# FIDELITY BANK PLC

## CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2024

**Statement Of Directors' Responsibilities In Relation To The Preparation Of The Financial Statements**

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

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

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

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

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

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

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

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

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

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

| | |
|---|---|
| **Kevin Ugwuoke** | **Nneka Onyeali-Ikpe** |
| *Executive Director* | *Managing Director/ Chief Executive Officer* |
| FRC/2020/003/00000022290 | FRC/2013/NBA/00000016998 |

**Statement Of Corporate Responsibility For The Preparation Of The Financial Statements**

In line with the provision of Section 405 of CAMA 2020, the Chief Executive Officer and Chief Financial officer of Fidelity Bank Plc have reviewed the Financial Statements of the bank for the period ended September 30 2024 and accept responsibility for the financial and other information within the report based on the following:

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

ii The financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and result of operation of the bank as of and for the period ended September 30,

iii The bank's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 30 September 2024

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

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

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

**Signed on behalf of the Directors by:**
**Date: 24 October 2024**

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

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

**Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income**
**for the period ended 30 September 2024**

| | | Group | | | Bank | |
|---|---|---|---|---|---|---|
| | Notes | 30 Sept 2024 N'million | 30 Sept 2023 N'million | Q3 2024 N'million | Q3 2023 N'million | 30 Sept 2024 N'million |
| **Gross Earnings** | | **772,465** | **388,794** | **249,556** | **141,693** | **754,815** |
| Interest and similar income calculated using effective interest rate method | 6 | 583,451 | 306,584 | 210,349 | 116,161 | 568,205 |
| Other interest and similar income/Loss | 12.1 | 122,265 | 18,236 | 12,988 | 18,754 | 122,265 |
| Interest and similar expense calculated using effective interest rate method | 7 | (235,226) | (129,862) | (83,795) | (47,785) | (230,682) |
| **Net interest income** | | **470,490** | **194,957** | **139,542** | **87,129** | **459,789** |
| Credit loss expense | 8 | (48,250) | (32,182) | (12,017) | (12,260) | (47,767) |
| **Net interest income after credit loss expense** | | **422,239** | **162,775** | **127,526** | **74,869** | **412,021** |
| Fee and commission income | 9 | 56,281 | 36,433 | 20,787 | 12,286 | 54,589 |
| Fee and commission expense | 9 | (5,135) | (9,646) | (1,491) | (1,981) | (5,135) |
| Net loss on derecognition on financial assets measured at amortis | 10 | - | - | 83 | - | - |
| Other operating income | 11 | 10,468 | 27,542 | 5,431 | (5,508) | 9,756 |
| Net Gains from financial assets at fair value through profit or loss | 12 | 34,990 | 19,197 | 300 | (4,251) | 34,990 |
| Personnel expenses | 13 | (43,599) | (30,307) | (13,149) | (13,020) | (35,113) |
| Depreciation and amortisation | 14 | (7,380) | (5,030) | (2,475) | (1,804) | (6,750) |
| Other operating expenses | 15 | (186,449) | (89,971) | (55,393) | (25,934) | (180,214) |
| **Profit before income tax** | | **281,414** | **110,993** | **81,618** | **34,658** | **284,143** |
| Income tax expense | 16 | (56,812) | (19,239) | (17,753) | (4,900) | (61,825) |
| **Profit for the period** | | **224,603** | **91,753** | **63,865** | **29,758** | **222,318** |
| **Other comprehensive income:** | | | | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | | | | |
| Fair value gains on equity instruments at fair value through other comprehensive income | 24.4i | 23,664 | 9,791 | 0 | 9,791 | 23,664 |
| Total items that will not be reclassified subsequently to profit or loss | | **23,664** | **9,791** | **0** | **9,791** | **23,664** |
| **Items that will be reclassified subsequently to profit or loss** | | | | | | |
| *;-Exchange differences on translation of foreign operations* | | 45,359 | - | - | - | - |
| *- Net change in fair value during the period in FVOCI debt financial Instrument* | | (10,690) | 439 | (4,891) | (14,176) | (10,741) |
| - Changes in allowance for expected credit losses of FVOCI debt financial Instrument | | 171 | 230 | (16) | 197 | 171 |
| *- Reclassification adjustments to profit or loss of FVOCI debt financial Instrument* | 17 | (6,876) | 1,027 | (7,389) | 4 | (6,876) |
| Total items that will be reclassified subsequently to profit or loss | | **27,963** | **1,696** | **(12,296)** | **(13,975)** | **(17,446)** |
| Other comprehensive (loss)/income for the period , net of tax | | **51,627** | **11,487** | **(12,296)** | **(4,184)** | **6,218** |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD.** | | **276,230** | **103,240** | **51,570** | **25,574** | **228,536** |
| **Earnings per share** | | | | | | |
| Basic and diluted (in kobo) | 18 | **701.88** | **286.73** | **199.58** | **93** | **694.74** |

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

**Consolidated and Separate Statement of Financial Position**
**as at 30 September 2024**

| | | Group | | Bank | |
|---|---|---|---|---|---|
| | | 30 September 2024 | 31 December 2023 | 30 September 2024 | 31 December 2023 |
| **ASSETS** | **Note** | **N'million** | **N'million** | **N'million** | **N'million** |
| Cash and Cash equivalents | 19 | 1,158,630 | 364,177 | 875,249 | 376,595 |
| Restricted balances with central bank | 20 | 1,379,895 | 1,174,398 | 1,379,895 | 1,174,398 |
| Loans and advances to customers | 22 | 4,254,789 | 3,092,419 | 4,158,799 | 2,962,397 |
| Derivative financial assets | 23 | 26,628 | 10,723 | 26,628 | 10,723 |
| Investment securities: | | | | | |
| Financial assets at fair value through profit or loss | 24.1 | 18,009 | 7,684 | 18,009 | 7,684 |
| Debt instruments at fair value through other comprehensive income | 24.2 | 164,382 | 227,750 | 92,731 | 187,751 |
| Debt instrument at amortised cost | 24.3 | 1,595,527 | 818,803 | 1,595,527 | 818,803 |
| Equity instruments at fair value through other comprehensive income | 24.4i | 65,283 | 41,550 | 65,283 | 41,550 |
| Other assets | 29 | 771,873 | 403,763 | 768,751 | 402,186 |
| Investment in Subsidiary: | 24.4ii | - | - | 68,591 | 63,403 |
| Property, plant and equipment | 25 | 66,921 | 47,382 | 66,832 | 47,329 |
| Right of Use Assets | 26 | 4,157 | 3,270 | 1,854 | 1,677 |
| Goodwill | 21 | 15,437 | 8,656 | - | - |
| Intangible assets | 27 | 14,866 | 10,341 | 6,730 | 5,123 |
| Deferred tax Assets | 28.1 | - | 23,771 | - | 22,554 |
| **TOTAL ASSETS** | | **9,536,398** | **6,234,688** | **9,124,881** | **6,122,174** |
| **LIABILITIES** | | | | | |
| Deposits from customers | 30 | 6,083,048 | 4,014,811 | 5,724,592 | 3,926,842 |
| Derivative financial liabilities | 23 | - | - | - | - |
| Current income tax payable | 16 | 65,969 | 26,835 | 65,969 | 26,835 |
| Other liabilities | 31 | 1,712,904 | 1,152,369 | 1,707,458 | 1,133,795 |
| Provision | 32 | 3,350 | 3,434 | 3,350 | 3,434 |
| Debts issued and other borrowed funds | 33 | 982,445 | 577,028 | 982,445 | 577,028 |
| Deferred tax liabilities | 28.1 | 398 | 22,905 | 398 | 22,905 |
| **TOTAL LIABILITIES** | | **8,848,113** | **5,797,381** | **8,484,211** | **5,690,839** |
| **EQUITY** | | | | | |
| Share capital | 34 | 16,000 | 16,000 | 16,000 | 16,000 |
| Share premium | 35 | 113,705 | 113,705 | 113,705 | 113,705 |
| Retained earnings | 35 | 270,911 | 65,508 | 268,692 | 65,573 |
| **Other equity reserves:** | | | | | |
| Statutory reserve | 35 | 66,270 | 66,270 | 66,282 | 66,282 |
| Small scale investment reserve (SSI) | 35 | 764 | 764 | 764 | 764 |
| Non-distributable regulatory reserve (NDR) | 35 | 100,279 | 100,279 | 100,279 | 100,279 |
| Translation reserve | 35 | 45,359 | 6,050 | - | - |
| Fair value reserve | 35 | 60,578 | 54,310 | 60,528 | 54,310 |
| AGSMEIS reserve | 35 | 14,421 | 14,422 | 14,421 | 14,422 |
| **Total equity** | | **688,286** | **437,307** | **640,670** | **431,335** |
| **TOTAL LIABILITIES AND EQUITY** | | **9,536,398** | **6,234,688** | **9,124,881** | **6,122,174** |

The order of liquidity for certain lines was corrected and the comparatives adjusted accordingly.

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

The financial statements were approved by the Board of Directors on 24 October 2024 and signed on its behalf by:

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

**Nneka Onyeali-Ikpe**
Managing Director/ Chief Executive Officer
**FRC/2017/NBA/00000016998**

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

**Consolidated and Separate Statement of Changes in Equity**

| **Group** | **Share capital** | **Share premium** | **Retained earnings** | **Statutory reserve** | **Small scale investment reserve** | **Non-distributable regulatory reserve** | **Translation reserve** | **Fair value reserve** | **AGSMEIS reserve** | **Total equity** |
|---|---|---|---|---|---|---|---|---|---|---|
| | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** |
| **Balance at 1 January 2024** | **16,000** | **113,705** | **65,508** | **66,270** | **764** | **100,279** | **6,050** | **54,310** | **14,421** | **437,307** |
| Profit for the period | - | - | 224,603 | - | - | - | - | - | - | 224,603 |
| **Other comprehensive income** | | | | | | | | | | |
| - Net change in fair value during the period in FVOCI debt financial Instrument | - | - | ` | - | - | - | - | (10,690) | **-** | **- 10,690** |
| Fair value gains on equity instruments at fair value through other comprehensive income | - | - | **-** | **-** | **-** | **-** | **-** | 23,664 | - | 23,664 |
| - Changes in allowance for expected credit losses of FVOCI debt financial Instrument | - | - | - | - | - | - | - | 171 | - | 171 |
| ;-Exchange differences on translation of foreign operations | - | - | - | - | - | - | 39,309 | - | - | 39,309 |
| - Reclassification adjustments to profit or loss of FVOCI debt financial Instrument | **-** | **-** | **-** | **-** | **-** | **-** | **-** | (6,876) | - | (6,876) |
| ` | **-** | **-** | **224,603** | **-** | **-** | **-** | **39,309** | **6,268** | **-** | **270,180** |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Dividends paid | - | - | (19,200) | - | - | - | - | - | | (19,200) |
| Transfers between reserves (Note 35) & (Note 43) | - | - | - | - | | - | - | - | - | - |
| **At 30 September 2024** | **16,000** | **113,705** | **270,911** | **66,270** | **764** | **100,279** | **45,359** | **60,578** | **14,421** | **688,287** |

| **Statement of changes in equity for the period ended 30 September 2023** | **Share capital** | **Share premium** | **Retained earnings** | **Statutory reserve** | **Small scale investment reserve** | **Non-distributable regulatory reserve** | **Translation reserve** | **Fair value reserve** | **AGSMEIS reserve** | **Total equity** |
|---|---|---|---|---|---|---|---|---|---|---|
| | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** |
| **Balance at 1 January 2023** | **14,481** | **101,272** | **44,883** | **51,352** | **764** | **62,144** | **-** | **30,017** | **9,445** | **314,360** |
| Proceed from issue of shares | **1,519** | **12,433** | **-** | **-** | **-** | **-** | **-** | **-** | - | 13,952 |
| Profit for the period | - | - | 91,753 | - | - | - | - | - | - | 91,753 |
| **Other comprehensive income** | - | - | | - | - | - | | - | - | |
| Net change in fair value of debt instruments at FVOCI | - | - | ` | - | - | - | - | 439 | - | 439 |
| Net change in fair value of equity instruments at FVOCI | **-** | **-** | **-** | **-** | **-** | **-** | **-** | 9,791 | - | 9,791 |
| Changes in allowance for expected credit losses | - | - | - | - | - | - | - | 230 | - | 230 |
| ;-Exchange differences on translation of foreign operations | - | - | - | - | - | - | - | - | - | - |
| Reclassification adjustment for realised net gains | **-** | **-** | **-** | **-** | **-** | **-** | **-** | 1,027 | - | 1,027 |
| **Total comprehensive income for the period** | **-** | **-** | **91,753** | **-** | **-** | **-** | **-** | **11,487** | **-** | **103,240** |
| | **-** | **-** | | | | | | | | |
| Dividends paid | - | - | (20,800) | - | - | - | - | - | | (20,800) |
| Transfers between reserves (Note 35) & (Note 43) | - | - | - | - | | - | - | - | - | - |
| **At 30 September 2023** | **16,000** | **113,705** | **115,836** | **51,352** | **764** | **62,144** | **-** | **41,504** | **9,445** | **410,752** |

*** Income from these instruments is exempted from witholding tax*

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

**Consolidated and Separate Statement of Changes in Equity**

| Bank | Share capital | Share premium | Retained earnings | Statutory reserve | Small scale investment reserve | Non-distributable regulatory reserve | Fair value reserve | AGSMEIS reserve | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | N'million | N'million | N'million | N'million | N'million | N'million | N'million | N'million | N'million |
| **Balance at 1 January 2024** | **16,000** | **113,705** | **65,573** | **66,282** | **764** | **100,279** | **54,310** | **14,421** | **431,335** |
| Profit for the period | - | - | 222,318 | - | - | - | - | - | 222,318 |
| **Other comprehensive income** | | | | | | | | | |
| - Net change in fair value during the period in FVOCI debt financial Instrument | - | - | - | - | - | - | **(10,741)** | **-** | **(10,741)** |
| Fair value gains on equity instruments at fair value through other comprehensive income | - | - | - | - | - | - | 23,664 | - | 23,664 |
| - Changes in allowance for expected credit losses of FVOCI debt financial Instrument | - | - | - | - | - | - | 171 | - | 171 |
| - Reclassification adjustments to profit or loss of FVOCI debt financial Instrument | - | - | - | - | - | - | (6,876) | - | (6,876) |
| **Total comprehensive income for the year** | **-** | **-** | **222,318** | **-** | **-** | **-** | **6,218** | **-** | **228,536** |
| Proceed from Issue of Shares | - | - | | | | | | | - |
| Dividends paid | - | - | (19,200) | - | - | - | - | | (19,200) |
| Transfers between reserves (Note 35) & (Note 43) | - | - | - | - | | - | - | - | - |
| **At 30 September 2024** | **16,000** | **113,705** | **268,692** | **66,282** | **764** | **100,279** | **60,528** | **14,421** | **640,670** |

| Statement of changes in equity for the period ended 30 September 2023 | Share capital | Share premium | Retained earnings | Statutory reserve | Small scale investment reserve | Non-distributable regulatory reserve | Fair value reserve | AGSMEIS reserve | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | N'million | N'million | N'million | N'million | N'million | N'million | N'million | N'million | N'million |
| **Balance at 1 January 2023** | **14,481** | **101,272** | **44,883** | **51,352** | **764** | **62,144** | **30,017** | **9,445** | **314,360** |
| Profit for the period | 1,519 | 12,433 | - | - | - | - | - | - | **13,952** |
| **Other comprehensive income** | - | - | 91,753 | - | - | - | - | - | **91,753** |
| Net change in fair value of debt instruments at FVOCI | - | - | | - | - | - | 439 | - | **439** |
| Net change in fair value of equity instruments at FVOCI | - | - | ` | - | - | - | 9,791 | - | **9,791** |
| Changes in allowance for expected credit losses | - | - | - | - | - | - | 230 | - | **230** |
| Reclassification adjustment for realised net gains | - | - | - | - | - | - | 1,027 | - | 1,027 |
| **Total comprehensive income for the period** | **-** | **-** | **91,753** | **-** | **-** | **-** | **11,487** | **-** | **103,240** |
| Proceed from Issue of Shares | - | - | - | - | - | - | - | | - |
| Dividends paid | - | - | (20,800) | - | - | - | - | | **- 20,800** |
| Transfers between reserves (Note 35) & (Note 43) | - | - | | | | | | - | - |
| **At 30 September 2023** | **16,000** | **113,705** | **115,836** | **51,352** | **764** | **62,144** | **41,504** | **9,445** | **410,752** |

