 20 September 2025 to 20 June 2030 while the coupon is paid quarterly.

(d) The amount of N30.00billion (31 December 2022: 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.

(e) The amount of N9.14billion, ($9.6million) (31 December 2022: N4.43billion) 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.

(f) Movement in Debt securities issued during the year was as follows:

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
At 1 January	84,745,841	78,493,492	-	-
Accrued coupon interest for the year	6,188,962	858,688	-	-
Additions during the year	-	2,121,060	-	-
Coupon interest paid during the year	(5,297,990)	(789,022)	-	-
Effects of movement in exchange rates	47,505,523	4,061,623	-	-
Balance at the end	**133,142,336**	**84,745,841**	**-**	**-**

40 Borrowings

(a) **Borrowings comprise:**

Oikocredit Cooperative Society, Netherlands (See note (b)(I) below)	5,831,978	3,727,422	-	-
Societe De Promotion et De Participation Pour La Cooperation Economique SA. (Proparco) (See note (b)(ii) below)	28,972,989	16,170,632	-	-
African Export-Import Bank (Afrexim) (See note (b)(iii) below)	18,934,688	27,665,668	-	-
African Development Bank (AfDB) (See note (b)(iv) below)	32,824,761	15,334,837	-	-
FCMB Asset Management (See note (b)(v) below)	49,918,407	25,466,409	2,917,689	856,858
	136,482,823	**88,364,968**	**2,917,689**	**856,858**
Current	2,917,689	35,610,609	2,917,689	856,858
Non-current	133,565,134	52,754,359	-	-
	136,482,823	**88,364,968**	**2,917,689**	**856,858**

(b) i) The amount of N5,831,978,000 (31 December 2022: N3,727,422,000) 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 N28,972,989,000 (31 December 2022: N16,170,632,000) 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) The amount of N18,934,688,000 (31 December 2022: N27,665,668,000) represents an unsecured facility of $100million granted by African Export-Import Bank (Afrexim) repayable installmentally over a tenor of 3 years maturing 30 June 2024 with an interest rate of 3 months USD SOFR + 5.65%.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

iv) The amount of 32,824,761,000 (31 December 2022: N15,334,837,000) 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 N49,918,407,000 (31 December 2022: N25,466,409,000) 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 7.78% to 18.22% and tenor ranging from 3 to 12 months

The Group has not defaulted in the payment of principal or interest nor has the Group been in breach of any covenant relating to the liabilities during the year (31 December, 2022: nil).

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
(c) Movement in borrowings account during the year was as follows:				
At 1 January	88,364,968	80,704,066	856,858	-
Additions during the year	24,391,167	29,436,917	2,000,000	850,000
Repayments during the year	(44,734,130)	(23,160,725)	-	-
Accrued interest for the year	8,634,690	8,822,711	192,581	6,858
Interest paid during the year	(7,108,797)	(8,549,889)	(131,750)	-
Effects of movement in exchange rates	66,934,925	1,111,888	-	-
Balance at the end	**136,482,823**	**88,364,968**	**2,917,689**	**856,858**

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2022	31 DEC 2021	31 DEC 2022	31 DEC 2021
41 Share capital				
(a) Authorised				
19.8billion ordinary shares of 50k each (31 December 2022: 19.8billion)	9,901,355	9,901,355	9,901,355	9,901,355
(b) Issued and fully paid				
19.8billion ordinary shares of 50k each (31 December 2022: 19.8billion)	9,901,355	9,901,355	9,901,355	9,901,355
(c) Additional Tier 1 (AT1) Capital (Series I & II)	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 were 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 subsidiary'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 were 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 Banking subsidiary's regulatory capital base. The Intercompany Notes were issued under the same terms as the AT1.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 is 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).

(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 applicable, 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/or "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

	31 DEC 2023	31 DEC 2022
Interest coupon paid on Additional Tier 1 (AT1) Capital	1,641,278	-
	1,641,278	**-**

COMPANY

	31 DEC 2023	31 DEC 2022
Interest coupon paid on Additional Tier 1 (AT1) Capital	1,641,278	-
	1,641,278	**-**

42 Share premium and reserves

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

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

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

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

(i) Statutory reserve: Nigerian banking regulations require the Banking subsidiary 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 2022: 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(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 2023.

43 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 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
NCI Percentage	**25.00%**	**25.00%**	**8.29%**	**8.72%**		
Total Assets	4,885,321	1,530,528	18,804,148	18,879,392	23,689,469	20,409,920
Total Liabilities	1,032,195	222,368	7,284,608	8,607,185	8,316,803	8,829,553
Net Assets	3,853,126	1,308,160	11,519,540	10,272,207	15,372,666	11,580,367
Estimated NCI share of Net Assets	963,281	327,040	954,970	895,736	1,918,251	1,222,776
Adjustment to NCI	-	-	(244,354)	(244,354)	(244,354)	(244,354)
Net assets attributable to NCI	**963,281**	**327,040**	**710,615**	**651,382**	**1,673,897**	**978,422**
Movement in NCI						
Balance at 1 January	327,040	262,312	651,382	318,747	978,422	581,059
On Acqusition of AIICO pensions	-	-	-	208,472	-	208,472
Dividend paid/declared	(11,905)	-	(127,080)	(34,880)	(138,986)	(34,880)
Share of profit post acquisition	199,986	68,124	188,308	159,821	388,295	227,944
Share of other comprehensive income	448,160	(3,396)	(1,994)	(778)	446,166	(4,174)
Total NCI at 31 December	**963,281**	**327,040**	**710,615**	**651,382**	**1,673,897**	**978,422**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44 Contingencies

(a) **Legal Proceedings**

The Group in its ordinary course of business is presently involved in 484 cases as a defendant (31 December 2022: 566) and 29 cases as a plaintiff (31 December 2022: 35). The total amount claimed in the 484 cases against the Group is estimated at N34.01billlion (31 December 2022: N26.94billion) while the total amount claimed in the 29 cases instituted by the Group is N15.87billion (31 December 2022: N12.60 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 year ended 31st December of N8.9billion (31 December 2022: N5.49billion), See note 37(a) for the provisions made in the books for claims.

Other contingent liabilities and commitments

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 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Performance bonds and guarantees	317,635,552	178,201,810	-	-
Loan commitments	3,468,603	3,869,461	-	-
Clean line letters of credit	96,357,177	128,712,165	-	-
	417,461,332	**310,783,436**	**-**	**-**
Other commitments	764	11,787	-	-
	417,462,096	**310,795,223**	**-**	**-**
Current	119,877,344	143,587,714	-	-
Non-current	297,584,752	167,207,509	-	-
	417,462,096	**310,795,223**	**-**	**-**

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

45 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 45(b) below.

(b) **Subsidiaries:**

Transactions between FCMB Group Plc and its subsidiaries which are eliminated on consolidation are not separately disclosed in the consolidated financial statements. The Group's effective interests and investments in subsidiaries as at 31 December 2023 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%	115,422,326	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 Limited (CDL)	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
(11) CSL Capital (UK) Limited	Indirect	75%	35,468	United Kingdom	Financial Advisory

(c) **Significant restrictions**

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which its banking subsidiaries operate. The carrying amounts of subsidiaries' assets and liabilities are N67.81billion andN74billion respectively (31 December 2022: N169.79billion and N150.61billion respectively).

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

(d) **Condensed Financial Information**

(i) The condensed financial data of the consolidated entities as at 31 December 2023 were as follows:

RESULTS OF OPERATIONS

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCK -BROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLI-DATION 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	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**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL POSITION

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCK -BROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLI-DATION 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	-	-	-	-	-	-	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	-	-	-	-	-	-	-	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	132,808,010	1,650,288	4,083,868	306,050	128,484	4,468,259	6,979,477	175,344,605	(23,223,839)	152,120,766
Other reserves	-	126,004,912	-	2,163,589	-	88,543	1,492,654	3,059,397	132,809,095	4,043,031	136,852,126
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**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(d) **Condensed Financial Information**

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

RESULTS OF OPERATIONS

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCK -BROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLI-DATION JOURNAL ENTRIES	GROUP
Interest and discount income	566,314	205,263,935	134,331	378,280	48,899	10,294	433,470	13,431,608	220,267,131	(715,539)	219,551,592
Interest expense	(6,858)	(95,310,236)	-	(4,948)	-	(224)	-	(2,947,443)	(98,269,709)	715,539	(97,554,170)
Net interest income	**559,456**	**109,953,699**	**134,331**	**373,332**	**48,899**	**10,070**	**433,470**	**10,484,165**	**121,997,422**	**-**	**121,997,422**
Other income	8,398,334	41,672,142	936,108	3,459,457	137,212	16,343	5,841,151	926,783	61,387,530	(7,982,122)	53,405,408
Operating income	**8,957,790**	**151,625,841**	**1,070,439**	**3,832,789**	**186,111**	**26,413**	**6,274,621**	**11,410,948**	**183,384,952**	**(7,982,122)**	**175,402,830**
Operating expenses	(1,641,735)	(100,822,353)	(497,073)	(2,122,993)	(113,535)	(21,634)	(3,568,067)	(6,316,004)	(115,103,387)	1,236,928	(113,866,459)
Impairment losses on financial instruments	(27,669)	(23,862,478)	19,368	(12,659)	8,804	-	(2,638)	(1,089,036)	(24,966,308)	-	(24,966,308)
Profit before tax	**7,288,386**	**26,941,010**	**592,734**	**1,697,137**	**81,380**	**4,779**	**2,703,916**	**4,005,908**	**43,315,257**	**(6,745,194)**	**36,570,063**
Income tax expense	(24,198)	(2,383,992)	(195,603)	(504,406)	(30,616)	712	(834,386)	(1,468,883)	(5,441,372)	-	(5,441,372)
Profit after tax	**7,264,188**	**24,557,018**	**397,131**	**1,192,731**	**50,764**	**5,491**	**1,869,530**	**2,537,025**	**37,873,885**	**(6,745,194)**	**31,128,691**
Other comprehensive income	-	4,714,503	-	41,260	-	-	(8,920)	-	4,746,843	(14,688)	4,732,155
Total comprehensive income for the period	**7,264,188**	**29,271,521**	**397,131**	**1,233,991**	**50,764**	**5,491**	**1,860,610**	**2,537,025**	**42,620,728**	**(6,759,882)**	**35,860,846**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL POSITION