*** Income from these instruments is exempted from witholding tax*

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

**Consolidated and Separate Statement of Cash Flows**

| | | Group | | Bank | |
|---|---|---|---|---|---|
| | | 30 Sept 2024 | 30 Sept 2023 | 30 Sept 2024 | 30 Sept 2023 |
| | Note | N'million | N'million | N'million | N'million |
| **Operating Activities** | | | | | |
| Cash flows from operations | 36 | 1,935,045 | 327,485 | 1,798,206 | 327,485 |
| Interest received | 36b | 520,200 | 242,456 | 504,954 | 242,456 |
| Interest paid | 36c | -331,947 | (145,276) | (247,133) | (145,276) |
| Income tax paid | 16c | -17,520 | (6,013) | (22,533) | (6,013) |
| **Net cash flows from operating activities** | | **2,105,779** | **418,652** | **2,033,494** | **418,652** |
| | | | | | |
| **Investing activities** | | | | | |
| Purchase of property, plant and equipment | 25 | (26,550) | (6,696) | (26,521) | (6,696) |
| Proceeds from sale of property plant and equipment | 25 | 2,334 | 29 | 2,334 | 29 |
| Changes in intangible assets | 27 | (7,628) | (2,425) | (3,024) | (2,425) |
| Purchase of debt Instruments at FVOCI | 36.d | -123,382 | (156,212) | (51,729) | (156,212) |
| Purchase of debt Instruments at amortised cost | 36.e | -1,419,227 | (263,206) | (1,718,905) | (263,206) |
| Redemption of financial assets at amortised cost | 36.e | 175,815 | 184,238 | 175,815 | 184,238 |
| Redemption of debt financial assets at FVOCI | 36.d | 88,317 | 56,825 | 88,317 | 56,825 |
| Purchase of equity instruments at FVOCI | 36f | - | - | - | - |
| Acquisition of a subsidairy | 36g | - | - | - | - |
| Dividend received | 11 | 741 | 1,553 | 741 | 1,553 |
| **Net cash flows used in investing activities** | | **(1,309,580)** | **-102,501** | **(1,532,972)** | **-185,894** |
| | | | | | |
| **Financing activities** | | | | | |
| Dividends paid | SCE | -19,200 | (20,800) | (19,200) | (20,800) |
| Unclaimed dividend Receipt / (Payment) | 36h | - | 7 | - | 7 |
| Lease Payment on Right of Use (ROU) Assets | 26 | -750 | (463) | (728) | (463) |
| Proceeds of debts issued and other borrowed funds | 33 | 207,198 | 86,428 | 207,198 | 86,428 |
| Payment of interest portion of debts issued and other borrowed funds | 33 | -38,639 | (685) | (38,639) | (685) |
| Repayment of principal portion of debts issued and other borrowed funds | 33 | -158,109 | -21,330 | (158,109) | -21,330 |
| **Net cash flows used in financing activities** | | **(9,499)** | **43,158** | **(9,477)** | **43,158** |
| | | | | | |
| **Net increase in cash and cash equivalents** | | **786,699** | **275,916** | **491,044** | **275,916** |
| Net foreign exchange difference on cash and cash equivalents | 11 | 8,961 | (7,170) | 8,565 | (7,170) |
| **Cash and cash equivalents as at 1 January** | 19 | **364,177** | **300,345** | **376,595** | **300,345** |
| **Cash and cash equivalents as at 30 September** | 19 | **1,159,837** | **569,091** | **876,204** | **569,091** |

**Notes To The Financial Statements**

## 1. Corporate Information

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

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

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

## 2. Summary of material accounting policies

### 2.1 Introduction to summary of accounting policies

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

### 2.1.1 Basis of Preparation

The Group's financial statements for the period ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and in the manner required by the Companies and Allied Matters Act of Nigeria , the Financial Reporting Council Act of Nigeria , Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria Circulars, Additional information required by national regulations is included where appropriate.

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

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

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

### 2.1.2 Changes in accounting policies and disclosures

**New standards, amendments and interpretations adopted.**

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

**a IFRS 1 First-time Adoption of International Financial Reporting Standards ( Subsidiary as a First-time Adopter)**

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

**b IFRS 7 Investments in equity instruments designated at FVTOCI**

The disclosures requirements in IFRS 7 in respect of investments in equity instruments designated at FVTOCI are amended. In particular, an entity is required to disclose the fair value gain or loss presented in OCI during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period. If an entity derecognises investments in equity instruments measured at FVTOCI during the reporting period, it is now required, under the amendments, to disclose any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

An entity is no longer required to disclose the reporting date fair value of each equity instruments designated at

**Contractual terms that could change the timing or amount of contractual cash flows**

The amendments introduce disclosure requirements for financial instruments that include contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs (such as the time value of money or credit risk). Disclosures include a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows as well as the gross carrying amount of financial assets and the amortised cost of financial liabilities subject to those contractual terms. The entity is required to make these disclosures by class of financial assets measured at amortised cost or FVTOCI and by class of financial liabilities measured at amortised cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity elects to apply these amendments for an earlier period, it is required to either:

- apply all the amendments at the same time and disclose that fact or
- apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

**c IFRS 9 Derecognition of a financial liability settled through electronic transfer.**

The application guidance in IFRS 9 is amended to clarify the date of initial recognition or derecognition of financial assets and financial liabilities.

The existing application guidance states that a financial liability is derecognised at its settlement date, being the date on which the liability is extinguished because the obligation specified in the contract is discharged, cancelled or expires, or the liability otherwise qualifies for derecognition.

As an alternative to this requirement, the amendments permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if, and only if, the entity has initiated a payment instruction that has resulted in:

- the entity having NO practical ability to withdraw, stop or CANCEL the payment instruction
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction
- the settlement risk associated with the electronic payment system being insignificant.

An entity that elects to apply the derecognition alternative for financial liabilities is required to apply it to all settlements made through the same electronic payment system.

**d IAS 8 (Amendment): Definition of Accounting Estimates**

IAS 8 (Amendment): Definition of Accounting Estimates (effective for annual reporting periods beginning on or after 1 January 2023). The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition,

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

**e IAS 12 Income Taxes - Deferred Tax ( Pillar Two Model Rules)**

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

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

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

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

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

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

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

**g IFRS 17 Insurance Contracts**

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

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

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

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

**2.1.2 Basis of consolidation**

**i Business Combination**

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

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

**ii Non-controlling interest**

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

**iii Subsidiaries**

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

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

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

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

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

**iv Fund management**

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

**v Loss of control**

The Group assesses whether there is loss of control in a variety of ways which includes:

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

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

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

**vi Foreign currency transactions**

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

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

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

**vii Foreign operations**

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

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

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

**viii Determination of Goodwill**

Fidelity Bank Plc completed the acquisition of the United Kingdom component on the 26th of July 2023 from the Union bank plc ( A Nigerian Parent ) at a value of $50,000,000.00 with provision for Net Asset Value adjustment between the Completion net assets value and the Planned net asset value on the Purchase considration which has now been completed in the sum of $1,800,000.00 based on the Sales Purchase Agreement. The purchase price is allocated to the various identified intangible assets acquired and the provisional accounting has now been completed resulting N7,469 million recognised in intangibles and deferred tax of N193.2 million. This is reallocated from the previously recognised goodwill and comparatives adjusted accordingly.. The Bank acquired 100% of its United Kingdom Subsidiary. Prior to the acquisition , the United Kingdom component did not have any legal suit that required settlement .

**Core deposits**

Relates to a stable deposit base that provides a low-cost source of funding (versus the alternative next funding in the market).

**Valuation Methodology :** Cost Savings Method

**Customer relationships**

**2.2 Income Taxation**

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

**i Current Income Tax**

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

**ii Deferred Income Tax**

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

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxables entities where there is an intention to settle the balance on a net basis.

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

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

**2.3 Accounting judgements, estimates and assumptions**

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

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

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

**Going Concern**
Business continues to function well and largely uninterrupted. The Group continues to provide access to it's products and services for modern life which it has proven to be doing  responsibly and efficiently in even challenging circumstances.

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

**Allowances for credit losses**

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

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

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

The uncertainties caused by the volatility in macro economic variables required the Group to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 30 September 2024. No futher update was done in the current year .

**Determination of Collateral Value**

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

In determining the collateral value, the Bank has considered potential impacts of the economic volatility as a result of Isreal - Hamas war as well the the impact of Russian/Ukrain war and elections within various relevant jurisdictions across the globe.

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

**Fair Value Measurement of Financial Instruments**

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

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

**2.3.1 Standards Issued, Amendments But Not Yet Effective**

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

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

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

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

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

**2.3.1 Standards Issued, Amendments But Not Yet Effective- continued**

**IFRS 18 Presentation and Disclosure in Financial Statements:**
IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. The standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss, provide disclosures on management-defined performance measures (MPMs) and improve aggregation & disaggregation. The standard also made some minor amendments to IAS 7 and IAS 33.
All entities are required to follow the same classification requirements. However, there are reporting modifications for entities that invest in assets as a main business activity (such as investment entities, investment property entities and insurers) and entities that provide financing to customers as a main business activity (such as banks.

IFRS 18 requires an entity to classify income and expenses included in profit or loss into one of the following categories:

**i.** Operating Category: This comprises all income and expenses included in the statement of profit or loss that are not classified in the investing, financing, income taxes or discontinued operations categories. It is the default category that includes, but not limited to, income and expenses from an entity's main business activities.

Income and expenses from other business activities, such as income and expenses from additional activities, are also classified in the operating category if those income and expenses do not meet the requirements to be classified in any of the other categories.

**ii.** Investing Category: This comprises income and expenses from:

- investments in associates, joint ventures, and unconsolidated subsidiaries
- cash and cash equivalents.
- other assets that generate a return individually and largely independently of the entity's other resources
- Income and expenses' classified in the investing category comprises:
- income generated by the assets
- income and expenses that arise from the initial and subsequent measurement of the assets, including on derecognition of the assets
- incremental expenses directly attributable to the acquisition and disposal of the assets (e.g. transaction costs and costs to sell the assets.

**iii.** Financing category: This includes income and expenses from liabilities arising from transactions that involve the raising of finance, whether the transaction involves only the raising of finance or not.

**iv.** Income taxes category: The income taxes category comprises:

- tax expense or tax income included in profit or loss applying IAS 12 Income Taxes
- any related foreign Exchange differences.

**v.** Discontinued operations category: The discontinued operations category comprises income and expenses from discontinued operations as defined in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

IAS 7 - IFRS 18 causes amendments to IAS 7 Statement of Cashflows as follows.

- require all entities to use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities.
  remove the presentation alternatives for cash flows related to interest and dividends paid and received as follows

  – for entities with no specified main business activities:

    * interest and dividends received will always be classified as cash flows from investing activities
    * interest and dividends paid will always be classified as cash flows from financing activities.

  – for entities that invest in assets or provide financing to customers as a main business activity, the entity is required to:

* determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how , applying IFRS 18 - it classifies dividend income, interest income and interest expenses in the statement of profit or loss
* classify the total of each of these cash flows in a single category in the statement of cash flows (that is, either as operating, investing or financing activities)
* classify dividends paid as cash flows from financing activities.

**to IAS 33 - IFRS 18 causes amendments to IAS 33 Earnings Per Share.**
In addition to reporting basic and diluted earnings per share (EPS), entities are permitted by IAS 33 to disclose (in the notes only) additional EPS calculated based on any component of the statement of comprehensive income.
The amendments to IAS 33 permit an entity to disclose these additional EPS only if the numerator is either a total or subtotal identified in IFRS 18 or is an MPM.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. If an entity applies IFRS 18 for an earlier period, it is required to disclose that fact in the notes. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18.

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

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

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

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

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

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

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

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

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

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

**2.3.1 Standards Issued, Amendments But Not Yet Effective- continued**

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

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

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

**IFRS 16 Leases Illustrative Example accompanying - Lease incentives**

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

**2.3.3 Foreign currency translation and transaction**

**(a) Functional and presentation currency**

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

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

**2.3.3 Foreign currency translation and transaction**

(a) Functional and presentation currency
(b) Transactions and balances

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

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

**2.3.3 Foreign currency translation and transaction-continued**

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

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

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

### 2.4.1 *Initial recognition*

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

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

**Day 1 profit or loss**

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

**Amortised cost and gross carrying amount**

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

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

**Effective interest method**

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

For purchased or originated credit-impaired (`POCI') financial assets — assets that are credit-impaired at initial recognition — the Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

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

**Interest income**

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

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

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

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

**a) Debt Instruments**

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

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

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

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

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

**Business Model Assessment**

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing financial assets is achieved and how cash flows are realized.

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

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

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

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

**Reclassifications**
The Group reclassifies debt investments when and only when its business model for managing those assets

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

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

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

**c) Derivative Financial Instruments**
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value.

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

**d) Non-derivative financial assets**

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

**e) Non-derivative financial Liabilities**

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

### 2.4.3 Impairment of Financial Assets

**Overview**

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

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

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

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

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

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

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

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

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

**The calculation of ECLs**

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

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

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

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

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

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

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

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

The mechanics of the ECL method are summarised below:

**Stage 1**

- The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.
- These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

**Stage 2**

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

**Stage 3**

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

**POCI**

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

**Loan Commitments and Letters of Credit**

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

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

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

**Financial Guarantee Contracts**

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

**Bank Overdraft and Other Revolving Facilities**

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

**Restructured Financial Assets**

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

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

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

**Credit-Impaired Financial Assets**

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

Evidence that a financial asset is credit-impaired includes the following:

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

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

**Collateral Valuation**

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

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

**Collateral Repossessed**

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

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

**2.4.4 Presentation of Allowance for ECL**

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

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

**Write-Off**

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

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

**Initial and Subsequent Measurement**

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

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

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

**Derecognition**

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

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

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

**Financial Guarantee Contracts and Loan Commitments**

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

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

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

## 2.5 Revenue Recognition

**Interest income and expense**

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

**Fees and Commission Income**

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

**Income From Bonds or Guarantees and Letters of Credit**

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

**Dividend Income**

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

## 2.6 Impairment of Non-Financial Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, intangible assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test may also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

## 2.7 Statement of Cash Flows

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

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

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

## 2.8 Cash and Cash Equivalents

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

For the purposes of the statement of cash flows, cash and cash equivalents include cash , due from banks and non-restricted balances with central bank.

## 2.9 Leases

### a The Bank is the lessee

#### i Right-of-use assets

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

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

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

### B The Bank is the lessor

#### i Operating Lease

When assets are subject to an operating lease, the assets continue to be recognised as property and equipment based on the nature of the asset. Lease income is recognised on a straight line basis over the lease term. Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

#### ii Finance Lease

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

## 2.10 Property, Plant and Equipment

Land and buildings comprise mainly branches and offices. All property and equipment used by the Group is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

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

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment. Payments in advance for items of property and equipment are included as Prepayments in "Other Assets" and upon delivery are reclassified as additions in the appropriate category of property, plant and equipment.

**Derecognition**

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

**2.11 Intangible Assets**

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

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell thesoftware product are available;
- the expenditure attributable to the software product during its development can be reliably measured.

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

Direct computer software costs recognised as intangible assets are amortised on the straight-line basis over the life of the intangible asset and are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Direct computer software costs recognised as intangible assets are amortised on the straight-line basis over the life of the intangible asset and are carried at cost less any accumulated amortisation and any accumulated impairment losses.

**Derecognition**

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

**2.12 Provisions**

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

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

**2.13 Retirement Obligations and Employee Benefits**

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

**2.13.1 Defined Contribution Pension Scheme**

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

**2.13.2 Short-Term Benefits**

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

**2.14 Termination Benefits**

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

**2.15 Share Capital**

**(a) Share Issue Costs**

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

**(b) Dividends on Ordinary Shares**

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

Dividends for the period that are declared after the reporting date are dealt with in the subsequent events note.

Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

**2.16 Fair Value Measurement**

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

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

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

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

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

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

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

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

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

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

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

**2.17 Comparatives**

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

**2.18 Segment Reporting**

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

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

**Retail Banking**

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

**Corporate Banking**

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

**Investment Banking**

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

## 3. Financial risk management and fair value measurement and disclosure

### 3.1 Introduction and overview

IFRS 7 : An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period. Set out below is the information about the nature and extent of risks arising from the financial instruments to which the group is exposed at the end of the reporting period.

**Enterprise Risk Management**

The Group runs an Enterprise-wide Risk Management system which is governed by the following key principles:

**i)** Comprehensive and well defined policies and procedures designed to identify, assess, measure, monitor and report significant risk exposures of the entity. These policies are clearly communicated throughout the Group and are reviewed annually.

**ii)** Clearly defined governance structure.

**iii)** Clear segregation of duties within the Risk Management Division and also between them and the business group

**iv)** Management of all classes of banking risk broadly categorized into credit, market, liquidity, operational risk independently but in a co-coordinated manner at all relevant levels within the system.

**v)** Incorporate the volatility in macro economic variables caused by Covid-19 in the inputs and assumptions used for the determination of expected credit losses ("ECLs")

**Risk Management Governance Structure**

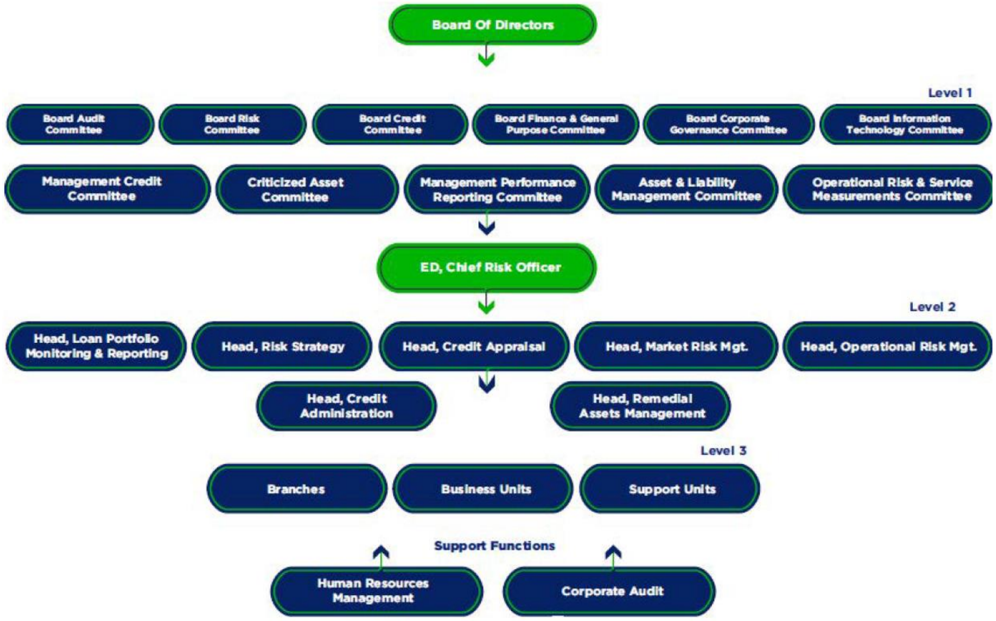
Enterprise-wide risk management roles and responsibilities are assigned to stakeholders in the Group at three levels as follows:

**Level 1** - Board/Executive Management oversight is performed by the Board of Directors, Board Audit Committee, Board Risk Committee, Board Credit Committee (BCC), Board Finance & General Purpose Committee, Board Information Technology Committee and Executive Management Committee (EXCO).

**Level 2** - Senior Management function is performed by the Management Credit Committee (MCC), Criticised Assets Committee (CAC), Asset and Liability Management Committee (ALCO), Operational Risk & Service Measurements Committee (ORSMC), Management Performance Reporting Committee (MPR), The Chief Risk Officer (CRO) and Heads of Enterprise Risk Strategy, Loan Monitoring and Portfolio Reporting, Credit Appraisal, Credit Administration, Remedial Assets Management, Market Risk Management and IT & Operational Risk Management.

**Level 3** - This is performed by all enterprise-wide Business and Support Units. Business and Support Units are required to comply with all risk policies and procedures and to manage risk exposures that arise from daily

The Group's Corporate Audit Division assists the Board Risk Committee by providing independent appraisal of the Group's risk framework for internal risk assurance. The Division assesses compliance with established controls and enterprise-wide risk management methodologies. Significant risk related infractions and recommendations for improvement in processes are escalated to relevant Management and Board committees.



Board Of Directors
Level 1
Board Audit Committee
Board Risk Committee
Board Credit Committee
Board Finance & General Purpose Committee
Board Corporate Governance Committee
Board Information Technology Committee
Management Credit Committee
Criticized Asset Committee
Management Performance Reporting Committee
Asset & Liability Management Committee
Operational Risk & Service Measurements Committee
ED, Chief Risk Officer
Level 2
Head, Loan Portfolio Monitoring & Reporting
Head, Risk Strategy
Head, Credit Appraisal
Head, Market Risk Mgt.
Head, Operational Risk Mgt.
Head, Credit Administration
Head, Remedial Assets Management
Level 3
Branches
Business Units
Support Units
Support Functions
Human Resources Management
Corporate Audit

**Enterprise Risk Management- continued**

**Enterprise Risk Philosophy**

**Fidelity Enterprise Risk Mission**

**Risk Culture**

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

**Risk Appetite**

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

The Group defines the Group's Risk Appetite quantitatively at two levels: Enterprise level and Business/Support Unit level.

To give effect to the above, the Board of Directors of the Group sets target Key Performance Indicators (KPIs) at both enterprise and business/support unit levels based on recommendations from the Executive Management Committee

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

**3.2 Credit Risk**

**3.2.1 Management of credit risk**

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

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

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

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

**Individual Approval Limit**

| Approving Authority | Tenor | Limit |
|---|---|---|
| Business-Facing Executive Director | All tenors | N100m |
| Managing Director/Chief Executive | Tenor | N200m |

**Committee Approval Limit**

| | MCC | | | BCC | Board |
|---|---|---|---|---|---|
| Obligor Risk Rating | Up to 2yrs | 3 – 5yrs | >5yrs | All Tenors | All Tenors |
| AAA - A | N3bn | N2bn | N1bn | N7.5bn | Above BCC limit up to Single Obligor Limit (SOL) |
| BBB – B | N2bn | N1.50bn | N1.0bn | N5bn | |
| CCC | N0.5bn | N0.3bn | Nil | N2bn | |

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

**3.2.2 Credit Risk Ratings**

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

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

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

**Enterprise Risk Management- continued**

**3.2.2 Credit Risk Ratings- continued**

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

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

**3.2.3 Credit Limits**

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

**Monitoring Default Risk**

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

**3.2.4 Expected Credit Loss Measurement**

**Change in credit quality since initial recognition**

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

**(a) Significant Increase In Credit Risk**

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

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

**Backstop Indicators**

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

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

**(b) Definition of Default**

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

**Quantitative criteria**

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

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

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

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

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

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

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

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

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

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

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

In addition to the base economic scenario, the Group's strategy team also provides other possible scenarios along with scenario weightings. The number of other scenarios used is based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2024 and 30 June 2024, the Group concluded that the scenarios appropriately captured non-

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

**Economic Variable Assumptions**

The most significant period-end assumptions used for the ECL estimate as at 30 September 2024 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

| | 6M | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| **Foreign exchange rate (₦)** | | | | |
| Base Case | 1,824.323 | 1,965.040 | 2,255.330 | 2,389.200 |
| Best Case | 1,419.660 | 1,382.920 | 1,432.750 | 1,463.990 |
| Worse Case | 2,126.410 | 2,792.240 | 3,227.400 | 3,544.500 |
| **Inflation rate** | | | | |
| Base Case | 30.26% | 18.02% | 14.68% | 10.75% |
| Best Case | 18.16% | 10.81% | 8.81% | 6.45% |
| Worse Case | 42.36% | 25.23% | 20.55% | 15.05% |
| **Crude Oil ($)** | | | | |
| Base Case | 80.65 | 77.80 | 76.26 | 75.86 |
| Best Case | 116.26 | 121.00 | 121.09 | 120.86 |
| Worse Case | 55.94 | 50.02 | 48.03 | 47.61 |
| **Foreign Reserves ($ Bn)** | | | | |
| Base Case | 43.00 | 47.00 | 49.50 | 54.00 |
| Best Case | 60.20 | 65.80 | 69.30 | 75.60 |
| Worse Case | 25.80 | 28.20 | 29.70 | 32.40 |

**Enterprise Risk Management- continued**

| | | | | |
|---|---|---|---|---|
| **USD Index** | | | | |
| Base Case | 105.42 | 106.68 | 108.21 | 108.95 |
| Best Case | 100.49 | 101.29 | 101.88 | 102.23 |
| Worse Case | 110.60 | 112.34 | 114.94 | 116.11 |
| **GDP** | | | | |
| Base Case | 2.33 | 2.35 | 2.34 | 2.33 |
| Best Case | 6.21 | 6.34 | 6.30 | 6.29 |
| Worse Case | 0.87 | 0.87 | 0.87 | 0.87 |
| **MPR** | | | | |
| Base Case | 27.25% | 22.00% | 18.00% | 15.00% |
| Best Case | 20.44% | 16.50% | 13.50% | 11.25% |
| Worse Case | 34.06% | 27.50% | 22.50% | 18.75% |
| **Unemployment rate** | | | | |
| Base Case | 5.00% | 5.00% | 5.00% | 5.00% |
| Best Case | 2.87% | 2.01% | 1.56% | 1.42% |
| Worse Case | 8.71% | 1.25% | 1.61% | 1.76% |

**(e) Grouping Financial Instruments For Collective Assessment**

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

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

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

The Bank's maximum exposure to credit risk as at 30 September, 2024 and 31 December 2023 is represented by the gross carrying amounts of the financial assets set out below:

| **Group** | **Maximum exposure** | **Collateral held** | **Surplus collateral** | **Net exposure** |
|---|---|---|---|---|
| **Financial Assets** | **30 September 2024** | | | |
| | **N'million** | **N'million** | **N'million** | **N'million** |
| Balances with central bank | 71,652 | - | - | 71,652 |
| Restricted balances with central bank | 1,379,895 | | | 1,379,895 |
| Due from banks | 1,042,898 | 103,410 | - | 939,488 |
| Loans and advances to customers | 4,442,724 | 21,443,279 | 17,009,102 | - |
| Derivative finacial assets | 26,628 | | - | 26,628 |
| Investments: | | | - | - |
| Financial assets at fair value through profit or loss | 18,009 | - | - | 18,009 |
| Debt instruments at fair value through other comprehensive income | 164,382 | - | - | - 164,382 |
| Equity instruments at fair value through other comprehensive income | 65,264 | - | - | - 65,264 |
| Debt instruments at amortised cost | 1,597,201 | - | - | 1,597,201 |
| Other assets | 746,961 | - | - | 746,961 |
| | **9,555,615** | **21,546,689** | **17,009,102** | **5,009,481** |
| **Financial Guarantee contracts:** | | | | - |
| Performance bonds and guarantees | 927,956 | - | - | 927,956 |
| Letters of credit | 1,123,123 | 8,152 | - | 1,114,972 |
| Undrawn portion of overdraft | 177,544 | | | 177,544 |
| | **2,228,624** | **8,152** | **-** | **2,220,472** |

**Enterprise Risk Management- continued**

| Financial Assets | Maximum exposure | Collateral held | Surplus collateral | Net exposure |
|---|---|---|---|---|
| | 31 December 2023 | | | |
| | N'million | N'million | N'million | N'million |
| Balances with central bank | 115,576 | - | - | 115,576 |
| Restricted balances with central bank | 1,174,398 | | | 1,174,398 |
| Due from banks | 239,804 | - | - | 239,804 |
| Loans and advances to customers | 3,106,324 | 17,394,847 | 14,288,523 | - |
| Derivative finacial assets | 10,723 | | - | 10,723 |
| Investments: | | | - | - |
| Financial assets at fair value through profit or loss | 7,684 | - | - | 7,684 |
| Debt instruments at fair value through other comprehensive income | 187,561 | - | - | - 187,561 |
| Equity instruments at fair value through other comprehensive income | 104,953 | - | - | - 104,953 |
| Debt instruments at amortised cost | 821,014 | - | - | 821,014 |
| Other assets | 394,750 | - | - | 394,750 |
| | **6,162,786** | **17,394,847** | **14,288,523** | **3,056,462** |
| | | | | |
| **Financial Guarantee contracts:** | | | | - |
| Performance bonds and guarantees | 730,779 | - | - | 730,779 |
| Letters of credit | 413,362 | | - | 413,362 |
| Undrawn portion of overdraft | 115,650 | | | 115,650 |
| | **1,259,791** | **-** | **-** | **1,264,433** |

*Excluding equity instruments

| **Bank** | Maximum exposure | Collateral held | Surplus collateral | Net exposure |
|---|---|---|---|---|
| **Financial Assets** | 30 September 2024 | | | |
| | N'million | N'million | N'million | N'million |
| Balances with central bank | 71,652 | - | - | 71,652 |
| Restricted balances with central bank | 1,379,895 | | | 1,379,895 |
| Due from banks | 769,084 | - | - | 769,084 |
| Loans and advances to customers | 4,346,733 | 21,355,834 | 17,009,102 | - |
| Derivative finacial assets | 26,628 | | - | 26,628 |
| Investments: | | | - | - |
| Financial assets at fair value through profit or loss | 18,009 | - | - | 18,009 |
| Debt instruments at fair value through other comprehensive income | 92,731 | - | - | - 92,731 |
| Equity instruments at fair value through other comprehensive income | 65,264 | - | - | - 65,264 |
| Debt instruments at amortised cost | 1,597,201 | - | - | 1,597,201 |
| Other assets | 746,961 | - | - | 746,961 |
| | **9,114,159** | **21,355,834** | **17,009,102** | **4,767,426** |
| | | | | |
| **Financial Guarantee contracts:** | | | | - |
| Performance bonds and guarantees | 927,956 | - | - | 927,956 |
| Letters of credit | 1,106,532 | | - | 1,106,532 |
| Undrawn portion of overdraft | 177,544 | | | 177,544 |
| | **2,212,032** | **-** | **-** | **2,212,032** |

**Enterprise Risk Management- continued**

**3.2.7 Credit Quality**

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

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

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

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

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

| **Group** | 30 September 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| | N'million | N'million | N'million | N'million |
| **Credit grade** | | | | |
| Investment grade | 131,932 | 188,671 | - | 320,603 |
| Standard | 1,333,982 | 1,253,080 | - | 2,587,062 |
| Default | - | - | 45,893 | 45,893 |
| **Gross carrying amount** | 1,465,914 | 1,441,751 | 45,893 | 2,953,558 |
| Loss | (13,829) | (99,563) | (27,394) | (140,786) |
| **Carrying amount** | 1,452,085 | 1,342,188 | 18,499 | 2,812,772 |

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

| **Bank** | 30 September 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| | N'million | N'million | N'million | N'million |
| **Credit grade** | | | | |
| Investment grade | 131,932 | 188,671 | - | 320,603 |
| Standard monitoring | 1,261,521 | 1,253,080 | - | 2,514,601 |
| Default | - | - | 45,893 | 45,893 |
| **Gross carrying amount** | 1,393,453 | 1,441,751 | 45,893 | 2,881,097 |
| Loss | (13,398) | (99,563) | (27,394) | (140,355) |
| **Carrying amount** | 1,380,055 | 1,342,188 | 18,499 | 2,740,742 |

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

**b) Government, Public Sector & NBFIs portfolio**

**Group**

| | 30 September 2024 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | |
| | N'million | N'million | N'million | N'million |
| **Credit grade** | | | | |
| Investment grade | 16,417 | - | - | 16,417 |
| Standard monitoring | 208,941 | 6,032 | - | 214,973 |
| Default | - | - | 11,102 | 11,102 |
| **Gross carrying amount** | 225,357 | 6,032 | 11,102 | 242,491 |
| Loss | (11) | (0) | (3,113) | (3,124) |
| **Carrying amount** | 225,346 | 6,032 | 7,989 | 239,367 |

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

**Bank**

| | 30 September 2024 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | |
| | N'million | N'million | N'million | N'million |
| **Credit grade** | | | | |
| Investment grade | 16,417 | - | - | 16,417 |
| Standard monitoring | 208,941 | 6,032 | - | 214,973 |
| Default | - | - | 11,102 | 11,102 |
| **Gross carrying amount** | 225,357 | 6,032 | 11,102 | 242,491 |
| Loss | (11) | (0) | (3,113) | (3,124) |
| **Carrying amount** | 225,346 | 6,032 | 7,989 | 239,367 |

Notes To The Financial Statements - continued

Enterprise Risk Management- continued

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

**c) Transport, Communication, Commerce & General portfolio**

| **Group** | 30 September 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| | N'million | N'million | N'million | N'million |
| **Credit grade** | | | | |
| Investment grade | - | - | - | - |
| Standard monitoring | 593,571 | 389,478 | - | 983,049 |
| Default | - | - | 31,971 | 31,971 |
| **Gross carrying amount** | **593,571** | **389,478** | **31,971** | **1,015,020** |
| Loss | (1,087) | ## | (16,142) | (29,021) |
| **Carrying amount** | **592,484** | **377,685** | **15,829** | **985,999** |