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCK -BROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLI-DATION JOURNAL ENTRIES	GROUP
Assets											
Cash and cash equivalents	30,607	234,831,137	1,132,892	4,399,626	1,342,265	1,105,805	2,907,595	6,558,023	252,307,950	(4,822,327)	247,485,623
Restricted reserve deposits	-	493,359,709	-	-	-	-	-	-	493,359,709	-	493,359,709
Non-pledged Trading assets	-	159,228,440	-	1,502,335	-	-	-	-	160,730,775	-	160,730,775
Derivative assets held for risk management	-	853,709	-	-	-	-	-	-	853,709	-	853,709
Loans and advances to customers	-	1,166,621,912	69,497	344,212	1,422	-	130,744	28,458,799	1,195,626,586	-	1,195,626,586
Assets pledged as collateral	-	79,009,207	-	-	-	-	-	-	79,009,207	-	79,009,207
Investment securities	8,023,508	514,756,502	924,723	986,263	197,519	9,000	3,369,434	-	528,266,949	(3,693,924)	524,573,025
Investment in subsidiaries	,228,197	-	-	-	-	-	-	-	132,228,197	(132,228,197)	-
Property and equipment, and right of use assets	30,165	46,215,483	63,295	458,311	8,855	4,341	2,049,871	2,137,201	50,967,522	-	50,967,522
Intangible assets	12,094	14,176,214	-	54,618	715	-	9,625,465	423,373	24,292,479	5,345,114	29,637,593
Deferred tax assets	-	8,422,285	-	-	-	1,446	-	-	8,423,731	-	8,423,731
Other assets	6,353,476	189,925,161	152,286	635,277	105,553	-	796,283	724,427	198,692,463	(6,307,386)	192,385,077
	146,678,047	**2,907,399,759**	**2,342,693**	**8,380,642**	**1,656,329**	**1,120,592**	**18,879,392**	**38,301,823**	**3,124,759,277**	**(141,706,720)**	**2,983,052,557**
Financed by:											
Trading liabilities	-	1,883,937	-	-	-	-	-	-	1,883,937	-	1,883,937
Derivative liabilities held for risk management	-	1,699,900	-	-	-	-	-	-	1,699,900	-	1,699,900
Deposits from banks	-	124,365,459	-	-	-	-	-	-	124,365,459	-	124,365,459
Deposits from customers	-	1,949,716,934	-	-	-	13,964	-	-	1,949,730,898	(4,822,329)	1,944,908,569
Borrowings	856,858	62,898,559	-	-	-	-	-	24,609,551	88,364,968	-	88,364,968
On-lending facilities	-	249,191,651	-	-	-	-	-	-	249,191,651	-	249,191,651
Debt securities issued	-	88,439,764	-	-	-	-	-	-	88,439,764	(3,693,923)	84,745,841
Retirement benefit obligations	-	4,694	-	-	-	-	-	18,690	23,384	-	23,384
Current income tax liabilities	72,584	3,985,024	188,601	502,685	29,991	3,614	916,821	1,480,966	7,180,286	-	7,180,286
Deferred tax liabilities	-	-	-	67,075	2,590	-	131,227	191,005	391,897	-	391,897
Provision	-	7,514,884	-	-	-	-	-	-	7,514,884	-	7,514,884
Other liabilities	8,102,130	180,122,259	354,036	2,820,051	1,135,375	16,124	7,559,137	3,100,448	203,209,560	(6,307,389)	196,902,171
Share capital	9,901,355	5,000,000	500,000	943,577	50,000	1,000,000	988,677	500,000	18,883,609	(8,982,254)	9,901,355
Share premium	115,392,414	97,846,690	-	1,057,250	170,000	-	4,569,949	-	219,036,303	(103,643,889)	115,392,414
Retained earnings	12,352,706	74,650,213	1,300,056	2,833,657	268,373	41,208	3,714,379	5,864,778	101,025,370	(26,463,880)	74,561,490
Other reserves	-	60,079,791	-	156,347	-	45,682	999,202	2,536,385	63,817,407	11,228,521.58	75,045,929
Non-controlling Interests	-	-	-	-	-	-	-	-	-	978,422	978,422
	146,678,047	**2,907,399,759**	**2,342,693**	**8,380,642**	**1,656,329**	**1,120,592**	**18,879,392**	**38,301,823**	**3,124,759,277**	**(141,706,720)**	**2,983,052,557**
Acceptances and guarantees			**310,795,223**					**-**	**310,795,223**	**-**	**310,795,223**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(e) **Transactions with key management personnel**

Key management personnel compensation for the year comprises;

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Key management personnel compensation for the year comprised;				
Short-term employee benefits	1,434,236	621,138	325,028	355,703
Contributions to defined contribution plans	9,246	9,246	9,246	9,246
	1,443,482	**630,384**	**334,274**	**364,949**
Loans and advances				
At 1 January	1,923,370	2,204,765	-	-
Granted during the year	1,361,347	121,329	1,172,314	-
Repayment during the year	(342,589)	(402,724)	-	-
Balance at the end	**2,942,128**	**1,923,370**	**1,172,314**	**-**
Interest earned	**10,029**	**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 N269.17million (31 December 2022: N278.13million) 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 2023, 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 2022:N19.07million).

(f) **Loans and advances outstanding:**

Included in loans and advances is an amount of N606.64million (31 December 2022: N759.67million) representing credit facilities to companies in which certain Directors have interests and key management personnel. The balances as at 31 December 2023 and 31 December 2022 were as follows:

In thousands of Naira

Name of company / Individual	Relationship	Name of Directors related to the companies	Facility type	31 DEC 2023	31 DEC 2022	Status	Security Status
Primrose Property Investment Ltd.	Directors-Shareholders	Otunba M. O Balogun	Term loan	114,439	150,000	Performing	Perfected
Balogun Abimbola Adetutu (Olori)	Directors-Shareholders	Balogun Babajide Oludolapo	Overdraft	316	-	Performing	Perfected
Balogun Babajide Oludolapo	Directors-Shareholders	Balogun Babajide Oludolapo	Term loan	13,374	250,000	Performing	Perfected
Crestmont Limited	Directors-Shareholders	Prof. Oluwatoyin Ashiru	Overdraft	118,027	90,500	Performing	Perfected
Outstanding loans of key management personnel	Directors / Principal officers	-	Term loan	360,571	269,173	Performing	Perfected
				606,637	**759,673**		

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(g) **Deposits outstanding**

Included in deposit is an amount of N2.78billion (31 December 2022: N3.12billion) representing deposits from companies in which certain Directors have interests. The balances as at 31 December 2023 and 31 December 2022 were as follows:

In thousands of Naira

Name of company/Individual	Relationship	Type of deposit	31 DEC 2023	31 DEC 2022
ATSC International Limited	Shareholder	Current Account	1,499	5,945
Bluechip Holding Limited	Shareholder	Current Account	-	10
Chapel Hill Advisory Partners	Shareholder	Current Account	518,489	1,322
Chapel Hill Advisory Partners	Shareholder	Time Deposit	1,037,006	-
Dynamic Industries Limited	Directors-Shareholders	Current Account	103,195	908,420
Dynamic Industries Limited	Directors-Shareholders	Time Deposit	742,251	877,913
Gulvaris Capital Partners Limited	Directors-Shareholders	Current Account	19,196	5,646
Gulvaris Capital Partners Limited	Directors-Shareholders	Time Deposit	16,202	-
Helios Investment Partners	Directors-Shareholders	Current Account	967	726
Lafarge Cement Wapco Nig Plc	Directors-Shareholders	Current Account	2	39,482
Lana Securities Limited	Shareholder	Current Account	81	310
Poly Products Nigeria Limited	Directors-Shareholders	Current Account	46	46
Primrose Development Company Limited	Shareholder	Current Account	32,136	121,575
Primrose Properties Investment Limited	Shareholder	Current Account	73,582	1,084,336
Primrose Properties Investment Limited	Shareholder	Time Deposit	28,560	9
S&B City Printers Limited	Directors-Shareholders	Current Account	44,736	45,052
S&B City Printers Limited	Directors-Shareholders	Time Deposit	248	248
First Concept Properties Ltd	Directors-Shareholders	Current Account	134,627	28,395
Tricontinental Oil Services Limited	Directors-Shareholders	Current Account	200	1,193
Crestmont Limited	Directors-Shareholders	Current Account	25,038	281
			2,778,061	**3,120,909**

46 Employees and Directors

Employees

	GROUP		COMPANY	
	31 DEC 2023 Number	31 DEC 2022 Number	31 DEC 2023 Number	31 DEC 2022 Number
(a) The average number of persons employed during the year by category:				
Executive directors	15	7	3	3
Management	548	551	4	4
Non-management	2,991	2,784	14	11
	3,554	**3,342**	**21**	**18**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(b) Compensation for the above persons (excluding executive directors):

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Wages and salaries	34,132,597	25,299,929	392,415	339,902
Contributions to defined contribution plans	1,000,885	707,441	9,502	6,510
Non-payroll staff cost	14,434,414	9,598,299	776,112	277,427
	49,567,896	**35,605,669**	**1,178,029**	**623,839**

(c) The number of employees of the Group, including executive directors, who received emoluments in the following ranges were:

	GROUP		COMPANY	
	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
	Number	Number	Number	Number
Less than N1,800,000.00	199	115	-	-
N1,800,001 - N2,500,000	137	266	-	-
N2,500,001 - N3,500,000	1,050	810	-	-
N3,500,001 - N4,500,000	712	747	-	-
N4,500,001 - N5,500,000	519	458	3	3
N5,500,001 and above	937	946	18	15
	3,554	**3,342**	**21**	**18**

(d) **Diversity in employment**

i) A total of 1,464 women were in the employment of the Group during the year ended 31 December 2023 (31 December 2022: 1,423), which represents 41% of the total workforce (31 December 2022: 43%).

ii) A total of 15 women were in the top management position as at the year ended 31 December 2023 (31 December 2022:16), which represents 21% of the top management workforce in this position (31 December 2022: 27%). There were forteen (14) women on the Board of Directors for the year ended 31 December 2023 (31 December 2022:15)

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 2023			31 DEC 2022		
	Gender	Number	%	Gender	Number	%
	Male	2,090	59%	Male	1,919	57%
	Female	1,464	41%	Female	1,423	43%
	Total	**3,554**	**100%**	**Total**	**3,342**	**100%**

	31 DEC 2023			31 DEC 2022		
GRADE LEVEL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Assistant General Manager (AGM)	37	9	46	24	8	32
Deputy General Manager (DGM)	16	2	18	17	3	20
General Manager (GM)	4	4	8	2	5	7
Total	**57**	**15**	**72**	**43**	**16**	**59**
Executive Director (ED)	9	1	10	6	1	7
Group Managing Director/ Chief Executive Officer (GMD / CEO)	4	1	5	7	1	8
Non - Executive Directors	24	12	36	18	13	31
Total	**37**	**14**	**51**	**31**	**15**	**46**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(e) **Directors**

The remuneration paid to the directors of the Group (excluding pension and certain allowances) was:

	GROUP		COMPANY	
In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Fees	351,000	245,500	182,000	91,000
Sitting allowances	241,668	235,150	66,735	55,100
Executive compensation	1,434,236	621,138	325,028	355,703
	2,026,904	1,101,788	573,763	501,803
Directors' other expenses	1,063,670	727,964	40,555	81,113
	3,090,574	**1,829,752**	**614,318**	**582,916**
The Directors' remuneration shown above includes:				
The Chairman	52,000	26,000	52,000	26,000
Highest paid director	183,451	179,828	183,451	179,828

The number of directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges were:

	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
	Number	Number	Number	Number
N10,000,000 and below	8	-	-	-
N10,000,001 and above	36	46	10	10
	44	**46**	**10**	**10**

47 Compliance With Banking Regulations

During the year ended 31 December 2023, 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 2.7.4 of the Corporate Governance Code for Banks and Discount Houses in Nigeria 2014	Risk Assets Assessment Examination (RAAE) of FCMB Limited as at December 31, 2020 non compliance on Board Policy on Remuneration of Executive Management	1	30,000
Contravention of section 19(3) of BOFIA, 2020	Risk Assets Assessment Examination (RAAE) of FCMB Limited as at December 31, 2020. Granting unsecured advances, loans or unsecured insider-related credit-facilities of an aggregate amount in excess of N1,000,000.00	1	62,000
Contravention of Section 1.3 of the CBN Standards and Guidelines on Automated Teller Machine (ATM) operations in Nigeria (2016).	Risk Based Supervisory Report (FCMB) Limited for the Period October 1st 2020 to September 30, 2021. ATM complains was not resolved within 72 hours.	1	4,000
Contravention of Section 2.4.1 (b) the CBN Guidance notes on Supervisory Review Process	Risk Based Supervisory Report (FCMB) Limited for the Period October 1st 2020 to September 30, 2021. Supervisory Review Process on the Board approval of the Bank's ICAAP document not followed.	1	2,000

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Section	Nature	No. of times	Penalties (N'000)
Contravention of Section 3.1.2 of the regulatory framework for BVN Operations and watchlist for the Nigerian Banking Industry	Improper linkage of Alin Yar Yaya General Enterprises account (3631306016) to the BVN (22205372920) belonging to FCMB customer Mr. Salisu Shehu Nagari	1	2,000
Contravention of CBN Circular BSD/DIR/GEN/LAB/07/011 (dated April 10th, 2014) on the 'Timely Rendition of Statutory Returns.	Late rendition of September 2022 Returns	1	5,000

During the year ended 31 December 2023, other subsidiaries of the Group paid penalties as detailed below:

Subsidiary	Nature	No. of times	Penalties (N'000)
FCMB Pensions Limited	Failure to meet the deadline for recapture of all funded accounts as directed by PENCOM	1	39,502
FCMB Pensions Limited	Double registration error	1	600

The penalties totaling N145.1million were paid during the year (31 December 2022: N70.3million).

48 Events after the Reporting Period

Subsequent to year end, the following are the updates to some events which the directors of the Group deem to be significant;

(i) CSL Stockbrokers Limited is a limited Company incorporated in Nigeria on 24 January 1979 as a Private Limited Liability Company. CSL Stockbrokers Limited is a subsidiary of FCMB Group Plc, which owns 99.99% of its issued share capital. The Company is domiciled in Nigeria. The Company's registered office is located at First City Plaza, 44 Marina, Lagos, Nigeria. CSLS owns 75% ownership in CSL Capital (UK) Limited as of 31 December 2023.

Subsequent to the balance sheet date but prior to the issuance of these financial statements, the Company (CSLS) entered into an agreement to divest 30% of its shares in CSL Capital UK Limited (""the Entity""). The request to divestment was completed on 02/02/2024.

As a result of this divestment request, the Company will no longer have significant influence over the operations and financial policies of the Entity and, consequently, the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN ("the FCA") has decided to approve the change in control. The approval remains effective only if the control in question is acquired within three months of the date of the approval (section 191(1) of FSMA). The FCA may extend this three-month period on request.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

49 Reconciliation notes to consolidated and separate statement of cashflows

			GROUP		COMPANY	
		Note	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
(i)	**Net gain on debt securities at Fair value through profit or loss**					
	Gross trading income before fair value adjustments		8,289,301	11,971,808	-	-
	Fair value gain on financial assets adjustments		816,697	893,766	-	-
	Net trading income	12	**9,105,998**	**12,865,574**	**-**	**-**
(ii)	**Interest received**					
	Balance at end of the year (interest receivables, overdue interest and loan fees)		131,020,748	88,333,275	-	-
	Accrued Interest income during the year	8	354,992,921	219,551,592	2,752,256	566,314
	Non cash related adjustments		(2,175,406)	(3,619,362)	-	-
	Balance at start of the year (interest receivables, overdue interest and loan fees)		(88,333,275)	(88,260,441)	-	-
	Interest received during the year		**395,504,988**	**216,005,064**	**2,752,256**	**566,314**
(iii)	**Interest paid**					
	Balance at end of the year (interest payables, interest prepaid and deferred FCY charges)		27,223,345	15,843,686	-	-
	Accrued Interest expense during the year	9	178,396,597	97,554,170	192,580	6,858
	Amortised cost on financial liabilities adjustments		(414,678)	(602,172)	(192,580)	(6,858)
	Balance at start of the year (interest payables, interest prepaid and deferred FCY charges)		(15,843,686)	(8,474,925)	-	-
			189,361,578	**104,320,759**	**-**	**-**
(iv)	**VAT paid**					
	This relates to monthly remittances to the tax authorities with respect to vatable services		**6,332,632**	**1,643,872**	**45,807**	**90,813**
(v)	**Acquisition of investment securities and proceeds from sale and redemption of investment securities**					
	Balance at start of the year	24	524,573,025	372,548,333	8,023,508	6,007,162
	Non cash related adjustments		62,499,345	(17,679,183)	8,551,313	(570,909)
	Add: Acquisition of investment securities during the year		482,051,102	266,944,103	47,347,340	2,587,255
	Less: Proceeds from sale and redemption of investment securities		(274,377,093)	(97,240,228)	-	-
	Balance at end of the year		**794,746,379**	**524,573,025**	**63,922,161**	**8,023,508**
(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		234,418,714	226,844,017	1,310,961	1,363,059
	Movement during the year at average exchange rates		(115,994,270)	(123,949,226)	1,190,681	(6,123,095)
	Balance at start of the year on net translated foreign balances at opening exchange rates		152,563,419	334,140,265	1,362	7,484,792
			197,849,565	**16,652,978**	**118,918**	**1,362**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