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

| **Bank** | 30 September 2024 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| | N'million | N'million | N'million | N'million |
| **Credit grade** | | | | |
| Investmen | - | - | - | - |
| Standard | 589,448 | 389,478 | - | 978,926 |
| Def<br>ault | - | - | 31,971 | 31,971 |
| **Gross carrying amount** | **589,448** | **389,478** | **31,971** | **1,010,897** |
| Loss | (1,084) | ## | (16,142) | (29,018) |
| **Carrying** | **588,364** | **377,685** | **15,829** | **981,879** |

Notes To The Financial Statements - continued
Enterprise Risk Management- continued

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

**d) Automobile, Equipment & Mortgage Loans portfolio**

| **Bank** | 30 September 2024 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| **Credit** | | | | |
| Investment grade | - | - | - | - |
| Standard monitoring | 106,432 | 3,819 | - | 110,251 |
| Default | - | - | 4,025 | 4,025 |
| **Gross carrying amount** | **106,432** | **3,819** | **4,025** | **114,276** |
| Loss | (434) | (4) | (289) | (727) |
| **Carrying amount** | **105,998** | **3,815** | **3,736** | **113,549** |

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

**e) Medium and Small Scale Enterprises portfolio**

| **Bank** | 30 September 2024 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| Credit grade | | | | |
| Investment grade | - | - | - | - |
| Standard monitoring | 22,590 | 6 | - | 22,597 |
| Default | - | - | 4,579 | 4,579 |
| **Gross carrying amount** | **22,590** | **6** | **4,579** | **27,175** |
| Loss | (247) | (0) | (1,778) | (2,025) |
| **Carrying amount** | **22,343** | **6** | **2,800** | **25,150** |

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

Notes To The Financial Statements - continued

Enterprise Risk Management- continued

**f) Personal & Employee Loans portfolio**

| **Group** | 30 September 2024 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| **Credit grade** | | | | |
| Investment grade | - | - | - | - |
| Standard monitoring | 59,767 | 2,152 | - | 61,920 |
| Default | - | - | 28,795 | 28,795 |
| **Gross carrying amount** | **59,767** | **2,152** | **28,795** | **90,714** |
| Loss | (670) | (19) | (12,075) | (12,764) |
| **Carrying amount** | **59,098** | **2,133** | **16,720** | **77,951** |

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

| **Bank** | 30 September 2024 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| **Credit grade** | | | | |
| Investment grade | - | - | - | - |
| Standard monitoring | 42,245 | 444 | - | 42,690 |
| Default | - | - | 28,105 | 28,105 |
| **Gross carrying amount** | **42,245** | **444** | **28,105** | **70,794** |
| Loss | (667) | (8) | (12,009) | (12,685) |
| **Carrying amount** | **41,578** | **436** | **16,095** | **58,110** |

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

Notes To The Financial Statements - continued

Enterprise Risk Management- continued

**Group**

| | 30 September 2024 | | | | |
|---|---|---|---|---|---|
| | Cash and balance with Central bank | Due from banks | Loans and advances to customers | Debt securities | Other assets |
| | N'million | N'million | N'million | N'million | N'million |
| Not Due & Not impaired | 1,648,085 | 882,081 | 2,340,406 | 1,779,594 | 746,961 |
| Past due and not impaired (0-30 days) | - | | 134,936 | | |
| Past due and not impaired (31-90 days) | - | - | 1,841,531 | - | - |
| Past due and impaired (aged above 90 days) | - | - | 126,363 | - | - |
| **Gross** | **1,648,085** | **882,081** | **4,443,236** | **1,779,594** | **746,961** |
| Impairment allowance | (2) | (1,205) | (188,447) | (1,676) | (6,658) |
| **Net** | **1,648,083** | **880,876** | **4,254,789** | **1,777,918** | **740,303** |

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

**Bank**

| | 30 September 2024 | | | | |
|---|---|---|---|---|---|
| | Cash and balance with Central bank | Due from banks | Loans and advances to customers | Debt securities | Other assets |
| | N'million | N'million | N'million | N'million | N'million |
| Not Due & Not impaired | 1,487,016 | 769,084 | 2,244,592 | 1,707,941 | 746,961 |
| Past due and not impaired (0-30 days) | - | | 134,936 | | |
| Past due and not impaired (31-90 days) | - | - | 1,841,531 | - | - |
| Past due and impaired (aged above 90 days) | - | - | 125,673 | - | - |
| **Gross** | **1,487,016** | **769,084** | **4,346,733** | **1,707,941** | **746,961** |
| Impairment allowance | - | (955) | (187,934) | (1,674) | (6,658) |
| **Net** | **1,487,016** | **768,129** | **4,158,799** | **1,706,268** | **740,303** |

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

**Enterprise Risk Management- continued**

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

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

| Group | Due from Banks | Overdrafts | Term loans | Finance lease | Total Loan | Other assets |
|---|---|---|---|---|---|---|
| **30 September 2024** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** |
| **Grades:** | | | | | | |
| 1. AAA to AA | 545,274 | 3,044 | 349,142 | - | 352,186 | - |
| 2. A+ to A- | 81,369 | 10,296 | 266,875 | - | 277,172 | - |
| 3. BBB+ to BB- | 36,887 | 313,973 | 2,895,215 | 6,081 | 3,215,270 | 746,961 |
| 4. Below BB- | 122,519 | 40,851 | 318,305 | - | 359,156 | - |
| 5. Unrated | - | 2,614 | 110,340 | 135 | 113,090 | - |
| | **786,050** | **370,779** | **3,939,878** | **6,217** | **4,316,873** | **746,961** |
| Collective Impairment | (1,205) | (9,931) | (146,200) | (26) | (156,157) | (6,658) |
| Net amount | **784,845** | **360,848** | **3,793,677** | **6,191** | **4,160,716** | **740,303** |
| | | | | | | |
| **31 December 2023** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** |
| **Grades:** | | | | | | |
| 1. AAA to AA | 165,044 | 3,967 | 274,568 | - | 278,535 | - |
| 2. A+ to A- | 30,688 | 7,292 | 201,435 | - | 208,727 | - |
| 3. BBB+ to BB- | 40,930 | 153,741 | 1,372,444 | 7,003 | 1,533,187 | 394,699 |
| 4. Below BB- | 3,141 | 62,335 | 907,857 | 2,154 | 972,347 | - |
| 5. Unrated | - | 676 | 68 | - | 745 | - |
| | **239,804** | **228,011** | **2,756,372** | **9,157** | **2,993,541** | **394,699** |
| Collective Impairment | (225) | (5,045) | (87,606) | (3) | (92,654) | (3,359) |
| Net amount | **239,579** | **222,966** | **2,668,766** | **9,155** | **2,900,887** | **391,340** |

| Bank | Due from Banks | Overdrafts | Term loans | Finance lease | Total Loan | Other assets |
|---|---|---|---|---|---|---|
| **30 September 2024** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** |
| **Grades:** | | | | | | |
| 1. AAA to AA | 545,274 | 3,044 | 349,142 | - | 352,186 | - |
| 2. A+ to A- | 81,369 | 10,296 | 266,875 | - | 277,172 | - |
| 3. BBB+ to BB- | 36,887 | 313,973 | 2,895,215 | 6,081 | 3,215,270 | 746,961 |
| 4. Below BB- | 10,572 | 40,851 | 318,305 | - | 359,156 | - |
| 5. Unrated | - | 2,597 | 14,543 | 135 | 17,276 | - |
| | **674,102** | **370,762** | **3,844,081** | **6,217** | **4,221,059** | **746,961** |
| Collective Impairment | (955) | (9,931) | (145,753) | (26) | (155,710) | (6,658) |
| Net amount | **673,147** | **360,831** | **3,698,328** | **6,191** | **4,065,350** | **740,303** |
| | | | | | | |
| **31 December 2023** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** |
| **Grades:** | | | | | | |
| 1. AAA to AA | 165,044 | 3,967 | 274,568 | - | 278,535 | - |
| 2. A+ to A- | 30,688 | 7,292 | 201,435 | - | 208,727 | - |
| 3. BBB+ to BB- | 40,930 | 153,741 | 1,372,444 | 7,003 | 1,533,187 | 394,699 |
| 4. Below BB- | 3,141 | 62,335 | 907,857 | 2,154 | 972,347 | - |
| 5. Unrated | - | 676 | 68 | - | 745 | - |
| | **239,804** | **228,011** | **2,756,372** | **9,157** | **2,993,541** | **394,699** |
| Collective Impairment | (225) | (5,045) | (87,606) | (3) | (92,654) | (3,359) |
| Net amount | **239,579** | **222,966** | **2,668,766** | **9,155** | **2,900,887** | **391,340** |

**Enterprise Risk Management- continued**

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

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

| | Maximum exposure to credit risk | | | |
|---|---|---|---|---|
| | Group | | Bank | |
| | 2024 N'million | 2023 N'million | 2024 N'million | 2023 N'million |
| **Financial assets designated at fair value through profit or loss** | | | | |
| **• Debt securities** | | | | |
| Federal Government bonds | 919 | 1,023 | 919 | 1,023 |
| Treasury bills | 17,090 | 6,661 | 17,090 | 6,661 |
| Placements | - | - | - | - |
| | **18,009** | **7,684** | **18,009** | **7,684** |
| Derivative financial assets | 26,628 | 10,723 | 26,628 | 10,723 |

The credit rating of cash and cash equivalents, short-term investments and investments in government and corporate securities that were neither past due nor impaired can be assessed by reference to the bank's internal ratings as at 30 September 2024 and 31 December 2023:

| **Group** | | Investments in Government Securities | | | | |
|---|---|---|---|---|---|---|
| | Cash & cash equivalents | Treasury bills | Federal Govt bonds | State bonds | Corporate bonds | Total |
| **30 September 2024** | N'million | N'million | N'million | N'million | N'million | N'million |
| AAA to AA | 686,409 | 1,240,722 | 491,205 | - | - | 2,418,335 |
| A+ to A- | 91,369 | - | - | 10,526 | 37,142 | 139,037 |
| BBB+ to BB- | 87,855 | - | - | - | | 87,855 |
| Below BB- | 10,572 | - | - | - | - | 10,572 |
| Unrated | - | - | - | - | - | - |
| | **876,205** | **1,240,722** | **491,205** | **10,526** | **37,142** | **2,655,799** |

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

| **Bank** | | Investments in Government Securities | | | | |
|---|---|---|---|---|---|---|
| | Cash & cash equivalents | Treasury bills | Federal Govt bonds | State bonds | Corporate bonds | Total |
| **30 September 2024** | N'million | N'million | N'million | N'million | N'million | N'million |
| AAA to AA | 686,409 | 1,169,069 | 491,205 | - | - | 2,346,683 |
| A+ to A- | 91,369 | - | - | 10,526 | 37,142 | 139,037 |
| BBB+ to BB- | 87,855 | - | - | - | | 87,855 |
| Below BB- | 10,572 | - | - | - | - | 10,572 |
| Unrated | - | - | - | - | - | - |
| | **876,205** | **1,169,069** | **491,205** | **10,526** | **37,142** | **2,584,146** |

**Enterprise Risk Management- continued**

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

**Loss allowance**

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

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

### 3.2.8 Description of Collateral Held

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

**(a) Key Collateral Management Policies**

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

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

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

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

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

**Enterprise Risk Management- continued**

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

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

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

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

| **Group** | **30 September 2024** | | **31 December 2023** | |
|---|---|---|---|---|
| | **Exposure** | **Collateral Value** | **Exposure** | **Collateral Value** |
| | **N'million** | **N'million** | **N'million** | **N'million** |
| Secured against real estate | 176,183 | 721,734 | 262,135 | 995,106 |
| Secured by shares of quoted companies | 4,137 | 5,149 | - | |
| Secured by others | 4,244,412 | 20,703,568 | 2,843,447 | 16,399,742 |
| Unsecured | 18,504 | - | 742 | - |
| **Gross Loans and Advances to Customers** | **4,443,236** | **21,430,450** | **3,106,324** | **17,394,847** |

| **Bank** | **30 September 2024** | | **31 December 2023** | |
|---|---|---|---|---|
| | **Exposure** | **Collateral Value** | **Exposure** | **Collateral Value** |
| | **N'million** | **N'million** | **N'million** | **N'million** |
| Secured against real estate | 153,050 | 678,387 | 262,135 | 995,106 |
| Secured by shares of quoted companies | 4,137 | 5,149 | - | |
| Secured by others | 4,185,211 | 20,672,298 | 2,843,447 | 16,399,742 |
| Unsecured | 4,335 | - | 742 | - |
| **Gross Loans and Advances to Customers** | **4,346,733** | **21,355,834** | **3,106,324** | **17,394,847** |

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

**3.3 Liquidity Risk**

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

**Enterprise Risk Management- continued**

**3.3.1 Management of Liquidity Risk**

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

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

**Short-Term Liquidity**

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

**Asset Liquidity**

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

**Funding Diversification**

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

**Stress Testing**

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

**Notes To The Financial Statements - continued**

**Enterprise Risk Management- continued**

**3.3.2 Maturity Analysis**

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

| Group | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| **30 September 2024** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** | **N'million** |
| **Non-deivative assets** | | | | | | |
| Restricted balances with central bank | - | - | - | 1,379,895 | - | 1,379,895 |
| Cash and Cash equivalents | 1,100,133 | 29,558 | 19,356 | - | 10,538 | 1,159,585 |
| Loans and advances to custom | 573,699 | 481,774 | 1,399,079 | 1,223,898 | 3,343,003 | 7,021,453 |
| Derivative financial assets | - | - | 26,628 | - | - | 26,628 |
| Investment securities | - | - | - | - | - | - |
| - Financial instrument at FVTPL | 164 | 2,152 | 29,441 | 1,057 | 1,367 | 34,180 |
| - Debt instruments at amortise | 161,361 | 73,907 | 901,109 | 329,088 | 962,819 | 2,428,284 |
| - Debt instruments at FVOCI | 38,844 | 62,229 | 56,553 | 205,214 | 23,125 | 385,965 |
| Deferred tax Assets | | | | | | |
| Other Assets | 77,449 | 387,247 | 309,797 | 6,179 | - | 780,672 |
| **Total financial assets** | **1,951,651** | **1,036,866** | **2,741,964** | **3,145,332** | **4,340,851** | **13,216,664** |
| **Derivaitive assets** | | | | | | |
| Trading : | | | | | | |
| Gross settled | | 26,628 | | - | - | 26,628 |
| Net settled | | | | | | |
| | **-** | **26,628** | **-** | **-** | **-** | **26,628** |
| **Total financial assets** | **1,951,651** | **1,063,494** | **2,741,964** | **3,145,332** | **4,340,851** | **13,243,292** |
| **Financial liabilities** | | | | | | |
| **Non-derivative liabilities** | | | | | | |
| Customer deposits | 543,251 | 502,272 | 883,752 | 2,074,664 | 2,127,664 | 6,131,603 |
| Other liabilities | 214,932 | 311,352 | 415,838 | 475,906 | 415,896 | 1,833,923 |
| Debt issued and other | 106,130 | 29,119 | 43,679 | 870,451 | 221,627 | 1,271,006 |
| | 864,313 | 842,743 | 1,343,268 | 3,421,021 | 2,765,187 | 9,236,532 |
| **Derivative Liabilities** | | | | | | |
| Trading : | | | | | | |
| Gross settled | - | - | - | - | - | - |
| Net settled | | | | | | |
| | - | - | - | - | - | - |
| **Total financial liabilities** | 864,313 | 842,743 | 1,343,268 | 3,421,021 | 2,765,187 | 9,236,532 |
| **Gap (assets-liabilities)** | 1,087,338 | 220,751 | 1,398,696 | (275,689) | 1,575,664 | |
| **Cumulative liquidity gap** | **1,087,338** | **1,308,090** | **2,706,786** | **2,431,096** | **4,006,760** | |