			GROUP		COMPANY	
		Note	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
(vii)	**Net decrease in other liabilities**					
	At 31 December	36	245,099,089	196,902,171	5,284,369	8,102,130
	Total amounts remitted under retirement benefit obligations	35	(1,717,989)	(1,281,508)	(33,746)	(595,471)
	Interest paid on lease liability		(24,656)	-	-	-
	Non cash related adjustments		25,680,397	13,538,349	3,815,836	452,849
	At 1 January		(196,902,171)	(199,465,224)	(8,102,130)	(7,505,765)
	Net decrease in other liabilities	36	**72,134,670**	**9,693,788**	**964,328**	**453,743**
(viii)	**Net increase /(decrease) in provision**					
	Opening balance for the year	37	(7,514,884)	(6,747,270)	-	-
	Provisions made during the year	37	1,069,055	1,044,099	-	-
	Effects of movement in exchange rates	37	2,466,151	187,638	-	-
	Closing balance for the year	37	10,896,527	7,514,884	-	-
	Net increase in provision		**6,916,849**	**1,999,351**	**-**	**-**
(viii)	**Proceeds from sale of property and equipment**					
	Gain on sale of property and equipment	14(a)	39,401	(10,620)	(1,837)	(632)
	Cost eliminated on disposal during the year	30	27,567,449	4,494,482	4,166	2,957
	Accumulated depreciation and impairment losses - eliminated on Disposal	30	(26,563,500)	(4,449,572)	(2,264)	(1,108)
	Proceeds from sale of property and equipment		**1,043,349.91**	**34,290**	**64**	**1,217**
(ix)	**Net interest income**					
	Interest income	8	354,992,921	219,551,592	1,110,978	566,314
	Interest expense	9	(178,396,597)	(97,554,170)	(192,580)	(6,858)
			176,596,324	**121,997,422**	**918,398**	**559,456**
(x)	**Net increase in restricted reserve deposits**					
	Opening balance for the year	28	493,359,709	329,739,147	-	-
	Closing balance for the year	28	(799,640,417)	(493,359,709)	-	-
			(306,280,708)	**(163,620,562)**	**-**	**-**
(xi)	Net decrease/(Increase) in derivative assets held for risk management					
	Opening balance for the year	23(a)	853,709	-	-	-
	Fair value gain on financial assets adjustments		-	-	-	-
	Closing balance for the year	23(a)	(1,520,716)	(853,709)	-	-
			(667,007)	**(853,709)**	**-**	**-**
(xii)	**Net increase in non-pledged trading assets**					
	Opening balance for the year	22(a)	160,730,775	41,538,274	-	-
	Fair value gain on financial assets adjustments		(816,697)	(893,766)	-	-
	Closing balance for the year	22(a)	(170,302,701)	(160,730,775)	-	-
			(10,388,623)	**(120,086,267)**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

		Note	GROUP		COMPANY	
			31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
(xiii)	**Net increase in loans and advances to customers**					
	Opening balance for the year	26	1,246,739,645	1,113,157,620	-	-
	Non cash related adjustments		(62,247,009)	(3,225,073)	-	-
	Closing balance for the year	26	(1,929,584,201)	(1,246,739,645)	-	-
			(745,091,565)	**(136,807,098)**	**-**	**-**
(xiv)	**Net decrease in assets pledged as collateral**					
	Opening balance for the year	25	79,009,207	115,456,683	-	-
	Non cash related adjustments		(5,189,073)	(10,303,613)	-	-
	Closing balance for the year	25	(86,714,340)	(79,009,207)	-	-
			(12,894,206)	**26,143,863**	**-**	**-**
(xv)	**Net decrease in other assets**					
	Opening balance for the year	27	192,385,077	127,410,850	6,353,476	7,849,591
	Non cash related adjustments		14,049,423	8,573,591	203,308	(1,115,415)
	Closing balance for the year		(56,885,173)	(192,385,077)	(6,285,010)	(6,353,476)
			149,549,327	**(56,400,636)**	**271,774**	**380,700**
(xvi)	**Net increase in trading liabilities**					
	Closing balance for the year	23(b)	-	1,883,937	-	-
	Fair value gain on financial assets adjustments	-	-	-	-	
	Opening balance for the year	23(b)	(1,883,937)	(5,174,902)	-	-
			(1,883,937)	**(3,290,965)**	**-**	**-**
(xvii)	**Net (decrease) / increase in deposits from banks**					
	Closing balance for the year	33	280,478,119	124,365,459	-	-
	Opening balance for the year	33	(124,365,459)	(160,746,916)	-	-
			156,112,660	**(36,381,457)**	**-**	**-**
(xviii)	**Net increase in deposits from customers**					
	Closing balance for the year	34	3,082,971,012	1,944,908,569	-	-
	Opening balance for the year	34	(1,944,908,569)	(1,554,413,623)	-	-
			1,138,062,443	**390,494,946**	**-**	**-**
(xix)	**Net increase in on-lending facilities**					
	Closing balance for the year	38	57,425,081	249,191,651	-	-
	Amortised cost on financial liabilities adjustments	-	-	-	-	
	Opening balance for the year	38	(249,191,651)	(157,873,774)	-	-
			(191,766,570)	**91,317,877**	**-**	**-**
(xx)	**Net decrease in derivative liabilities held for risk management**					
	Closing balance for the year	23(b)	998,332	1,699,900	-	-
	Fair value gain on financial liabilities adjustments	-	-	-	-	
	Opening balance for the year	23(b)	(1,699,900)	-	-	-
			(701,568)	**1,699,900**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

		Note	GROUP 31 DEC 2023	GROUP 31 DEC 2022	COMPANY 31 DEC 2023	COMPANY 31 DEC 2022
(xxi)	**Net increase in debt securities issued**					
	Opening balance for the year	39	84,745,841	78,493,492	-	-
	Additions during the year		-	2,121,060	-	-
	Repayments during the year		-	-	-	-
	Accrued coupon interest for the year		5,539,058	1,019,538	-	-
	Coupon interest paid during the year		(5,297,990)	(789,022)	-	-
	Amortised cost on financial liabilities adjustments		649,904	(160,850)	-	-
	Translation difference		47,505,523	4,061,623	-	-
	Closing balance for the year	39	**133,142,336**	**84,745,841**	**-**	**-**
(xxii)	**Dividend received**					
	Dividend receivable as at beginning of year		-	-	4,248,142	2,529,067
	Dividend accrued within the year		1,708,284	977,540	6,879,182	6,745,194
	Dividend received within the year		(1,708,284)	(977,540)	(6,879,182)	(5,026,119)
	Dividend receivable as at end of year		**-**	**-**	**4,248,142**	**4,248,142**
(xxiii)	**Investment in subsidiaries**					
	Opening balance for the year		-	-	132,228,197	127,378,197
	Transfer from associate		-	-	-	-
	Additional investment for the year		-	-	-	850,000
	Non cash related adjustments		-	-	-	4,000,000
	Closing balance for the year		**-**	**-**	**132,228,197**	**132,228,197**

50 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	PEDABO ASSOCIATES LTD	FRC/2013/ICAN/00000000908	Tax Consultant
2	I.R. AKINTOYE & CO.	FRC/2014/ICAN/00000007015	Tax Consultant
3	ADEGBONMIRE AND ASSOCIATES	FRC/2013/0000000001226	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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

S/N	NAME OF PROFESSIONAL	FRC_NUMBER	ROLE
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
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 & VALUERS	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

51 Provision of non-audit services

Auditor's remuneration represents fees for the interim and full year audit of the Group and Company for the year ended 31 December 2023.The Group also paid the auditors professional fees for non-audit services. These services, in the group's opinion, did not impair the independence and objectivity of the external auditor. Non-audit services provided during the year 31 December 2023 are stated below:

	Description of non-audit services	Name of signer	FRC Number	Name of Firm	Fee paid (N'000)
(i)	Nigeria Deposit Insurance Corporation (NDIC) certification	Joshua Ojo	FRC/2013/ICAN/ 00000000785	Deloitte & Touché Nigeria	5,375
					5,375

The Company's auditor did not engage in any non-audit service for any of the Company's subsidiaries.

5

Other National Disclosures

OTHER NATIONAL DISCLOSURES
VALUE ADDED STATEMENT

	GROUP				COMPANY			
FOR THE YEAR ENDED	**31 DEC 2023**		**31 DEC 2022**		**31 DEC 2023**		**31 DEC 2022**	
In thousands of Naira		%		%		%		%
Gross Income	**516,355,140**		**282,981,556**		**24,300,090**		**8,965,995**	
Interest Expense & Charges								
- Local	(152,315,141)		(87,697,799)		(200,394)		(8,205)	
- Foreign	(42,912,018)		(19,880,927)		-		-	
	321,127,981		175,402,830		24,099,696		8,957,790	
Impairment Losses	(59,510,125)		(24,966,308)		(155,381)		(27,669)	
	261,617,856		**150,436,522**		**23,944,315**		**8,930,121**	
Bought-in Material and Services								
- Local	(79,873,658)		(56,578,662)		(1,375,323)		(988,741)	
- Foreign	(16,561,435)		(12,000,951)		-		-	
VALUE ADDED	**165,182,763**	**100**	**81,856,909**	**100**	**22,568,992**	**100**	**7,941,380**	**100**
Distribution								
Employees								
Wages, salaries, pensions and other employee benefits	49,577,142	30	35,614,915	45	1,187,275	5	633,085	8
Government								
Taxation	11,413,830	7	5,441,372	7	2,195,918	10	24,198	0
The Future								
Replacement of property and equipment / intangible assets	11,174,172	7	9,671,931	12	26,380	0	19,909	0
Dividend paid	4,950,678	3	3,960,542	5	4,950,678	22	3,960,542	50
Additional Tier 1 (AT1) Capital coupon paid	1,641,278	1	-	-	1,641,278	7	-	-
Profit for the year (including statutory and regulatory risk reserves)	86,037,369	52	26,940,205	33	12,567,463	56	3,303,646	42
Non-controlling interest	388,295	0	227,944	0	-	-	-	-
VALUE ADDED	**165,182,763**	**100**	**81,856,909**	**100**	**22,568,992**	**100**	**7,941,380**	**100**

OTHER NATIONAL DISCLOSURES

FIVE-YEAR FINANCIAL SUMMARY

GROUP

In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2021	31 DEC 2020	31 DEC 2019
ASSETS EMPLOYED					
Cash and cash equivalents	579,167,508	247,485,623	362,700,083	221,078,644	223,545,838
Non-pledged trading assets	170,302,701	160,730,775	41,538,274	9,301,789	51,087,200
Derivative assets held for risk management	1,520,716	853,709	-	1,884,398	11,666,095
Investment securities	794,746,379	524,573,025	372,548,333	406,665,569	239,935,756
Assets pledged as collateral	86,714,340	79,009,207	115,456,683	189,216,506	118,653,230
Loans and advances to customers	1,841,516,196	1,195,626,586	1,063,589,192	822,772,612	715,880,600
Other assets	56,885,173	192,385,077	127,410,850	25,258,857	31,554,348
Restricted reserve deposits	799,640,417	493,359,709	329,739,147	311,746,155	208,916,226
Investment in subsidiaries	-	-	-	-	-
Investment in associates	-	-	6,810,651	-	-
Property and equipment, and right of use assets	54,132,864	50,967,522	47,084,551	46,202,464	43,697,159
Intangible assets	31,264,790	29,637,593	17,155,970	16,321,660	15,624,505
Deferred tax assets	8,003,544	8,423,731	9,163,896	7,944,839	7,944,838
	4,423,894,628	**2,983,052,557**	**2,493,197,630**	**2,058,393,493**	**1,668,505,795**
FINANCED BY					
Share capital	9,901,355	9,901,355	9,901,355	9,901,355	9,901,355
Additional Tier 1 (AT1) Capital issued	46,686,000	-	-	-	-
Share premium	115,392,414	115,392,414	115,392,414	115,392,414	115,392,414
Retained earnings	152,120,766	74,561,490	62,872,102	47,482,438	34,187,857
Non-controlling Interest	1,673,897	978,422	55,058,784	53,964,438	40,952,603
Other reserves	136,852,126	75,045,929	581,059	379,555	232,418
Trading liabilities	-	1,883,937	5,174,902	8,361,951	37,082,002
Derivative liabilities held for risk management	998,332	1,699,900	-	1,871,869	7,563,600
Deposits from banks	280,478,119	124,365,459	160,746,916	119,365,158	90,060,925
Deposits from customers	3,082,971,012	1,944,908,569	1,554,413,623	1,257,130,907	943,085,581
Retirement benefit obligations	123,631	23,384	14,855	325,557	132,542
Current income tax liabilities	11,296,167	7,180,286	5,449,065	4,502,688	4,743,683
Deferred tax liabilities	2,354,953	391,897	308,729	316,090	345,852
Other liabilities	245,099,089	196,902,171	199,465,224	111,457,615	103,105,601
Provision	10,896,527	7,514,884	6,747,270	6,325,375	5,598,177
On-lending facilities	57,425,081	249,191,651	157,873,774	60,366,840	70,912,203
Debt securities issued	133,142,336	84,745,841	78,493,492	101,531,205	71,864,898
Borrowings	136,482,823	88,364,968	80,704,066	159,718,037	133,344,085
	4,423,894,628	**2,983,052,557**	**2,493,197,630**	**2,058,393,492**	**1,668,505,795**
Acceptances and guarantees	**417,462,096**	**310,795,223**	**281,178,633**	**223,278,647**	**209,940,465**

PROFIT OR LOSS ACCOUNT

	12months Dec 2023	12months Dec 2022	12months Dec 2021	12months Dec 2020	12months Dec 2019
Gross earnings	**516,355,140**	**282,981,556**	**212,012,446**	**198,371,140**	**181,249,930**
Profit before tax	104,431,449	36,570,063	22,716,659	21,911,716	20,130,397
Tax	(11,413,830)	(5,441,372)	(1,799,934)	(2,301,262)	(2,793,123)
Profit after tax	93,017,619	31,128,691	20,916,725	19,610,454	17,337,274
Transfer to reserves	**93,017,619**	**31,128,691**	**20,916,725**	**19,610,454**	**17,337,274**
Earnings per share - basic and diluted (Naira)	**4.70**	1.56	1.05	0.98	0.87

OTHER NATIONAL DISCLOSURES

FIVE-YEAR FINANCIAL SUMMARY

COMPANY

In thousands of Naira	31 DEC 2023	31 DEC 2022	31 DEC 2021	31 DEC 2020	31 DEC 2019
ASSETS EMPLOYED					
Cash and cash equivalents	4,577,221	30,607	621,755	818,741	19,482
Investment securities	63,922,161	8,023,508	6,007,162	4,359,999	3,799,741
Other assets	6,285,010	6,353,476	7,849,591	2,084,505	2,908,633
Investment in subsidiaries	132,228,197	132,228,197	127,378,197	127,378,197	127,200,705
Property and equipment, and right of use assets	152,164	30,165	42,815	78,313	91,259
Intangible assets	181,887	12,094	-	-	-
	207,346,640	**146,678,047**	**141,899,520**	**134,719,755**	**134,019,820**
FINANCED BY					
Share capital	9,901,355	9,901,355	9,901,355	9,901,355	9,901,355
Additional Tier 1 (AT1) Capital issued	46,686,000	-			
Share premium	115,392,414	115,392,414	115,392,414	115,392,414	115,392,414
Retained earnings	24,920,169	12,352,706	9,049,060	6,930,769	6,642,875
Other reserves	-	-	-	2,817	2,817
Current income tax liabilities	410,283	72,584	50,926	49,568	84,386
Other liabilities	5,284,369	8,102,130	7,505,765	2,442,832	1,995,973
Borrowings	2,917,689	856,858	-	-	-
	205,512,279	**146,678,047**	**141,899,520**	**134,719,755**	**134,019,820**
Acceptances and guarantees	**-**	**-**	**-**	**-**	**-**

PROFIT OR LOSS ACCOUNT

	12months Dec 2023	12months Dec 2022	12months Dec 2021	12months Dec 2020	12months Dec 2019
Gross earnings	**24,300,090**	**8,965,995**	**6,461,307**	**4,200,172**	**3,501,949**
Profit before tax	21,355,337	7,288,386	5,108,311	3,078,036	3,614,493
Tax	(2,195,918)	(24,198)	(19,613)	(17,763)	(13,033)
Profit after tax	19,159,419	7,264,188	5,088,698	3,060,273	3,601,460
Transfer to reserves	**19,159,419**	**7,264,188**	**5,088,698**	**3,060,273**	**3,601,460**
Earnings per share - basic and diluted (Naira)	**0.97**	0.37	0.26	0.15	0.18

6

Shareholders Information

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **11th Annual General Meeting** of FCMB Group Plc (the Company) will be held virtually on Tuesday 30 April 2024 at 11.00am to transact the following:

ORDINARY BUSINESS:

1. To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31 December 2023, the Auditors' Report thereon and the Audit Committee Report.
2. To declare a Dividend.
3. To re-elect Directors who are retiring by rotation.
   i. Prof. Oluwatoyin Ashiru OON
   ii. Dr (Engr) Gregory Ero S.
   iii. Alhaji Mustapha Damcida
4. To authorise the Board to fix the remuneration of the external Auditors.
5. To disclose the remuneration of Managers of the Company.
6. To elect members of the Audit Committee.

SPECIAL BUSINESS:

1. To consider and if though fit, pass the following as an ordinary resolution:

   "That the remuneration of the Directors for the year ending December 31, 2024 be and is hereby maintained at N200,000,000.00 (Two Hundred Million Naira) only".

Dated this 1st day of April, 2024

By Order of the Board

Mrs. Olufunmilayo Adedibu
Company Secretary
FRC/2014/NBA/00000005887

NOTES:

Proxy

Only a member (shareholder) of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. All valid instruments of proxy should be completed and deposited at the office of the Company's Registrars, Cardinal Stone Registrars Limited, 335/337 Herbert Macaulay Way, Sabo Yaba, Lagos; Or via email to: registrars@cardinalstone.com not later than 48 hours before the time fixed for the meeting. Payment of stamp duties for all instruments of proxy shall be at the company's expense.

Virtual Meeting Link

Further to the signing into law of the Business Facilitation (Miscellaneous Provisions) Act, which allows public companies to hold meetings electronically, this AGM would be held virtually. The Virtual Meeting Link for the Annual General Meeting is **https://on.fcmb.com/AGM.** The Virtual Meeting Link will also be available on the Company's website.

Closure of Register

The Register of Members will be closed from 16 April 2024 to 20 April 2024 (both days inclusive).

Dividend Payment

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend will be credited on Tuesday 30 April 2024 to duly mandated accounts of members so entitled, whose names appear in the register of members at the close of business on 15 April 2024.

Unclaimed Dividends

Shareholders are hereby informed that several dividends remain unclaimed or are yet to be presented for payment or returned to the Registrars for revalidation. A schedule of members who are yet to claim their dividends will be circulated to Shareholders along with the Annual Report and Financial Statements.

NOTICE OF ANNUAL GENERAL MEETING

Any Shareholder affected by this is advised to write or call at the office of the Company's Registrars, CardinalStone Registrars Limited, 335/337, Herbert Macaulay Way, Yaba, Lagos.

Audit Committee

In accordance with Section 404 (6) of the Companies and Allied Matters Act 2020, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and reach the Company Secretary not less than 21 days before the Annual General Meeting. The Companies and Allied Matters Act 2020 provide that all members of the Audit Committee shall be financially literate.

The Code of Corporate Governance issued by the Securities and Exchange Commission also stipulates that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. Thus, a detailed curriculum vitae confirming the nominee's adequate qualification should be submitted with each nomination.

Rights of Shareholders to Ask Questions

Shareholders and other holders of the Company's securities reserve the right to ask questions not only at the meeting, but also in writing prior to the meeting, and such questions should be submitted to the Company on or before 23 April 2024.

By Order of the Board

Mrs. Olufunmilayo Adedibu
Company Secretary
FRC/2014/NBA/0000005887

PROXY FORM & RESOLUTIONS

FCMB GROUP PLC
RC: No 1079631

11TH ANNUAL GENERAL MEETING to be held **virtually** on **Tuesday 30 April, 2024** at 11.00 am.

I/We ....
being a member/members of FCMB Group Plc hereby appoint

....

(PLEASE USE BLOCK CAPITALS)

or failing him, the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of FCMB Group Plc, which will be held Virtually on Tuesday 30 April, 2024 at 11.00 am or at any adjournment thereof.

Dated this...................... day of.......................... 2024.

Shareholder's Signature ....