Notes Enterprise Risk Management- continued

Enterprise Risk Management- continued

3.3.2 Maturity Analysis - continued

| 31 December 2023 | Up to 1 month N'million | 1-3 months N'million | 3-12 months N'million | 1-5 years N'million | Over 5 years N'million | Total N'million |
|---|---|---|---|---|---|---|
| Restricted balances with centra | - | - | - | 1,174,398 | - | 1,174,398 |
| Cash and Cash equivalents | 362,530 | 21,172 | - | - | - | 383,702 |
| Loans and advances to custom | 235,975 | 515,799 | 867,353 | 1,001,318 | 2,013,800 | 4,634,245 |
| Derivative financial assets | - | | - | - | - | - |
| Investment securities | - | - | - | - | - | - |
| - Financial instrument at FVTPL | 77 | 317 | 6,931 | 1,001 | 4,215 | 12,540 |
| - Debt instruments at amortised | 951 | 44,292 | 417,381 | 339,063 | 1,017,731 | 1,819,418 |
| - Debt instruments at FVOCI | 23,622 | 61,401 | 121,127 | 40,236 | 35,132 | 281,519 |
| Deferred tax Assets | | | | | | |
| Other Assets | 39,589 | 199,524 | 166,432 | - | - | 405,545 |
| **Total financial assets** | **662,744** | **842,505** | **1,579,225** | **2,556,016** | **3,070,877** | **8,711,367** |
| **Derivaitive assets** | | | | | | |
| Trading : | | | | | | |
| Gross settled | | 10,723 | | - | - | 10,723 |
| Net settled | | | | | | |
| | **-** | **10,723** | **-** | **-** | **-** | **10,723** |
| **Total financial assets** | **662,744** | **853,228** | **1,579,225** | **2,556,016** | **3,070,877** | **8,722,090** |
| **Financial liabilities** | | | | | | |
| **Non-derivative liabilities** | | | | | | |
| Customer deposits | 337,757 | 496,625 | 657,113 | 1,328,011 | 1,389,284 | 4,208,791 |
| Other liabilities | 122,415 | 172,796 | 248,943 | 360,566 | 281,890 | 1,186,609 |
| Debt issued and other | 85 | 303,773 | 53,379 | 520,491 | 49,049 | 926,777 |
| | **460,257** | **973,195** | **959,434** | **2,209,068** | **1,720,223** | **6,322,177** |
| **Derivative Liabilities** | | | | | | |
| Trading : | | | | | | |
| Gross settled | - | - | - | - | - | - |
| Net settled | | | | | | |
| | - | - | - | - | - | - |
| **Total financial liabilities** | 460,257 | 973,195 | 959,434 | 2,209,068 | 1,720,223 | 6,322,177 |
| **Gap (assets-liabilities)** | 202,487 | (119,966) | 619,791 | 346,948 | 1,350,654 | |
| **Cumulative liquidity gap** | **202,487** | **82,521** | **702,312** | **1,049,259** | **2,399,913** | |
| **Financial Guarantee Contracts:** | | | | | | |
| Performance bonds and guarar | 38,303 | 132,311 | 284,455 | 169,511 | 106,200 | 730,779 |
| Letters of credit | 91,580 | 127,638 | 177,868 | 16,276 | - | 413,362 |
| **Total** | **129,883** | **259,949** | **462,323** | **185,786** | **106,200** | **1,144,141** |

### 3.3.2 Maturity Analysis - continued

**Bank**

| 30 September 2024 | Up to 1 month N'million | 1-3 months N'million | 3-12 months N'million | 1-5 years N'million | Over 5 years N'million | Total N'million |
|---|---|---|---|---|---|---|
| **Non-deivative assets** | | | | | | |
| Restricted balances with centra | - | - | - | 1,379,895 | - | 1,379,895 |
| Cash and Cash equivalents | 876,205 | - | - | - | - | 876,205 |
| Loans and advances to custom | 567,471 | 461,412 | 1,384,000 | 1,188,921 | 3,323,658 | 6,925,463 |
| Derivative financial assets | - | - | 26,628 | - | - | 26,628 |
| Investment securities | - | - | - | - | - | - |
| - Financial instrument at FVTPL | 164 | 2,152 | 29,441 | 1,057 | 1,367 | 34,180 |
| - Debt instruments at amortise | 161,361 | 73,907 | 901,109 | 329,088 | 962,819 | 2,428,284 |
| - Debt instruments at FVOCI | 69 | 29,354 | 56,553 | 205,214 | 23,125 | 314,314 |
| Other Assets | 77,449 | 387,247 | 309,797 | - | - | 774,493 |
| **Total financial assets** | **1,682,719** | **954,071** | **2,707,529** | **3,104,175** | **4,310,968** | **12,759,463** |
| **Derivaitive assets** | | | | | | |
| Trading : | | | | | | |
| Gross settled | | 26,628 | | - | - | 26,628 |
| Net settled | | | | | | |
| | **-** | **26,628** | **-** | **-** | **-** | **26,628** |
| **Total financial assets** | **1,682,719** | **980,699** | **2,707,529** | **3,104,175** | **4,310,968** | **12,786,091** |
| **Financial liabilities** | | | | | | |
| **Non-derivative liabilities** | | | | | | |
| Customer deposits | 446,515 | 486,031 | 828,603 | 2,060,597 | 2,127,664 | 5,949,409 |
| Other liabilities | 214,036 | 311,352 | 411,288 | 475,906 | 415,896 | 1,828,477 |
| Debt issued and other | 106,130 | 29,119 | 43,679 | 870,451 | 128,327 | 1,177,706 |
| | 766,681 | 826,502 | 1,283,569 | 3,406,954 | 2,671,887 | 8,955,593 |
| **Derivative Liabilities** | | | | | | |
| Trading : | | | | | | |
| Gross settled | - | - | - | - | - | - |
| Net settled | | | | | | |
| | - | - | - | - | - | - |
| **Total financial liabilities** | 766,681 | 826,502 | 1,283,569 | 3,406,954 | 2,671,887 | 8,955,593 |
| **Gap (assets-liabilities)** | 916,038 | 154,197 | 1,423,960 | (302,779) | 1,639,081 | |
| **Cumulative liquidity gap** | **916,038** | **1,070,235** | **2,494,196** | **2,191,417** | **3,830,498** | |
| **Financial Guarantee Contracts:** | | | | | | |
| Performance bonds and guarar | 78 | 19,555 | 286,446 | 259,459 | 263,123 | 927,956 |
| Letters of credit | 37,246 | - | 177,526 | 461,728 | - | 1,093,182 |
| | **37,324** | **19,555** | **463,972** | **721,187** | **263,123** | **2,021,138** |

**Notes To The Financial Statements - continued**

**Enterprise Risk Management- continued**

**3.3.2 Maturity Analysis - continued**

| 31 December 2023 | Up to 1 month N'million | 1-3 months N'million | 3-12 months N'million | 1-5 years N'million | Over 5 years N'million | Total N'million |
|---|---|---|---|---|---|---|
| Restricted balances with centra | - | - | - | 1,174,398 | - | 1,174,398 |
| Cash and Cash equivalents | 362,530 | 14,390 | - | - | - | 376,920 |
| Loans and advances to custom | 235,975 | 515,799 | 867,353 | 1,001,318 | 2,013,800 | 4,634,245 |
| Derivative financial assets | - | | - | - | - | - |
| Investment securities | - | - | - | - | - | - |
| - Financial instrument at FVTPL | 77 | 317 | 6,931 | 1,001 | 4,215 | 12,540 |
| - Debt instruments at amortise | 951 | 44,292 | 417,381 | 339,063 | 1,017,731 | 1,819,418 |
| - Debt instruments at FVOCI | 23,622 | 21,402 | 121,127 | 40,236 | 35,132 | 241,520 |
| Other Assets | 39,589 | 197,946 | 166,432 | - | - | 403,968 |
| **Total financial assets** | **662,744** | **794,146** | **1,579,225** | **2,556,016** | **3,070,877** | **8,663,008** |
| **Derivaitive assets** | | | | | | |
| Trading : | | | | | | |
| Gross settled | | 10,723 | | - | - | 10,723 |
| Net settled | | | | | | |
| | **-** | **10,723** | **-** | **-** | **-** | **10,723** |
| **Total financial assets** | **662,744** | **804,869** | **1,579,225** | **2,556,016** | **3,070,877** | **8,673,731** |
| **Financial liabilities** | | | | | | |
| **Non-derivative liabilities** | | | | | | |
| Customer deposits | 337,757 | 373,604 | 657,113 | 1,328,011 | 1,389,284 | 4,085,770 |
| Other liabilities | 122,415 | 170,073 | 248,943 | 360,566 | 281,890 | 1,183,887 |
| Debt issued and other | 85 | 61,998 | 53,379 | 520,491 | 49,049 | 685,002 |
| | 460,257 | 605,676 | 959,434 | 2,209,068 | 1,720,223 | 5,954,658 |
| **Derivative Liabilities** | | | | | | |
| Trading : | | | | | | |
| Gross settled | - | - | - | - | - | - |
| Net settled | | | | | | |
| | - | - | - | - | - | - |
| **Total financial liabilities** | 460,257 | 605,676 | 959,434 | 2,209,068 | 1,720,223 | 5,954,658 |
| **Gap (assets-liabilities)** | 202,487 | 199,193 | 619,791 | 346,948 | 1,350,654 | |
| **Cumulative liquidity gap** | **202,487** | **401,680** | **1,021,471** | **1,368,419** | **2,719,073** | |
| **Financial Guarantee Contracts:** | | | | | | |
| Performance bonds and guarar | 38,303 | 132,311 | 284,455 | 169,511 | 106,200 | 730,779 |
| Letters of credit | 91,580 | 127,638 | 177,868 | 16,276 | - | 413,362 |
| **Total** | **129,883** | **259,949** | **462,323** | **185,786** | **106,200** | **1,144,141** |

**Enterprise Risk Management- continued**

**3.4 Market Risk**

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

**3.4.1 Management of Market Risk**

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

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

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

**3.6 Operational Risk Management**

Operational risk is the potential for loss arising from inadequate or failed internal processes, people and systems or from external events. This definition includes legal and regulatory risk, but excludes strategic and reputational risk.

The scope of operational risk management in the Group covers risk exposures that may lead to unavailability of service, information deficiency, financial loss, increased costs, loss of professional reputation, failure to keep or increase market share, risks which result in the imposition of sanctions on the Group by regulators or legal proceedings against the Group by third parties.

• The event of Covid-19 situation made the Group put additional focus on several operational risk aspects, such as:

– Business continuity plans to support our employees, customers and overall businesses.
– Potential increase of cyber risk due to new conditions in business management and remote working. Our cyber security programme continued to be improved by strengthening detection, response and protection mechanisms.
– Increase in technological support in order to ensure adequate customer service and correct performance of our services, especially in online banking and call centres.

**Organizational Set-up**

Operational Risk Management is an independent risk management function within Fidelity Bank group. The Operational Risk & Service Measurements Committee is the main decision-making committee for all operational risk management matters and approves the Group's standards for identification, measurement, assessment, reporting and monitoring of operational risk. Operational Risk Management is responsible for defining the operational risk framework and related policies while the responsibility for implementing the framework day-to-day operational risk management lies with the Group's business and support units. Based on this business partnership model, the Group ensures close monitoring and high awareness of operational risk.

**Operational Risk Framework**

As is common with all businesses, operational risk is inherent in all operations and activities of the Group. We therefore carefully manage operational risk based on a consistent framework that enables us to determine the Group's operational risk profile in comparison to the Groups risk appetite and to define risk mitigating measures and priorities. We apply a number of techniques to efficiently manage operational risk in the Group's business, for example: as part of the Group's strategy for making enterprise risk management the Group's discriminating competence, the Group has redefined business requirements across all networks and branches using the following tools:

**Loss Data Collection**

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

**Risk and Control Self Assessments (RCSA)**

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

**Key Risk Indicators (KRIs)**

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

**Enterprise Risk Management- continued**

**Business Continuity Management (BCM)**

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

**4. Capital Management**

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

a.To comply with the capital requirements set by the regulators of the banking markets where the entities within the Bank
b. To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for
c. To maintain a strong capital base to support the development of its business.

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

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

In 2016, the Central Bank of Nigeria issued circular BSD/DIR/CIR/GEN/LAB/06/03 to all Banks and discount houses on the implementation of Basel II/III issued 10 December 2013 and guidance notes to the regulatory capital measurement and management for the Nigerian Banking System for the implementation of Basel II/III in Nigeria. The capital adequacy ratio for the period ended 30 September 2024 and the comparative period 31 December 2023 is in line with the new circular. The computations are consistent with the requirements of Pillar I of Basel II ACord (Interenal Convergence of capital measurement and Capital Standards. Although the guidelines comply with the requirement of the Basel II accord certain sections were adjusted to reflect the peculiarities of the Nigerian enviroment.

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

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

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

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

1 The Regulatory Risk Reserve created pursuant to Section 12.4 (a) of the Prudential Guidelines which was effective on 1 July 2010 is excluded from regulatory capital for the purposes of capital adequacy assessment;
2 Collective impairment on loans and receivables and other financial assets no longer forms part of Tier 2 capital; and
3 Other Comprehensive Income (OCI) Reserves is recognized as part of Tier 2 capital subject to the limits on the Calculation of Regulatory Capital.

**6 Interest and similar income using effective interest rate method**

| | Group 30 Sept 2024 N'million | Group 30 Sept 2023 N'million | Bank Q3 2024 N'million | Bank Q3 2023 N'million | Bank 30 Sept 2024 N'million |
|---|---|---|---|---|---|
| Loans and advances to customers | 449,990 | 260,512 | 159,851 | 96,476 | 441,944 |
| Advances under finance lease | 1,366 | 1,964 | 423 | 555 | 1,366 |
| **Treasury bills and other investment securities:** | - | - | - | - | - |
| -Fair value through other comprehensive income | 9,708 | 6,079 | (546) | 3,717 | 9,708 |
| -Amortised cost | 113,547 | 37,008 | 48,870 | 14,985 | 111,215 |
| Placements and short term funds | 8,840 | 1,020 | 1,751 | 428 | 3,972 |
| | **583,451** | **306,584** | **210,349** | **116,161** | **568,205** |

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

**7 Interest expense calculated using the effective interest rate method**

| | Group 30 Sept 2024 N'million | Group 30 Sept 2023 N'million | Bank Q3 2024 N'million | Bank Q3 2023 N'million | Bank 30 Sept 2024 N'million |
|---|---|---|---|---|---|
| Term deposits | 121,593 | 77,912 | 43,347 | 28,097 | 119,970 |
| Debts issued and other borrowed funds | 64,455 | 25,040 | 26,659 | 10,055 | 64,355 |
| Savings deposits | 29,217 | 15,552 | 11,407 | 5,822 | 29,202 |
| Current accounts | 11,333 | 4,339 | 4,480 | 1,572 | 11,327 |
| Inter-bank takings | 3,662 | 67 | 8 | - | 862 |
| Intervention loan | 4,966 | 6,952 | (2,107) | 2,238 | 4,966 |
| | **235,226** | **129,862** | **83,795** | **47,785** | **230,682** |

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

**8 Credit loss reversal/(expense)**

The table below shows the ECL charges on financial instruments for the period ended 30 September 2024 recorded in profit or loss:

| | | Group | | | | | |
|---|---|---|---|---|---|---|---|
| | **Note** | **Stage 1 Individual N'million** | **Stage 1 Collective N'million** | **Stage 2 Individual N'million** | **Stage 2 Collective N'million** | **POCI N'million** | **Total N'million** |
| Due from banks ( Note 19) | | - | 798 | - | - | - | 798 |
| Loans and advances to customers ( Note 22 ) | | - | (5,045) | 39,991 | 9,451 | - | 44,397 |
| Debt instruments measured at | | - | 195 | - | - | - | 195 |
| FVOCI (24.6.1) | | | | | | | - |
| Debt instruments measured at amortised costs (24.6.2) | | - | (537) | - | - | - | (537) |
| Financial guarantees (Note 32.3.1) | | - | 340 | - | - | | 340 |
| Letters of credit (Note 32.3.2) | | - | (242) | - | - | - | (242) |
| | | **-** | **(4,491)** | **39,991** | **9,451** | **-** | **44,951** |
| Other assets ( Note 29) | | 3,299 | - | - | - | - | 3,299 |
| | | - | - | - | - | - | - |
| | | **3,299** | **(4,491)** | **39,991** | **9,451** | **-** | **48,250** |

The table below shows the ECL charges on financial instruments for the period ended 30 September 2023 recorded in profit or loss:

**Group**

| | Note | Stage 1 Individual N'million | Stage 1 Collective N'million | Stage 2 Individual N'million | Stage 2 Collective N'million | POCI N'million | Total N'million |
|---|---|---|---|---|---|---|---|
| Due from banks ( Note 19) | | - | 111 | - | - | - | 111 |
| | | - | - | - | - | - | - |
| Loans and advances to customers ( Note 22 ) | | | 488 | | 16,167 | | 29,331 |
| | | | | | | | - |
| Debt instruments measured at FVOCI (24.6.1) | | - | 232 | - | - | - | 232 |
| Debt instruments measured at amortised costs | | | | | | | - |
| (24.6.2) | | - | 778 | - | - | - | 778 |
| Financial guarantees (Note 32.3.1) | | - | 80 | - | - | | 80 |
| Letters of credit (Note 32.3.2) | | - | 376 | - | - | - | 376 |
| | | **-** | **2,065** | **-** | **16,167** | **-** | **30,907** |
| Other assets ( Note 29) | | - | 1,275 | - | - | - | 1,275 |
| | | - | - | - | - | - | - |
| | | **-** | **3,340** | **-** | **16,167** | **-** | **32,182** |

The table below shows the ECL charges on financial instruments for the period ended 30 September 2024 recorded in profit or loss:

**Bank**

| | Note | Stage 1 Individual N'million | Stage 1 Collective N'million | Stage 2 Individual N'million | Stage 2 Collective N'million | Stage 3 | POCI N'million | Total N'million |
|---|---|---|---|---|---|---|---|---|
| Due from banks ( Note 19) | | - | 731 | - | - | | - | 731 |
| Loans and advances to customers ( Note 22 ) | | - | (5,322) | 39,991 | 9,451 | - | - | 44,121 |
| Debt instruments measured at FVOCI (24.6.1) | | - | 171 | - | - | | - | 171 |
| Debt instruments measured at amortised costs | | | | | | | | - |
| (24.6.2) | | - | (537) | - | - | | - | (537) |
| Financial guarantees (Note 32.3.1) | | - | 340 | - | - | | | 340 |
| Letters of credit (Note 32.3.2) | | - | (357) | - | - | | - | (357) |
| | | **-** | **(4,975)** | **39,991** | **9,451** | | **-** | **44,468** |
| Other assets ( Note 29) | | 3,299 | - | - | - | | - | 3,299 |
| | | - | - | - | - | | - | - |
| | | **3,299** | **(4,975)** | **39,991** | **21,127** | | **-** | **47,767** |

The table below shows the ECL charges on financial instruments for the period ended 30 September 2023 recorded in profit or loss:

**Bank**

| | Note | Stage 1 Individual N'million | Stage 1 Collective N'million | Stage 2 Individual N'million | Stage 2 Collective N'million | POCI N'million | Total N'million |
|---|---|---|---|---|---|---|---|
| Due from banks ( Note 19) | | - | 111 | - | - | - | 111 |
| Loans and advances to customers ( Note 22 ) | | - | 488 | - | 16,167 | - | 29,331 |
| Debt instruments measured at FVOCI (24.6.1) | | - | 232 | - | - | - | 232 |
| Debt instruments measured at amortised costs (2 | | - | 778 | - | - | - | 778 |
| Financial guarantees (Note 32.3.1) | | - | 80 | - | - | | 80 |
| Letters of credit (Note 32.3.2) | | - | 376 | - | - | - | 376 |
| | | **-** | **2,065** | **-** | **16,167** | **-** | **30,907** |
| Other assets ( Note 29) | | - | 1,275 | - | - | - | 1,275 |
| | | - | - | - | - | - | - |
| | | **289** | **3,340** | **-** | **16,167** | **-** | **32,182** |

**9 Net fee and commission income**

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

| | Group | Group | Bank | Bank | Bank |
|---|---|---|---|---|---|
| | 30 Sept 2024 | 30 Sept 2023 | Q3 2024 | Q3 2023 | 30 Sept 2024 |
| | N'million | N'million | N'million | N'million | N'million |
| **Fee and commission type:** | | | | | |
| ATM charges | 6,916 | 8,296 | 2,389 | 2,314 | 6,916 |
| Accounts maintenance charge | 9,160 | 5,709 | 3,175 | 2,332 | 8,927 |
| Commision on E-banking activities | 3,178 | 2,848 | 1,064 | 994 | 3,178 |
| Commission on travellers cheque and foreign bills | 8,934 | 3,708 | 3,667 | 1,598 | 8,934 |
| Commission on fidelity connect | 3,543 | 2,746 | 1,704 | 613 | 3,543 |
| Letters of credit commissions and fees | 12,174 | 3,624 | 4,300 | 1,303 | 10,744 |
| Commissions on off balance sheet transactions | 4,423 | 2,886 | 2,181 | 869 | 4,423 |
| Other fees and commissions | 761 | 596 | 282 | 206 | 733 |
| Commision and fees on banking services | 1,118 | 571 | 440 | 204 | 1,118 |
| Commision and fees on NXP | 105 | 283 | 40 | 215 | 105 |
| Collection fees | 272 | 246 | 93 | 75 | 272 |
| Telex fees | 1,578 | 1,054 | 546 | 419 | 1,578 |
| Cheque issue fees | 46 | 50 | 15 | 16 | 46 |
| Remittance fees | 118 | 53 | 3 | 16 | 118 |
| **Total revenue from contracts with customers** | **52,325** | **32,671** | **19,899** | **11,176** | **50,634** |
| **Other non-contract fee income:** | | | | | |
| Credit related fees | 3,956 | 3,762 | 888 | **1,111** | 3,956 |
| **Total fees and commission income** | **56,281** | **36,433** | **20,787** | **12,286** | **54,589** |
| Fee and commission expense | (5,135) | (9,646) | (1,491) | (1,981) | (5,135) |
| Net fee and commission income | **51,145** | **26,786** | **19,296** | **10,305** | **49,454** |

**10 Derecognition loss on financial asset**

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

| | Group 30 Sept 2024 N'million | Group 30 Sept 2023 N'million | Bank Q3 2024 N'million | Bank Q3 2023 N'million | Bank 30 Sept 2024 N'million |
|---|---|---|---|---|---|
| Modified Loan Assets (Carrying Amount) | | | (382,382) | - | - |
| Specific allowances for impairment | | | 29,650 | - | - |
| | | | **(352,732)** | | **-** |
| Derecognition loss | | | 83 | | - |
| | | | **83** | | |

In line with IFRSs, derecognition is carried out when the cash flows of the modified assets are substantially different from the contractual cash flows of the original financial assets. Based on this, A modification was carried out on affected customers' loans, the cash flows of the original financial assets were deemed to have expired and therefore modified to reflect a new financial assets at fair value . The gross carrying amount of the loan before modification was N352.7 billion ( June 2023 is Nil). The financial assets is not deemed to be credit impaired.

**11 Other operating income**

| | Group 30 Sept 2024 N'million | Group 30 Sept 2023 N'million | Bank Q3 2024 N'million | Bank Q3 2023 N'million | Bank 30 Sept 2024 N'million |
|---|---|---|---|---|---|
| Net foreign exchange gains | 8,961 | 24,993 | 5,301 | (7,170) | 8,565 |
| Dividend income | 741 | 2,018 | 119 | 1,553 | 741 |
| Profit / (Loss) on disposal of property, plant and equipment | 51 | 48 | (51) | 0 | 51 |
| Loan Recoveries | 276 | 418 | 47 | 107 | 276 |
| Other income | 440 | 66 | 16 | 2 | 123 |
| | **10,468** | **27,542** | **5,431** | **(5,508)** | **9,756** |

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

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

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

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

**12 Net gains / (Losses) from financial instruments classified as fair value through profit or loss and recycling gain /(Losses) from Other Comprehensive income Instruments.**

| | Group 30 Sept 2024 N'million | Group 30 Sept 2023 N'million | Bank Q3 2024 N'million | Bank Q3 2023 N'million | Bank 30 Sept 2024 N'million |
|---|---|---|---|---|---|
| Net gains/(losses) arising from: | | | | | |
| - Bonds | 605 | 836 | 87 | 216 | 605 |
| - Treasury bills | 173 | -649 | 213 | (4,467) | 173 |
| - Placements/Foreign exchange | - | - | - | - | - |
| - Derivatives | 34,212 | 19,010 | (0) | (0) | 34,212 |
| | **34,990** | **19,197** | **300** | **(4,251)** | **34,990** |

Net losses on debt instruments financial assets reclassified from the bank's other comprehensive income amount to N6,876 million (30 Sept 2023: N1,027 million) in the financial Statements, Group was Nil .

| | | | | | |
|---|---|---|---|---|---|
| **12.1** Other interest and similar income measured at FVTPL | **122,265** | **18,236** | **12,988** | **18,754** | **122,265** |

Other interest and similar income on financial assets measured at FVTPL have been presented separately in the statement of profit or loss and other comprehensive income. This represent the fair value of financial Instruments ( Treasury Bills and Bonds ) carried in the Fair Value Through Profit or Loss (FVTPL) bucket.

**13 Personnel expenses**

| | Group 30 Sept 2024 N'million | Group 30 Sept 2023 N'million | Bank Q3 2024 N'million | Bank Q3 2023 N'million | Bank 30 Sept 2024 N'million |
|---|---|---|---|---|---|
| Wages and salaries | 42,428 | 29,895 | 20,462 | 12,873 | 34,698 |
| End of the year bonus (see note 31) | - | - | (7,456) | - | - |
| Pension contribution | 1,171 | 411 | 143 | 146 | 415 |
| | 43,599 | 30,307 | 13,149 | 13,020 | 35,113 |

**13a** Wages and Salaries include staff activities and Employee benefits , Industrial Training Fund (ITF) contribution , Staff medical expenses ,Staff estacode , Relocation expense and NSITF contribution duing the period.

**14 Depreciation and Amortisation**

| | Group 30 Sept 2024 N'million | Group 30 Sept 2023 N'million | Bank Q3 2024 N'million | Bank Q3 2023 N'million | Bank 30 Sept 2024 N'million |
|---|---|---|---|---|---|
| Property, plant and equipment (Note 23) | 4,818 | 3,323 | 1,792 | 1,198 | 4,786 |
| Computer software (Note 24) | 1,562 | 1,210 | 492 | 431 | 1,416 |
| Depreciation of ROU asset (Note 26) | 1,001 | 497 | 192 | 175 | 549 |
| | 7,380 | 5,030 | 2,475 | 1,804 | 6,750 |

**15 Other operating expenses**

| | Group 30 Sept 2024 N'million | Group 30 Sept 2023 N'million | Bank Q3 2024 N'million | Bank Q3 2023 N'million | Bank 30 Sept 2024 N'million |
|---|---|---|---|---|---|
| Marketing, communication & entertainment | 24,717 | 16,867 | 10,619 | 5,260 | 24,692 |
| Banking sector resolution cost | 35,809 | 23,071 | 0 | - | 35,809 |
| Outsourced cost | 6,966 | 5,264 | 2,619 | 2,065 | 6,966 |
| Deposit insurance premium | 11,531 | 8,301 | 4,289 | 2,828 | 11,531 |
| Repairs and maintenance | 10,388 | 5,631 | 3,879 | 1,740 | 10,371 |
| Other expenses | 7,263 | 3,373 | 2,119 | 1,280 | 6,530 |
| Computer expenses | 36,838 | 8,812 | 13,499 | 5,472 | 35,440 |
| Lease expense (Finance Cost) | 22 | - - | 0 | (39) | 22 |
| Security expenses | 2,154 | 1,256 | 764 | 441 | 2,154 |
| Rent and rates | 1,155 | 260 | 505 | 99 | 861 |
| Cash movement expenses | 1,527 | 760 | 284 | 233 | 844 |
| Training expenses | 537 | 365 | 64 | 167 | 496 |
| Travelling and accommodation | 4,568 | 1,456 | 1,587 | 658 | 4,477 |
| Consultancy expenses | 11,552 | 1,506 | 4,769 | 864 | 11,163 |
| Corporate finance expenses | 18,398 | 7,524 | 6,493 | 3,186 | 18,398 |
| Legal expenses | 1,266 | 391 | 537 | 92 | 1,148 |
| Electricity | 805 | 559 | 309 | 193 | 762 |
| Office expenses | 604 | 294 | 142 | 85 | 415 |
| Directors' emoluments | 1,777 | 781 | 353 | 259 | 1,335 |
| Insurance expenses | 663 | 370 | 124 | 150 | 375 |
| Stationery expenses | 1,246 | 756 | 445 | 265 | 1,231 |
| Bank charges | 4,477 | 1,627 | 2,099 | 405 | 4,378 |
| Auditors' remuneration | 1,182 | 407 | 81 | 257 | 242 |
| Donation | 483 | 97 | (314) | **(116)** | 221 |
| Telephone expenses | 325 | 105 | 56 | 41 | 159 |
| Postage and courier expenses | 196 | 137 | 74 | 51 | 196 |
| Loss on disposal of property, plant and equipment | - | - | (1) | - | - |
| | 186,449 | 89,971 | 55,393 | 25,934 | 180,214 |

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

**15b** The Bank paid external auditors' professional fees for the provision of non-audit services. The total amount of non-audit services provided to the external auditors during the period was N11.80million. These non-audit services were for Common Reporting Standard (CRS) Reporting (N1.72 million), Corporate Tax Reporting (N10.08 million). These services in the Bank's opinion, did not impair the independence and objectivity of the external auditors as adequate safeguards were put in place .

**15c** Included in other expense is the sum of N1.83 billion remitted to Central Bank of Nigeria in respect of cash processing fees deducted from cash deposits and cash withdrawals by defined thresholds , in line with CBN Circular BKS/DIR/CON/DMB/001/043 of July 15 ,2024 . "The total amount has been recognized in the current period ''

**15d** The bank paid a total of N504.35 million as contribution to the Industrial Training Fund, ( Annual contribution ).

**16 Taxation**

| | Group 30 Sept 2024 | Group 30 Sept 2023 | Bank 30 Sept 2024 | Bank 30 Sept 2023 |
|---|---|---|---|---|
| **a Income tax expense** | **N'million** | **N'million** | **N'million** | **N'million** |
| Current taxes on income for the period (Minimum tax) | 52,627 | 15,397 | 52,627 | 15,397 |
| Tertiary education tax (note 16g) | 5,589 | 2,444 | 5,589 | 2,444 |
| Police Trust Fund (note 16e) | 14 | 6 | 14 | 6 |
| National Agency for science and engineering infrastructure 0.25% | 706 | 277 | 706 | 277 |
| Capital gains tax | - | 1,110 | - | 1,110 |
| Information Technology levy (note 16f) | 2,843 | 5 | 2,843 | 5 |
| **Current income tax expense** | 61,779 | 19,239 | 61,779 | 19,239 |
| **Deferred tax expense** | (5,013) | | 46 | - |
| | **56,766** | **19,239** | **61,825** | **19,239** |

| | | 2023 | 2024 | 2024 |
|---|---|---|---|---|
| **b Total income tax expense in profit or loss** | | **N'million** | **N'million** | **N'million** |
| Profit before income tax | 284,143 | 110,992 | 284,143 | 110,992 |
| | 85,243 | 36,627 | 85,243 | 36,627 |
| Non-deductible expenses | 37,509 | 5,837 | 37,509 | 5,837 |
| Tax exempt income | (34,157) | (42,464) | (34,157) | (42,464) |
| Utilization of previously unrecognised tax losses | | | | |
| Balancing Charge | 281 | - | 281 | - |
| Income Tax expense | 52,627 | 15,397 | 52,627 | 15,397 |
| Effect of concessions (research and development and other allowances) | | | | |
| Tertiary education tax (note 16g) | 5,589 | 2,444 | 5,589 | 2,444 |
| Capital allowance | (3,633) | 5 | (3,633) | 5 |
| Police Trust Fund (note 16e) | 14 | 6 | 14 | 6 |
| National Agency for science and engineering infrastructure 0.25% | 706 | 277 | 706 | 277 |
| Information Technology levy (note 16f) | 2,843 | 1,110 | 2,843 | 1,110 |
| Deferred Tax expense | (5,013) | - | 46 | - |
| | **56,765** | **19,239** | **61,825** | **19,239** |

**Effective tax rate**

The effective income tax rate is 21.75% (30 June 2023: 18.78%).