NOTES:

1. A member (shareholder) entitled to attend and vote at the Annual General Meeting is allowed by law to vote by proxy and the above proxy form has been prepared to enable you to exercise your right to vote at the meeting.
2. Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy but, if you wish, you may insert in the blank space (marked*) the name of any person whether a member of the company or not, who will attend the meeting and vote on your behalf.
3. Please sign and post the proxy form so as to reach The Registrar, Cardinal Stone Registrars Limited, 335/337 Herbert Macaulay Way, Sabo Yaba, Lagos, not later than 48 hours before the time appointed for the meeting and ensure that the proxy form is dated and signed.
4. If executed by a corporate body, the proxy form should be sealed with the Common Seal or under the hand of an officer or attorney duly authorised in that behalf.

	RESOLUTIONS	FOR	AGAINST	ABSTAIN
1	To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31 December 2023, the Auditor's Report thereon and the Audit Committee Report.			
2	To declare a dividend.			
3	To re-elect Directors that are retiring by rotation:			
	i. Prof. Oluwatoyin Ashiru OON			
	ii. Dr. (Engr) Gregory Ero S.			
	iii. Alhaji Mustapha Damcida			
4.	To authorize the Directors to fix the remuneration of the Auditors.			
5	To disclose the remuneration of managers of the Company.			
6	To elect members of the Audit Committee.			
7.	To consider and if though fit, pass the following as an ordinary resolution: "That the remuneration of the Directors for the year ending December 31, 2024 be and is hereby maintained at N200,000,000.00 (Two Hundred Million Naira) only".			

www.fcmbgroupplc.com

MANDATE FOR E-DIVIDEND PAYMENT

PLEASE RETURN TO:

CardinalStone Registrars,
335/337 Herbert Macaulay Way, Sabo, Yaba, Lagos, Nigeria
P.O. Box 9117, Marina, Lagos, Nigeria.

It is our pleasure to inform you that the Securities and Exchange Commission (SEC) has directed that dividend(s) due to a shareholder should be paid by DIRECT CREDIT into the shareholder's mandated bank account. Consequently, we hereby request you provide the following information to enable us to process the direct payment of your dividend (when declared) into your bank account.

(PLEASE COMPLETE ALL SECTIONS IN CAPITAL LETTERS)

Shareholder's Account Number		Date of Birth (DD/MM/YYYY) |
Surname/Company's Name |	
Other Names (for Individual Shareholders) |	
City/Town |	State |
Email Address |	
Mobile (GSM) Phone |	
Bank Name |	
Account Name |	
Branch Address |	
Bank Account Number |	
Bank Sort Code |	

I/We hereby request that all dividend(s) due to me/our holding(s) in FCMB be paid by direct credit to my/our bank account given above.

Shareholder's Signature or thumbprint	**Company Seal/Incorporation Number** (for Corporate Shareholders)
Shareholder's Signature or thumbprint	Authorised Signature & Stamp of Bankers

ELECTRONIC DELIVERY MANDATE FORM

Dear Sir/Madam,

To enable you to receive your shareholder communications promptly, FCMB has introduced the electronic delivery of its Annual Report and Accounts, proxy forms and other statutory documents to shareholders.

With this service, instead of receiving a hard copy of our annual reports and other corporate documents, you can elect to receive a soft copy of the Annual Report, proxy form, etc., either as a link to a downloadable version of the report that will be sent to your email address or on a compact disc (CD), which will be posted to you.

Please complete this form to register your preference and return the completed form to: the Registrar,
CardinalStones Registrars Limited
335/337 Herbert Macaulay Way, Sabo
Yaba, Lagos
or any of the Registrar's offices nationwide

Mrs. Olufunmilayo Adedibu
Company Secretary

I____

of____

HEREBY AGREE TO THE ELECTRONIC DELIVERY OF FCMB GROUP PLC'S ANNUAL REPORTS, PROXY FORMS, PROSPECTUSES, NEWSLETTERS AND STATUTORY DOCUMENTS TO ME THROUGH:

Please tick only one option:

- An electronic copy via compact disc (CD) sent to my postal address, or
- I will download from the web address forwarded to my email address stated below
- Continue receiving the report in hard copy to my postal address

My email address:

____

How often would you like to receive them?

- Annually
- Semi-annually

Description of Service

By enrolling in the electronic delivery service, you have agreed to receive all future announcements/ shareholder communications, as stated below, by email. These communications can be made available to you either semi-annually or annually.

Annual reports, proxy forms, prospectuses and newsletters are examples of the shareholder communications that can be made available to you electronically. Enrolment to our electronic delivery service will be effective for all your holdings in FCMB Group Plc on an ongoing basis, unless you change or cancel your enrolment.

This initiative is in line with our determination to help protect and sustain our planet's environment and the consolidated SEC Rule 128 (6) of September 2011 which states that "A Registrar of a public company may dispatch Annual Reports and Notices of Meetings to shareholders by electronic means".

Name (surname first)

____

____

Signature

____

Date ____

www.fcmbgroup.com

7

Branches & Accounts Opening Information

LIST OF BRANCHES

- FCMB Branch
- FCMB Pension Managers Outlet in an FCMB Branch
- Standalone FCMB Pension Managers Outlet
- FCMB Pension Managers Outlet in a UBA building

	BRANCH ADDRESS
ABIA	
1	90 Asa Road, Aba, Abia
2	10 Brass Road Branch, Aba, Abia
3	161 Faulks Road, Aba, Abia
4	5 Library Avenue, Umuahia, Abia
5	10 Akanu Ibiam Road, Umuahia, Abia
ABUJA	
6	No 78 Aminu Kano Crescent, Wuse 2, Abuja
7	1 Yola Street, Area 7, Garki, Abuja
8	6 Ogbomosho Street, Area 8, Garki, Abuja
9	Plot 750, Aminu Kano Way, Wuse, Abuja
10	1 Council Secretariat Avenue, Bwari, Abuja
11	1st Avenue, Crest Plaza, Gwarimpa, Abuja
12	Federal Secretariat Complex, Phase 3, Abuja
13	Plot 252, Herbert Macauly Way, Central Business District, Abuja
14	30 Gana Street, Maitama, Abuja
15	Plot 1,640, Ladoke Akintola Boulevard, Garki II, Abuja
16	St Jude Plaza, Opposite Gudu Market, Abuja
17	Plot 136B, Gado Nasko Road, Kubwa, Abuja
18	Plot 33A, Sauka Extension, Kuje Town Centre, Abuja
19	White House Basement, National Assembly Complex, Three Arms Zone, Abuja
20	Plot 108, Adetokunbo Ademola Cadastral Zone A08, Wuse 2 District, Abuja
21	Plot 532, IBB Way Zone 4, Wuse, Abuja
22	75 Yakubu Gowon Crescent, Asokoro, Abuja
23	203A Phase One Specialist Hospital Road, Gwagwalada, Abuja
24	Mallam Shehu Plaza, Plot 35, IT Igbani Street, off Obafemi Awolowo Way, Jabi, Abuja
25	4 Mediterranean Street, Imani Estate, Maitama, Abuja
26	Plot 207 Zakara Maimalari Street, Cadastral Zone AO, Central Business District, Abuja
27	14 Port Harcourt Crescent, off Gimbiya Street, Area 11, Garki, Abuja
ADAMAWA	
28	20 Atiku Abubakar Way, Jimeta, Yola, Adamawa
AKWA IBOM	
29	Grace Bill by Marina Junction, Eket, Akwa Ibom
30	5 Harley Drive, Ikot Ekpene, Akwa Ibom
31	143 Abak Road, Uyo, Akwa Ibom
32	105 Oron Road, Uyo, Akwa Ibom
ANAMBRA	
33	84 Nnamdi Azikiwe Avenue, Awka, Anambra
34	38 Zik Avenue, Awka, Anambra State
35	15 Oraifite Road, Nnewi, Anambra
36	Electrical Market, Obosi, Onitsha, Anambra
37	55 Umunze road, Oko, Anambra State
38	40 Ugah Street, Bridgehead, Onitsha, Anambra
39	9A New Market Road, Onitsha, Anambra
40	53 New Market Road, Onitsha, Anambra
BAUCHI	
41	4 Jamaare Road, Azare, Bauchi
42	Isa Yuguda House, 19/23 Jos Road, Bauchi
43	FCMB, Commercial Road, By State Library, Bauchi
44	Former Women Development Center, GRA, Bauchi
BAYELSA	
45	181 Mbiama Road, Yenagoa, Bayelsa
46	76 Mbiama/Yenagoa Road, By Chief Obele Street Junction, Ovom-Yenagoa, Bayelsa
BENUE	
47	20B, New Otukpo Road, Opp. OG Winners Plaza, Wurukum, Makurdi (FCMB), Benue
BORNO	
48	3 Baga Road, before the railway crossing, Maiduguri, Borno
CROSS RIVER	
49	14 Calabar Road, Calabar, Cross River
50	7 Calabar Road, Ikom, Cross River
51	New Secretariat Complex, Murtala Mohammed Highway, Calabar, Cross River
DELTA	
52	370 Nnebisi Road, Asaba, Delta
53	461 Nnebisi Road, Asaba, Delta
54	68 Effurun/Sapele Road, Warri, Delta
55	30 Ughelli/Warri Road, Ughelli, Delta
56	52 Airport Road, Warri, Delta
57	37 Okumagba Avenue, by Okere Roundabout, Warri, Delta

LIST OF BRANCHES

- FCMB Branch
- FCMB Pension Managers Outlet in an FCMB Branch
- Standalone FCMB Pension Managers Outlet
- FCMB Pension Managers Outlet in a UBA building