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

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

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

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

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

**17 Net reclassification adjustments for realised net gains**

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

**18 Earnings per share (EPS)**

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

| | Group | Group | Bank | Bank | Bank 30 |
|---|---|---|---|---|---|
| | 30 Sept 2024 | 30 Sept 2023 | Q3 2024 | Q3 2023 | Sept 2024 |
| | N'million | N'million | N'million | N'million | N'million |
| Profit attributable to equity holders of the Bank (N'million) | 224,603 | 91,753 | 63,865 | 29,757 | 222,318 |
| Weighted average number of ordinary shares in issue (N'million) | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 |
| Basic & diluted earnings per share (expressed in kobo per share) | **701.88** | **286.73** | **199.58** | **92.99** | **694.74** |

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

**19 Cash and Cash equivalents**

| | 30 Sept 2024 | 31 December 2023 | 30 Sept 2024 | 31 December 2023 |
|---|---|---|---|---|
| | N'million | N'million | N'million | N'million |
| Cash | 45,035 | 21,440 | 35,469 | 21,440 |
| Balances with central bank other than mandatory reserve deposits | 71,652 | 115,576 | 71,652 | 115,576 |
| Due from banks | 1,041,943 | 227,161 | 768,129 | 239,579 |
| Total cash and cash equivalents | **1,158,630** | **364,177** | **875,249** | **376,595** |

| | | 30 Sept 2024 | 31 December 2023 | 30 Sept 2024 | 31 December 2023 |
|---|---|---|---|---|---|
| **19.1** | **Due from Banks** | N'million | N'million | N'million | N'million |
| | Current accounts with foreign banks | 674,102 | 194,828 | 674,102 | 207,448 |
| | Placements with other banks and discount houses | 369,047 | 32,356 | 94,981 | 32,356 |
| | **Sub-total** | 1,043,150 | 227,184 | 769,084 | 239,804 |
| | *Less:* Allowance for impairment losses | -1,207 | -23 | (955) | (225) |
| | | **1,041,943** | **227,161** | **768,129** | **239,579** |
| **19.2** | Movement in allowance for impairment losses | | | | |
| | At 1 Jan | 23 | 272 | 225 | 272 |
| | Profit or Loss | 1,183 | (249) | 730 | -47 |
| | At 30 September | 1,206 | 23 | 955 | 225 |

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

**19 Impairment Allowance for Due from Banks**

The table below shows the credit quality and the maximum exposure to credit risk based on the external credit rating system and reporting period stage classification. The amounts presented are gross of impairment allowances. Details of the external rating system are explained in Note 3.2.2 and policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1.

| Group | 30 Sept 2024 | | | |
|---|---|---|---|---|
| | Stage 1 individual **N'million** | Stage 2 Individual **N'million** | Stage 3 **N'million** | Total **N'million** |
| **External rating grade** | | | | |
| **Performing** | | | | |
| High grade | 670,657 | - | - | 670,657 |
| Standard grade | 248,924 | - | - | 248,924 |
| Sub-standard grade | 98,326 | 25,242 | - | 123,569 |
| Past due but not impaired | - | - | - | - |
| **Non- performing** | | | | - |
| Individually impaired | - | - | - | - |
| **Total** | **1,017,907 -** | **25,242 -** | **-** | **1,043,150** |

| Bank | 30 Sept 2024 | | | |
|---|---|---|---|---|
| | Stage 1 individual **N'million** | Stage 2 Individual **N'million** | Stage 3 **N'million** | Total **N'million** |
| **External rating grade** | | | | |
| **Performing** | | | | |
| High grade | 670,657 | - | - | 670,657 |
| Standard grade | 87,855 | - | - | 87,855 |
| Sub-standard grade | 10,572 | - | - | 10,572 |
| Past due but not impaired | - | - | - | - |
| **Non- performing** | | | | - |
| Individually impaired | - | - | - | - |
| **Total** | **769,084 -** | **- -** | **-** | **769,084** |

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

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

| Group | 30 Sept 2024 | | | |
|---|---|---|---|---|
| | Stage 1 individual **N'million** | Stage 2 Individual **N'million** | Stage 3 **N'million** | Total **N'million** |
| Gross carrying amount as at 1 January 2024 | 450,050 | 16,160 | - | 466,211 |
| New assets originated or purchased | 435,488 | 25,242 | - | 460,731 |
| Assets derecognised or repaid (excluding write offs) | (218,176) | (16,081) | - | (234,258) |
| Transfers to Stage 1 | - | - | - | - |
| Transfers to Stage 2 | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - |
| Changes to contractual cash flows due to modifications not resulting in | | - | - | - |
| Amounts written off | - | - | - | - |
| Changes in PD/LGD/EAD and Accrued Interest | (11,852) | (79) | - | (11,931) |
| Foreign exchange adjustments | 362,398 | - | - | 362,398 |
| **At 30 September 2024** | **1,017,908 -** | **25,242** | **-** | **1,043,150** |

**Bank**

| | 30 Sept 2024 | | | |
|---|---|---|---|---|
| | Stage 1 individual | Stage 2 Individual | Stage 3 | Total |
| | **N'million** | **N'million** | **N'million** | **N'million** |
| Gross carrying amount as at 1 January 2024 | 239,804 | - | - | 239,804 |
| New assets originated or purchased | 186,666 | - | - | 186,666 |
| Assets derecognised or repaid (excluding write offs) | (19,784) | - | - | (19,784) |
| Transfers to Stage 1 | - | - | - | - |
| Transfers to Stage 2 | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - |
| Changes to contractual cash flows due to modifications not resulting in | | - | - | - |
| Amounts written off | - | - | - | - |
| Accrued Interest | | - | - | - |
| Foreign exchange adjustments | 362,398 | - | - | 362,398 |
| **At 30 September 2024** | **769,084 -** | **-** | **-** | **769,084** |

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

**Group**

| | 30 Sept 2024 | | | | |
|---|---|---|---|---|---|
| | Stage 1 individual N'million | | Stage 2 Individual N'million | Stage 3 N'million | Total N'million |
| ECL allowance as at 1 January 2024 | 374 | - | 34 | - | 409 |
| New assets originated or purchased | 377 | | 182 | - | 559 |
| Assets derecognised or repaid (excluding write offs) | (312) | - | (33) | - | (345) |
| Transfers to Stage 1 | | - | - | - | - |
| Transfers to Stage 2 | - | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - | - |
| Impact on period end ECL of exposures transferred between stages during the | 1 | - | 0 | - | 1 |
| Unwind of discount | | - | - | - | - |
| Changes to contractual cash flows due to modifications not resulting in | | - | - | - | - |
| Changes to models and inputs used for ECLcalculations | (2) | - | (1) | - | (3) |
| Changes in PD/LGD/EAD and Accrued Interest | | - | - | - | - |
| Amounts written off | | - | - | - | - |
| Foreign exchange adjustments | 586 | - | (0) | - | 586 |
| **At 30 September 2024** | **1,025** | **-** | **182** | **-** | **1,207** |

**Bank**

| | 30 Sept 2024 | | | | |
|---|---|---|---|---|---|
| | Stage 1 individual N'million | | Stage 2 Individual N'million | Stage 3 N'million | Total N'million |
| ECL allowance as at 1 January 2024 | 225 | - | - | - | 225 |
| New assets originated or purchased | 309 | | - | - | 309 |
| Assets derecognised or repaid (excluding write offs) | (164) | - | - | - | (164) |
| Transfers to Stage 1 | | - | - | - | - |
| Transfers to Stage 2 | - | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - | - |
| Impact on period end ECL of exposures transferred between stages during the | - | - | - | - | - |
| Unwind of discount | | - | - | - | - |
| Changes to contractual cash flows due to modifications not resulting in | | - | - | - | - |
| Changes to models and inputs used for ECLcalculations | - | - | - | - | - |
| Changes in PD/LGD/EAD and Accrued Interest | | - | - | - | - |
| Amounts written off | | - | - | - | - |
| Foreign exchange adjustments | 586 | - | - | - | 586 |
| **At 30 September 2024** | **955** | **-** | **-** | **-** | **955** |

| | 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Stage 1 individual N'million | | Stage 2 Individual N'million | Stage 3 N'million | Total N'million |
| ECL allowance as at 1 January 2023 | 272 | | - | - | 272 |
| New assets originated or purchased | 107 | | - | - | 107 |
| Assets derecognised or repaid (excluding write offs) | (231) | - | - | - | (231) |
| Transfers to Stage 1 | - | - | - | - | - |
| Transfers to Stage 2 | - | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - | - |
| Impact on Year end ECL of exposures transferred between stages during the | - | - | - | - | - |
| Unwind of discount | | - | - | - | - |
| Changes to contractual cash flows due to modifications not resulting in | | - | - | - | - |
| Changes to models and inputs used for ECLcalculations | - | - | - | - | - |
| Recoveries | | - | - | - | - |
| Amounts written off | | - | - | - | - |
| Foreign exchange adjustments | 76 | - | - | - | 76 |
| **At 31 December 2023** | **225** | **-** | **-** | **-** | **225** |

Contractual amounts outstanding in relation to Due from banks that were still subject to enforcement activity, but otherwise had already been written off, were nil both at 30 September 2024 and at 31 December 2023.

**20 Restricted balances with central bank**

| | 30 Sept 2024 N'million | 31 December 2023 N'million | 30 Sept 2024 N'million | 31 December 2023 N'million |
|---|---|---|---|---|
| Mandatory reserve deposits with central bank (see note 20.1 below) | 1,141,508 | 945,037 | 1,141,508 | 945,037 |
| Special cash reserve (see note 20.2 below) | 238,387 | 229,361 | 238,387 | 229,361 |
| Carrying amount | **1,379,895** | **1,174,398** | **1,379,895** | **1,174,398** |

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

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

**20.3** Cash and Bank Balances was seperated into Cash and Cash Equivalent ,and Balances with Central Bank to reflect best practice . See Note 44

**21 Goodwill**

| | 30 Sept 2024 | 31 December 2023 N'million |
|---|---|---|
| At 1 January 2024 | 8,656 | 14,650 |
| Allocation to Intagible Assets | | (4,777) |
| Deferred tax | | (1,217) |
| Write - off | - | - |
| Translation Difference | 6,781 | - |
| At 30 September 2024 | **15,437.20** | **8,656.00** |

**21.1** **FIDBANK United Kingdom (UK) -** Determination of Goodwill is shown in Note 2.1.3viii

**21.2** Goodwill is the cost of acquired company in excess of the fair value of net assets, including identifiable intangible assets, at the acquisition date.

**21.3** 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 Group performed its annual goodwill impairment test as of June 30 , 2024, by applyimg the Fair value less cost to sale approach ( MARKET VALUE (P/BV) APPROACH ) to arrive at a price of $1.65 , with a discount rate of 10% applied ( Discount for lack of marketability) which resulted in no impairment of the reporting units' goodwill . See Note 21.4 below

**21.4** **The table below shows the Impairment testing result of Reporting Unit ( Fid Bank Uk )**

| **Fidelity Bank UK Limited** | |
|---|---|
| **Impairment testing as at 30 June 2024** | |
| **USD'000** | **LOW** |
| **Recoverable Amount** | **48,718** |
| **Carrying Amount** | 48,199 |
| **Headroom/ (Impairment)** | 519 |
| **Decision :** | |

**21.5** The Group used the following factors to inform its assumptions used in the goodwill impairment test:

**Performance Indicators.**

For 2024, the Group generated higher net revenues net of provision for credit losses and increased book value per share, as well as increased overall performance compared with 2023. This Increase reflected the group's continued execution of its strategic focus, which had a positive impact on net earnings. Within the reporting units with goodwill, there continued to be solid fundamentals underlying the business, where the group continued to maintain strong positions and also deepening its strategic goals.

**Macroeconomic Indicators**

Despite broad macroeconomic and geopolitical concerns, the global economy continued to grow in 2024.

### Firm and Industry Events.

There were no events, entity specific or otherwise, that would have had a significant negative impact on the valuation of the firm's reporting units with goodwill.

### Fair Value Indicators.

Changes in the fair value indicators in the market did not have a significant negative impact on the valuation of the goodwill that resulted to Impairment recognition .

## 22 Loans and Advances to Customers

| | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | Bank 30 Sept 2024 N'million | Bank 31 December 2023 N'million | |
|---|---|---|---|---|---|
| Loans to corporate and other organisations | 4,352,522 | 3,160,338 | 4,275,938 | 3,030,274 | |
| Loans to individuals | 90,714 | 76,051 | 70,794 | 76,051 | |
| | **4,443,236** | **3,236,389** | **4,346,733** | **3,106,324** | |
| Less: Allowance for ECL/impairment losses | (188,447) | (143,970) | (187,934) | (143,927) | |
| | **4,254,789** | **3,092,419** | **4,158,799** | **2,962,397** | |

| | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | Bank 30 Sept 2024 N'million | Bank 31 December 2023 N'million | |
|---|---|---|---|---|---|
| **Loans to corporate entities and other organisations** | | | | | |
| Overdrafts | 457,747 | 281,837 | 457,747 | 281,837 | |
| Term loans | 3,889,179 | 2,870,144 | 3,812,596 | 2,740,080 | |
| Advance under finance lease | 5,596 | 8,357 | 5,596 | 8,357 | |
| | **4,352,522** | **3,160,338** | **4,275,938** | **3,030,274** | |
| Less: Allowance for ECL/impairment losses | (175,683) | (126,394) | (175,250) | (126,351) | (48,899) |
| | **4,176,839** | **3,033,944** | **4,100,689** | **2,903,923** | |
| **Loans to individuals** | | | | | |
| Overdrafts | 22,392 | 17,837 | 22,353 | 17,837 | |
| Term loans | 67,576 | 57,165 | 47,695 | 57,165 | |
| Advance under finance lease | 746 | 1,049 | 746 | 1,049 | |
| | 90,714 | 76,051 | 70,794 | 76,051 | |
| Less: Allowance for ECL/impairment losses | (12,764) | (17,576) | (12,685) | (17,576) | |
| | 77,951 | 58,475 | 58,110 | 58,475 | |
| Movement in Allowance for ECL/impairment losses for loans to corporate entities and other organization | | | | | |
| **Net loans and advances include** | **4,254,789** | **3,092,419** | **4,158,799** | **2,962,398** | |

## 22.1 Impairment allowance for loans and advances to customers

### 22.1.1 Corporate and Other Organisations

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

**Group**

| | 30 Sept 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Stage 1 Individual N'million** | | **Stage 2 Individual N'million** | **Stage 3 N'million** | | **POCI N'million** | **Total N'million** |
| Internal rating grade | | | | | | | |
| Performing | | | | | | | |
| High grade (AAA - A) | 241,263 | | 238,180 | - | - | - | 479,443 |
| Standard grade (BBB - B) | 2,172,558 | | 1,602,907 | - | - | - | 3,775,465 |
| Sub-standard grade (CCC - CC) | 43 | | - | - | - | - | 43 |
| Past due but not impaired (C) | | | | - | - | - | - |
| Non- performing: | | | | - | - | - | - |
| Individually impaired | | - | - | 97,571 | - | - | **97,571** |
| **Total** | **2,413,864** | | **1,841,087** | **97,571** | | **-** | **4,352,522** |

| | 31 December 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Stage 1 Individual N'million** | | **Stage 2 Individual N'million** | **Stage 3 N'million** | | **POCI N'million** | **Total N'million** |
| Internal rating grade | | | | | | | |
| Performing | | | | | | | |
| High grade (AAA - A) | 423,615 | | 193,711 | - | - | - | 617,326 |
| Standard grade (BBB - B) | 1,398,593 | | 874,936 | - | - | - | 2,273,529 |
| Sub-standard grade (CCC - CC) | 179,627 | | 4,009 | - | - | - | 183,636 |
| Past due but not impaired (C) | | | | | - | - | - |
| Non- performing: | | | | | - | - | - |
| Individually impaired | - | - | - | 85,847 | - | - | **85,847** |
| **Total** | **2,001,836** | | **1,072,655** | **85,847** | | **-** | **3,160,338** |

**Bank**

| | 30 Sept 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Stage 1 Individual N'million** | | **Stage 2 Individual N'million** | **Stage 3 N'million** | | **POCI N'million** | **Total N'million** |
| Internal rating grade | | | | | | | |
| Performing | | | | | | | |
| High grade (AAA - A) | 241,047 | | 238,180 | - | - | - | 479,227 |
| Standard grade (BBB - B) | 2,096,191 | | 1,602,907 | - | - | - | 3,699,098 |
| Sub-standard grade (CCC - CC) | 43 | | - | - | - | - | 43 |
| Past due but not impaired (C) | | | | - | - | - | - |
| Non- performing: | | | | - | - | - | - |
| Individually impaired | | - | - | 97,571 | - | - | **97,571** |
| **Total** | **2,337,281** | | **1,841,087** | **97,571** | | **-** | **4,275,938** |