BRANCH ADDRESS	
58	16 Anwai Road, Asaba, Delta
EBONYI	
59	36B Sam Egwu Way, Abakaliki, Ebonyi
EDO	
60	112 Mission Road, Benin City, Edo
61	183 Uselu-Ugbowo Road, Benin City, Edo
62	62 Jattu Road, Auchi (UBA Building), Edo
63	84 Akpakpava Road, Benin City, Edo
EKITI	
64	New Secretariat Road, Ado Ekiti, Ekiti
ENUGU	
65	71 Enugu Road, Agbani Town, Enugu
66	12A Market Road, Enugu, Enugu
67	41 Garden Avenue, Enugu, Enugu
68	7B University Road, Nsukka, Enugu
69	4 Presidential Avenue, Nkpokiti Junction, Enugu, Enugu
GOMBE	
70	Ashaka Cement Factory Complex, Ashaka, Gombe
71	11 Biu Link Road, Opposite Central Market, Gombe
72	Adamu Fura house, BIU Road, adjacent to Eco Bank, Gombe
IMO	
73	5B Mbaise Road, Owerri, Imo
74	5 LN Obioha Road, Orlu, Imo
75	81 Wetheral Road, Owerri, Imo
76	40 Wetheral Road, Owerri, Imo
JIGAWA	
77	12A-13A Kiyawa Road, Dutse, Jigawa
KADuNA	
78	1A Ahmadu Bello Way, Kaduna
79	40 Ali Akilu Road, Kaduna
80	Beside Kachia Police Station, Kachia, Kaduna
81	1/2A Kachia Road, Kaduna
82	26/27 Constitution Road, Kaduna
83	26 Kachia Road, Sabon Tasha, Kaduna
84	6 Yakubu Gowon Way, Kaduna
85	Block F3, Kaduna-Gusau Road, Zaria, Kaduna
86	40, Ali Akilu Road, Abdulahi Yaro House, Kaduna North

BRANCH ADDRESS	
KANO	
87	40 Murtala Mohammed Way, Kano
88	17/18 Bello Road, Kano
89	7 Bompai Road, Kano
90	58E Ibrahim Taiwo Road, Fegge, Kano
91	15, Bank Road, Kano
92	9c Muritala Mohammed Road, Kano
93	145 Murtala Mohammed Way, Kano
KATSINA	
94	132 IBB Way, Kano/Katsina Road, by Yantomaki Road, Katsina
KEBBI	
95	Plot 20, Emir Haruna Road, Birnin Kebbi, Kebbi
96	4 Emir Haruna Road, Beside Nitel Office, Birnin Kebbi, Kebbi
KOGI	
97	Along Idah-Ajaokuta Road, opposite General Post Office, Anyigba, Kogi
98	16 Aliyu Obaje Road, Okene/Kabba Road, opposite Stella Obasanjo Library, Lokoja, Kogi
99	Suit 5 Grand Quest Plaza, Lokoja, Kogi
KWARA	
100	120 Abdulazeez Atta Road, Surulere, Ilorin, Kwara
101	79B Ibrahim Taiwo Road, Ilorin, Kwara
102	33 Murtala Mohammed Way, Ilorin, Kwara
LAGOS	
103	1 Davies Street, UNTL Building off Marina Street, Lagos Island, Lagos
104	11 Ijaiye Street, Oke Arin, Lagos
105	117 Okota Road, Okota, Isolo, Lagos
106	11B Adeola Odeku Street, Victoria Island, Lagos
107	12 Macarthy Street, Onikan, Lagos
108	12 Oroyinyin Street, Idumota, Lagos Island, Lagos
109	91, Ladipo Street, Matori, Mushin, Lagos
110	13 Alfred Rewane Road, Ikoyi, Lagos
111	148A Olojo Drive, Ojo, Lagos
112	16 Warehouse Road, Apapa, Lagos
113	178 Ikorodu Road, Onipanu, Lagos
114	18/20 Mobolaji Bank Anthony Way, Ikeja, Lagos
115	2 Joseph Street, off Marina Street, Lagos Island, Lagos

LIST OF BRANCHES

FCMB Branch
FCMB Pension Managers Outlet in an FCMB Branch
Standalone FCMB Pension Managers Outlet
FCMB Pension Managers Outlet in a UBA building

	BRANCH ADDRESS
116	218 Egbeda-Idimu Road, Idimu, Lagos
117	22 Idoluwo Street, Idumota, Lagos
118	23 Ogba Ijaiye Road, opposite WAEC Office, Ogba, Lagos
119	23/25 Murtala Mohammed International Airport Road, Ikeja, Lagos
120	253 Agege Motor Road, Mushin, Lagos
121	25B Ilupeju Bypass, off Coker Junction, Ilupeju, Lagos
122	28 Creek Road, Apapa, Lagos
123	29 Oba Akran Avenue, Ikeja, Lagos
124	33 Adeniran Ogunsanya Street, Surulere, Lagos
125	33 Osolo Way, Ajao Estate, Lagos
126	36 Allen Avenue, Ikeja, Lagos
127	38 Adeola Hopewell Street, Victoria Island, Lagos
128	42 Diya Street, Ifako Gbagada, Lagos
129	43 Ojuelegba Road, Surulere, Lagos
130	44 Marina Street, Lagos Island, Lagos
131	48 Isaac John Street, Ikeja G.R.A., Lagos
132	545/547 Ketu, Ikorodu Road, Lagos
133	63/64 Igbokushu Village, opposite Jakande Estate, Lekki, Lagos
134	68 Awolowo Road, Ikoyi, Lagos
135	7 Lagos Road, Ikorodu, Lagos
136	757 Lagos-Abeokuta Expressway, Salolo Alagbole, Lagos
137	Pacific Holding Building, 100 Kudirat Abiola Way, Oregun, Ikeja, Lagos
138	90 Awolowo Road, Ikoyi, Lagos
139	481 Agege Motor Road, Oshodi, Lagos
140	Above Plaza, BBA Trade Fair Complex, Lagos
141	74/76, Broad Street, adjacent to Methodist Church of the Trinity by Tinubu Square, Lagos
142	Block 11, Suite 3-8, Agric Market, Odun Ade Bus Stop, Orile Coker, Lagos
143	Daddy Doherty House, 34 Idumagbo Avenue, Lagos
144	Eleganza Plaza, 1 Wharf Road, Apapa, Lagos
145	Founders Place, 2 Sanusi Fafunwa Street, Victoria Island, Lagos
146	Km 18, Lekki-Epe Expressway, before Chevron Roundabout, Lekki, Lagos
147	Km 23, Berger Bus Stop, Lekki-Epe Expressway, Ajah, Lagos
148	Leventis Building, 2–4 Iddo Road, Iddo, Lagos
149	M1 Point Motorways Complex, Ikeja, Lagos

	BRANCH ADDRESS
150	MMA Zulu Terminal, Domestic Airport, Ikeja, Lagos
151	Obosi Plaza, A-line, Alaba International Market, Alaba, Lagos
152	Old Abeokuta Express Road, Oko-Oba, Agege, Lagos
153	Olusegun Obasanjo Hall, Aspamda, Trade Fair Complex, Badagry Expressway, Lagos
154	Plot 1,572, 4th Avenue, Festac Town, Lagos
155	Plot 111 Ogudu GRA, Ojota Road, Ogudu, Lagos
156	Plot 123, Amuwo Odofin Road, Festac Link Bridge, Amuwo-Odofin, Lagos
157	Plot 719A, Adetokunbo Ademola Street, Victoria Island, Lagos
158	Plot B, Block E12E, Admiralty Way, Lekki, Lagos
159	Primateck Plaza, Shasha Roundabout, Akowonjo, Lagos
160	Primrose Tower, 17A Tinubu Street, Lagos
161	S Line, Old Garage, Alaba Electrical Section, Alaba International Market, Alaba, Lagos
162	Slok House, 10 Randle Road, Apapa, Lagos
163	The Hive Mall, Plot 16, T.F. Kuboye Road, off New Market Road, Oniru, Lagos
NASARAWA	
164	43 Sani Abacha Way (Jos Road), Lafia, Nasarawa
165	75 Abdu Zanga Way, Tsohon Tasha, Keffi, Nasarawa
166	Plot 35779, Mararaba Gurku, Karu, Nasarawa
NIGER	
167	3 Paiko Road, opposite CBN, Minna, Niger
168	18 Suleiman Barau Road, Suleja, Niger
169	83 Broadcasting Road, Minna, Niger
OGUN	
170	1 Ilaro Street, Agbara Industrial Estate, Agbara, Ogun
171	141 Akarigbo Street, Sagamu, Ogun
172	168 Folagbade Street, Ijebu-Ode, Ogun
173	21 Lalubu Street, Oke-Ilewo Abeokuta, Ogun
174	52 Ejirin Road, Impepe, Ijebu-Ode, Ogun
175	54 Ojodu-Akute Road, Alagbole Bus Stop, Akute, Ogun
176	57, Idi-Iroko Road, Sango Ota, Ogun
177	Km 48, Lagos-Ibadan Expressway, Redeem Camp, Ogun

LIST OF BRANCHES

- FCMB Branch
- FCMB Pension Managers Outlet in an FCMB Branch
- Standalone FCMB Pension Managers Outlet
- FCMB Pension Managers Outlet in a UBA building

BRANCH ADDRESS	
178	Permanent Site, Olabisi Onabanjo University, Ago-Iwoye, Ogun
ONDO	
179	5 Bishop Fagun Road, Alagbaka, Akure, Ondo
180	1 Olukayode House, Oshinle, Akure, Ondo
181	Plot 1E, 5B GRA Igbokoda, Ilaje, Ondo
182	15 Yaba Street, Ondo
OSuN	
183	F16 Ereguru Street, Ilesha, Osun
185	Km 3, Gbongan/Ibadan Road, Osogbo, Osun
186	No 3, Akarabata Layout, Along Lagere Road, Osogbo, Osun
187	B11 Treasure Plaza, Beside Wema Bank, Igbona Market, Osogbo, Osun
OYO	
188	Felele roundabout Idi Odo Molete, Ibadan, Oyo
189	1C Sabo Garage, Ojoo/Ibadan Express Road, Ojoo, Ibadan, Oyo
190	23/25 Lebanon Street, Dugbe, Ibadan, Oyo
191	30 Oyo Road, opposite UI Post Office, Ibadan, Oyo
192	55 Iwo Road, Ibadan, Oyo
193	57 Agbeni Market Road, Agbeni, Ibadan, Oyo
194	Plot 3, University of Ibadan/Secretariat Road, Bodija Extension, Bodija, Ibadan, Oyo
195	University College Hospital, opposite Total Filling Station, Ibadan, Oyo
PLATEAU	
196	4 Beach Road, opposite Plateau State Board of Internal Revenue Office, Jos, Plateau
197	British American Tobacco Junction, Bukuru Bypass, Jos, Plateau
198	7 Murtala Mohammed Way, Jos, Plateau

BRANCH ADDRESS	
RIVERS	
199	117 Trans Amadi Industrial Layout, Port Harcourt, Rivers
200	19 Ikwerre Road, Mile 1, Diobu, Port Harcourt, Rivers
201	2/3 Rumuokoro Street, Rumuomasi, Port Harcourt, Rivers
202	26 Zaakpon/Poly Road, Bori, Port Harcourt, Rivers
203	282A GRA Bus Stop, Aba Road, Port Harcourt, Rivers
204	290 Old Aba Road, Oyigbo, Rivers
205	457 Ikwerre Road, Port Harcourt, Rivers
206	46A Abuloma Road, Port Harcourt, Rivers
207	642 Ikwerre Road, Rumuokoro, Port Harcourt, Rivers
208	7B Azikwe Road, Port Harcourt, Rivers
209	80 Olu Obasanjo Road, Port Harcourt, Rivers
210	81 Aggrey Road, Port Harcourt, Rivers
211	85 Aba Road, by Garrison Junction, Port Harcourt, Rivers
212	9 Port Harcourt-Aba Expressway, Port Harcourt, Rivers
213	Plot 466/467, Trans Amadi Industrial L/Out, Port Harcourt, Rivers
214	26 Aba Road, UAC Building, Port Harcourt, Rivers
SOKOTO	
215	27 Sani Abacha Way (Old Kano Road), Sokoto
TARABA	
216	73 Hammaruwa Way, Jalingo, Taraba
YOBE	
217	29/32 Bukar Abba Ibrahim Way, Damaturu, Yobe
ZAMFARA	
218	Plot 103, Sani Abacha Way, Gusau, Zamfara

PERSONAL ACCOUNT APPLICATION FORM

This form should be completed in CAPITAL LETTERS.

Affix Passport Photograph Here

Category of Account: (Please tick as appropriate)

Joint Account ☐ Fixed Investment Account ☐ Savings Account ☐

Account Type: (Please tick as appropriate)

Current Account ☐ Fixed Deposit Account ☐ Savings Account ☐

Domiciliary Account £ ☐ € ☐ $ ☐ Others ☐

BRANCH ACCOUNT NO. (For official use only)

BANK VERIFICATION ID NO.

1. PERSONAL INFORMATION

Title First Name

Surname Other Names

Marital Status (Please tick) Single ☐ Married ☐ Other (Please specify) Gender: Male ☐ Female ☐

Date of Birth (DD/MM/YYYY) / / Country of Birth

Mother's Maiden Name

Nationality 2nd Nationality

Country of Residence

Permit Issue Date (DD/MM/YYYY) / / Permit Expiry Date (DD/MM/YYYY) / /

L.G.A. State of Origin

Tax Identification No. (TIN) Resident Permit No.

Purpose of Account Religion (Optional)

2. CHILD'S DETAILS

Full Name Other Names

Surname Date of Birth (DD/MM/YYYY) / / Gender: Male ☐ Female ☐

3A. CONTACT DETAILS

House Number Street Name

Nearest Bus Stop/Landmark

City/Town L.G.A.

State

Mailing Address

Phone Number (1) + Phone Number (2) +

Country Code Country Code

Email Address

PERSONAL ACCOUNT APPLICATION FORM (CONT'D)

3B. FOREIGN ADDRESS (IF ANY)

House Number ☐ Street Name ☐

City/Town ☐ Postcode ☐

State ☐ Country ☐

Type of Visa ☐ Phone Number + ☐

Country Code Country Code

4. VALID MEANS OF IDENTIFICATION

National ID Card ☐ National Driver's Licence ☐ International Passport ☐ INEC Voters Card ☐

Others (Please specify) ☐

ID No. ☐ ID Issue Date (DD/MM/YYYY) ☐/☐/☐

ID Expiry Date (DD/MM/YYYY) ☐/☐/☐

Country of Issuance ☐

5. ACCOUNT SERVICE(S) REQUIRED (Please tick applicable option below)

Card Preferences: Verve Card ☐ MasterCard ☐ Visa Card ☐ Others (Please specify) ☐

Electronic Banking Preferences: FCMBOnline ☐ FCMBMobile ☐ ATM ☐ POS ☐

Other Electronic Channels (Fees may apply) (Specify) ☐

Transaction Alert Preferences: Email Alert (Free) ☐ SMS Alert (Fee applies) ☐

Statement Preferences: Email ☐ Collection at Branch ☐

Statement Frequency: Monthly ☐ Quarterly ☐ Bi-Annually ☐ Annually ☐

Cheque Book Requisition: (Fee applies) Open Cheque ☐ Crossed Cheque ☐ 25 Leaves ☐ 50 Leaves ☐ 100 Leaves ☐

Cheque Confirmation: Would you like to pre-confirm your cheques? Yes ☐ No ☐

Cheque Confirmation Threshold: If yes, please specify the threshold ☐

6. EMPLOYMENT DETAILS

Employed ☐ Self-Employed ☐ Unemployed ☐ Retired ☐ Student ☐ Other (Please specify) ☐

Date of Employment (If employed) (DD/MM/YYYY) ☐/☐/☐

Annual Salary/Expected Annual Income: (a) Less than N50,000 ☐ (b) N51,000 – N250,000 ☐

(c) N251,000 – N500,000 ☐ (d) N501,000 – Less than N1 million ☐ (e) N1 million – Less than N5 million ☐

(f) N5 million – Less than N10 million ☐ (g) N10 million – Less than N20 million ☐ (h) Above N20 million ☐

Employer's Name ☐

House Number ☐ Street Name ☐

Nearest Bus Stop/Landmark ☐

City/Town ☐ L.G.A. ☐

State ☐

Type of Business/Occupation ☐

Oice Phone No. 1 + ☐ Oice Phone No. 2 + ☐

Country Code Country Code

PERSONAL ACCOUNT APPLICATION FORM (CONT'D)

7. DETAILS OF NEXT OF KIN

First Name ______ Other Names ______

Surname ______

Date of Birth (DD/MM/YYYY) __/__/____ Gender: Male ☐ Female ☐ Title (Specify) ______

Relationship ______

Phone Number (1) + ______ Phone Number (2) + ______

Country Code Country Code

Email Address ______

House Number ______ Street Name ______

Nearest Bus Stop/Landmark ______

City/Town ______

State ______

8. ADDITIONAL DETAILS

I Name of Beneficial Owner(s) (if any) ______

II Spouse's Name (if applicable) ______

III Spouse's Date of Birth (DD/MM/YYYY) __/__/____

Spouse's Occupation ______

IV Source of Funds to the Account 1. ______

2. ______

V Expected Annual Income from Other Sources ______

VI Name of Associated Business(es) (if any) 1. ______

2. ______

3. ______

VII Type of Business ______

VIII Business Address ______

IX How did you hear about us? TV ☐ Radio ☐ Press ☐ Online ☐ Word of Mouth ☐

Other (please specify) ______

9. ACCOUNT(S) HELD WITH OTHER BANKS

S/N	NAME AND ADDRESS OF BANK/BRANCH	ACCOUNT NAME	ACCOUNT NUMBER	STATUS ACTIVE/DORMANT
1.				
2.				
3.				
4.				

PERSONAL ACCOUNT APPLICATION FORM (CONT'D)

10. TERMS AND CONDITIONS

I/We hereby certify that the information given on this form is correct and that I/We have read, understood and agree with the Account opening terms and conditions governing the selected account(s)

Mandate/Special Instructions
(Minimum Confirmation Amount/Signature Mandate)

Principal Account Holder's Signature

JOINT ACCOUNT HOLDER (PLEASE COMPLETE ALL SECTIONS IN CAPITAL LETTERS)

Name(s) ______________________

Contact Address ______________________

____

Mobile ______________ Date of Birth ______________

Email Address ______________________

Gender: Male ☐ Female ☐

Joint Account Holder's Signature

Please A–x your Passport Photograph Here

Joint Account Holder

11. DECLARATION:

I hereby apply for the opening of account(s) with First City Monument Bank Limited. I understand that the information given herein and the documents supplied are the basis for opening such account(s) and I therefore warrant that such information is correct.

I further undertake to indemnify the bank of any loss suˆered as a result of any false information or error in the information provided to the Bank.

1. Name ______________________ Signature ______________ Date ______________

1. Name ______________________ Signature ______________ Date ______________

12. JURAT (this should be adopted where the applicant is not literate or is blind and the form is read to him/her by a third party)

I agree to abide by the content of the agreement and acknowledge that it has been truly and audibly read over and explained to me by an interpreter.

Mark of Customer/ Thumbprint

Magistrate/ Commissioner for Oaths

Date ☐☐/☐☐/☐☐☐☐

Name of Interpreter

Address of Interpreter

Phone Number

Language of Interpretation

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