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

**22 Loans and Advances to Customers - continued**

**22.1 Impairment allowance for loans and advances to customers- continued**

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

| **Group** | **30 Sept 2024** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Stage 1 Individual N'million** | | **Stage 2 Individual N'million** | | **Stage 3 N'million** | **POCI N'million** | **Total N'million** |
| Gross carrying amount as at 1 January 2024 | 1,879,100 | | 1,072,655 | | 85,847 | - | 3,037,602 |
| New assets originated or purchased | 333,912 | - | - | - | - | - | 333,912 |
| | - | - | - | - | - | - | - |
| Assets derecognised or repaid (excluding write offs) | (131,049) | - | (2,130) | - | (8,544) | - | (141,722) |
| Transfers to Stage 1 | 343,829 | - | (333,630) | - | (10,198) | - | (0) |
| Transfers to Stage 2 | (240,106) | - | 259,651 | - | (19,544) | - | 0 |
| Transfers to Stage 3 | (1,081) | - | (33,072) | - | 34,153 | - | (0) |
| Changes to contractual cash flows due to modifications not | - | | - | | - | - | - |
| resulting in derecognition | - | | (83) | | - | - | (83) |
| Unwind of discount | 29,659 | | 64,657 | | 648 | - | 94,964 |
| Amounts written off | - | | - | | (37) | - | (37) |
| Changes in PD/LGD/EAD Including Accrued Interest | - | | - | | - | - | - |
| | 21,625 | - | 35,026 | - | 3,624 | - | 60,275 |
| Foreign exchange adjustments | 177,976 | - | 778,013 | | 11,622 | - | 967,611 |
| At 30 September 2024 | **2,413,864** | | **1,841,087** | | **114,365** | **-** | **4,352,522** |

| | **30 Sept 2024** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Stage 1 Collectively** | | **Stage 2 Collectively N'million** | | **Stage 3 N'million** | **POCI N'million** | **Total N'million** | |
| ECL allowance as at 1 January 2024 under IFRS 9 | 20,932 | | 71,371 | | 34,094 | - | 126,396 | |
| New assets originated or purchased | 18,952 | | - | - | - | - | 18,952 | |
| Assets derecognised or repaid (excluding write offs) | (18,564) | | (211) | | (3,215) | - | (21,991) | |
| Transfers to Stage 1 | 5,028 | - | (4,447) | - | (581) | - | (0) | |
| Transfers to Stage 2 | (18,451) | - | 26,474 | - | (8,023) | - | (0) | |
| Transfers to Stage 3 | (373) | - | (14,731) | - | 15,104 | - | (0) | |
| | - | | - | | - | | - | |
| Impact on year end ECL of exposures transferred | | | | | | | | |
| between stages during the year | - | | - | | - | - | - | |
| Unwind of discount | 1,657 | | 4,321 | | - | - | 5,978 | |
| Changes to contractual cash flows due to modifications not | - | | - | | - | | - | |
| resulting in derecognition | - | | - | | - | - | - | |
| Changes in PD/LGD/EAD Including Accrued Interest | 515 | | 4,752 | - | 1,500 | - | 6,767 | |
| Changes to models and inputs used for ECL calculations | - | | - | | - | - | - | |
| Amounts written off | - | | - | | (37) | - | (37) | |
| Foreign exchange adjustments | 5,914 | | 23,830 | | 9,873 | - | 39,617 | |
| At 30 September 2024 | **15,609** | | **111,359** | | **48,715** | **-** | **175,683** | **(175,683)** |

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

| **Bank** | 30 Sept 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Stage 1 Individual N'million | | Stage 2 Individual N'million | | Stage 3 N'million | POCI N'million | Total N'million |
| Gross carrying amount as at 1 January 2024 | 1,871,772 | | 1,072,655 | | 85,847 | - | 3,030,274 |
| New assets originated or purchased | 257,329 | - | - | - | - | - | 257,329 |
| | - | - | - | - | - | | - |
| Assets derecognised or repaid (excluding write offs) | (123,721) | - | (2,130) | - | (8,544) | - | (134,394) |
| Transfers to Stage 1 | 343,829 | - | (333,630) | - | (10,198) | - | (0) |
| Transfers to Stage 2 | (240,106) | - | 259,651 | - | (19,544) | - | 0 |
| Transfers to Stage 3 | (1,081) | - | (33,072) | - | 34,153 | - | (0) |
| Changes to contractual cash flows due to modifications not | - | | - | | - | | - |
| resulting in derecognition | - | | (83) | | - | - | (83) |
| Unwind of discount | 29,659 | | 64,657 | | 648 | - | 94,964 |
| Amounts written off | - | | - | | (37) | - | (37) |
| Changes in PD/LGD/EAD Including Accrued Interest | - | | - | | - | | - |
| | 21,625 | - | 35,026 | - | 3,624 | - | 60,275 |
| Foreign exchange adjustments | 177,976 | - | 778,013 | | 11,622 | - | 967,611 |
| At 30 September 2024 | **2,337,281** | | **1,841,087** | | **97,571** | **-** | **4,275,938** |

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

**Notes To The Financial Statements - continued**

**22 Loans and Advances to Customers - continued**

**22.1 Impairment allowance for loans and advances to customers- continued**

| **Bank** | **30 Sept 2024** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Stage 1 Collectively** | | **Stage 2 Collectively N'million** | | **Stage 3 N'million** | **POCI N'million** | **Total N'million** |
| ECL allowance as at 1 January | | | | | | | |
| 2024 under IFRS 9 | 20,886 | | 71,371 | | 34,094 | - | 126,351 |
| New assets originated or purchased | 18,519 | | - | - | - | - | 18,519 |
| | - | | - | | - | | - |
| Assets derecognised or repaid (excluding write offs) | (18,519) | - | (211) | - | (3,215) | - | (21,945) |
| Transfers to Stage 1 | 5,028 | - | (4,447) | - | (581) | - | (0) |
| Transfers to Stage 2 | (18,451) | - | 26,474 | - | (8,023) | - | (0) |
| Transfers to Stage 3 | (373) | - | (14,731) | - | 15,104 | - | (0) |
| Impact on year end ECL of exposures transferred between | - | | - | | - | | - |
| stages during the year | - | | - | | - | - | - |
| Unwind of discount | 1,657 | | 4,321 | | - | - | 5,978 |
| Changes to contractual cash flows due to modifications not | - | | - | | - | | - |
| resulting in derecognition | - | | - | | - | - | - |
| Changes in PD/LGD/EAD Including Accrued Interest | 514 | | 4,753 | - | 1,500 | - | 6,767 |
| Changes to models and inputs used for ECL calculations | - | | - | | - | | - |
| | - | | - | | - | - | - |
| Amounts written off | - | | - | | (37) | - | (37) |
| Foreign exchange adjustments | 5,914 | | 23,830 | | 9,873 | - | 39,617 |
| At 30 September 2024 | **15,174** | | **111,360** | | **48,715** | **-** | **175,250** |

| | **31 December 2023** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Stage 1 Collectively N'million** | | **Stage 2 Collectively N'million** | | **Stage 3 N'million** | **POCI N'million** | **Total N'million** |
| ECL allowance as at 1 January | | | | | | | |
| 2023 under IFRS 9 | 18,866 | - | 28,612 | - | 27,725 | - | 75,203 |
| New assets originated or purchased | 21,141 | - | - | - | - | - | 21,141 |
| Assets derecognised or repaid (excluding write offs) | (28,165) | - | (9,434) | - | (1,614) | - | (39,213) |
| Transfers to Stage 1 | 2,004 | - | (1,627) | - | (377) | - | - |
| Transfers to Stage 2 | (14,218) | - | 15,773 | - | (1,556) | - | - |
| Transfers to Stage 3 | (1,380) | - | (8,913) | - | 10,293 | - | - |
| Impact on year end ECL of exposures transferred between | | | | | | | |
| stages during the year | | | | | | - | - |
| Unwind of discount | 421 | | 3,481 | | - | - | 3,902 |
| Changes to contractual cash flows due to modifications not | | | | | | | |
| resulting in derecognition | - | | - | | - | - | - |
| Changes in PD/LGD/EAD Including Accrued Interest | 8,473 | | 2,955 | - | 10,204 | - | 21,632 |
| Changes to models and inputs used for ECL calculations | - | | - | | - | - | - |
| Amounts written off | | | | | (21,360) | - | (21,360) |
| Foreign exchange adjustments | 13,745 | | 40,523 | | 10,778 | - | 65,046 |
| At 31 December 2023 | **20,886** | | **71,371** | | **34,094** | **-** | **126,351** |

**22 Loans and Advances to Customers - continued**

**22.1 Impairment allowance for loans and advances to customers- continued**

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was nil at 30 June 2024 (31 December 2023: nil).

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increase in credit risk and changes in economic conditions. Further analysis of economic factors is outlined in Note 3.

**22.1.2 Loans to individuals**

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

| **Group** | **30 Sept 2024** | | | | |
|---|---|---|---|---|---|
| | **Stage 1 Collectively N'million** | **Stage 2 Collectively N'million** | **Stage 3 N'million** | **POCI N'million** | Total N'million |
| Internal rating grade | | | | | |
| Performing | | | | | |
| High grade (AAA - A) | 13,286 | - | - | - | 13,286 |
| Standard grade (BBB - B) | 45,895 | 2,148 | | - | 48,043 |
| Sub-standard grade (CCC - CC) | 588 | 5 | | - | 592 |
| Past due but not impaired (C) | | | | - | - |
| Non- performing | | | | - | - |
| Individually impaired | - | | 28,793 | - | 28,793 |
| **Total** | **59,769** | **2,152** | **28,793** | **-** | **90,714** |

| **Bank** | **30 Sept 2024** | | | | |
|---|---|---|---|---|---|
| | **Stage 1 Collectively N'million** | **Stage 2 Collectively N'million** | **Stage 3 N'million** | **POCI N'million** | **Total N'million** |
| Internal rating grade | | | | | |
| Performing | | | | | |
| High grade (AAA - A) | - | - | - | - | - |
| Standard grade (BBB - B) | 41,659 | 440 | | - | 42,099 |
| Sub-standard grade (CCC - CC) | 588 | 5 | | - | 592 |
| Past due but not impaired (C) | | | | - | - |
| Non- performing | | | | - | - |
| Individually impaired | - | | 28,102 | - | 28,102 |
| **Total** | **42,247** | **444** | **28,102** | **-** | **70,794** |

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

**Notes To The Financial Statements - continued**

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

**Group**

| | 30 Sept 2024 | | | | |
|---|---|---|---|---|---|
| | **Stage 1 Collectively N'million** | **Stage 2 Collectively N'million** | **Stage 3 N'million** | **POCI N'million** | **Total N'million** |
| Gross carrying amount as at | | | | | |
| 1 January 2024 | 54,872 | 1,343 | 26,936 | - | 83,152 |
| New assets originated or purchased | 19,027 - | 11 - | 659 | - | 19,697 |
| | - | - | - | | - |
| Assets derecognised or repaid (excluding write offs) | (6,458) - | (2,473) - | (8,148) | - | (17,079) |
| Transfers to Stage 1 | 2,590 - | 533 - | (3,123) | - | - |
| Transfers to Stage 2 | (2,048) - | 2,679 - | (632) | - | (0) |
| Transfers to Stage 3 | (9,780) - | (175) - | 9,955 | - | - |
| Changes to contractual cash flows due to | - | - | - | - | - |
| Unwind of discount | 167 | 204 | 1,562 | - | 1,933 |
| Changes in PD/LGD/EAD Including Accrued Interest | - | - | - | | - |
| | 652 - | 22 - | 1,592 | - | 2,266 |
| Amounts written off | (337) | (24) | (16) | - | (377) |
| Foreign exchange adjustments | 1,085 | 31 | 7 | - | 1,123 |
| At 30 September 2024 | **59,769** | **2,152** | **28,793** | **-** | **90,714** |

| | 30 Sept 2024 | | | | |
|---|---|---|---|---|---|
| | **Stage 1 Collectively N'million** | **Stage 2 Collectively N'million** | **Stage 3 N'million** | **POCI N'million** | **Total N'million** |
| ECL allowance as at 1 January 2024 | 393 | 7 | 17,180 | - | 17,580 |
| New assets originated or purchased | 3,844 | 0 | 62 | - | 3,906 |
| | - | - | - | | - |
| Assets derecognised or repaid (excluding write offs) | (2,086) | (99) | (6,999) | - | (9,185) |
| Transfers to Stage 1 | 269 | (8) | (261) | - | (0) |
| Transfers to Stage 2 | (50) | 101 | (50) | - | (0) |
| Transfers to Stage 3 | (1,971) | (3) | 1,974 | - | (0) |
| Impact on year end ECL of exposures transferred between | - | - | - | | - |
| stages during the period | 2 | 11 | 4 | - | 16 |
| Unwind of discount | 132 | 9 | 17 | | 158 |
| | - | - | - | | - |
| Changes in PD/LGD/EAD Including Accrued Interest | 130 | (2) | 31 | - | 158 |
| Amounts written off | - | - | - | - | - |
| Foreign exchange adjustments | 9 | 3 | 118 | - | 130 |
| At 30 September 2024 | **670** | **19** | **12,075** | **-** | **12,764** |

**Bank**

| | 30 Sept 2024 | | | | |
|---|---|---|---|---|---|
| | **Stage 1 Collectively N'million** | **Stage 2 Collectively N'million** | **Stage 3 N'million** | **POCI N'million** | **Total N'million** |
| Gross carrying amount as at | | | | | |
| 1 January 2024 | 48,232 - | 882 - | 26,936 | - | 76,051 |
| New assets originated or purchased | 5,656 - | - - | - | - | 5,656 |
| | - - | - - | - | | - |
| Assets derecognised or repaid (excluding write offs) | (5,299) - | (2,473) - | (8,148) | - | (15,920) |
| Transfers to Stage 1 | 2,590 - | 533 - | (3,123) | - | 0 |
| Transfers to Stage 2 | (763) - | 1,395 - | (632) | - | - |
| Transfers to Stage 3 | (9,780) - | (128) - | 9,908 | - | 0 |
| Changes to contractual cash flows due to | - - | - - | - | - | - |
| Unwind of discount | 167 - | 204 - | 1,562 | - | 1,933 |
| Changes in PD/LGD/EAD Including Accrued Interest | - - | - - | - | | - |
| | 652 - | 22 - | 1,592 | - | 2,266 |
| Amounts written off | - - | - - | - | - | - |
| Foreign exchange adjustments | 793 - | 8 - | 7 | - | 808 |
| At 30 September 2024 | **42,247** | **444** | **28,102** | **-** | **70,794** |

**Notes To The Financial Statements - continued**

**22 Loans and Advances to Customers - continued**

**22.1 Impairment allowance for loans and advances to customers- continued**

| | 30 Sept 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Stage 1 Collectively N'million** | | **Stage 2 Collectively N'million** | | **Stage 3 N'million** | **POCI N'million** | **Total N'million** |
| ECL allowance as at 1 January 2024 | 390 | - | 6 | - | 17,180 | - | 17,576 |
| New assets originated or purchased | 3,843 | - | - | - | - | - | 3,843 |
| | - | - | - | - | - | | - |
| Assets derecognised or repaid (excluding write offs) | (2,086) | - | (99) | - | (6,999) | - | (9,185) |
| Transfers to Stage 1 | 269 | - | (8) | - | (261) | - | - |
| Transfers to Stage 2 | (50) | - | 100 | - | (50) | - | (0) |
| Transfers to Stage 3 | (1,971) | - | (3) | - | 1,974 | - | (0) |
| Impact on year end ECL of exposures transferred between | - | - | - | - | - | | - |
| stages during the period | - | - | - | - | - | - | - |
| Unwind of discount | 132 | - | 9 | - | 17 | | 158 |
| | - | - | - | - | - | | - |
| Changes in PD/LGD/EAD Including Accrued Interest | 131 | - | - | - | 31 | - | 162 |
| Amounts written off | - | - | - | - | - | - | - |
| Foreign exchange adjustments | 9 | - | 3 | - | 118 | - | 130 |
| At 30 September 2024 | **667** | | **8** | | **12,009** | **-** | **12,685** |

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

**22 Loans and Advances to Customers - continued**

**22.1 Impairment allowance for loans and advances to customers- continued**

| | 31 December 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Stage 1 Collectively N'million** | | **Stage 2 Collectively N'million** | | **Stage 3 N'million** | **POCI N'million** | **Total N'million** |
| Gross Carrying amount as at 1 January 2023 | 511 | - | 81 | - | 4,753 | - | 5,345 |
| New assets originated or purchased | 1,428 | - | - | - | - | - | 1,428 |
| Assets derecognised or repaid (excluding write offs) | (2,175) | - | (336) | - | (153) | - | (2,663) |
| Transfers to Stage 1 | 89 | - | (7) | - | (82) | - | - |
| Transfers to Stage 2 | (2) | - | 7 | - | (5) | - | (0) |
| Transfers to Stage 3 | (31) | - | (46) | - | 77 | - | (0) |
| Impact on year end ECL of exposures transferred between stages during the year | - | | - | | - | - | - |
| Unwind of discount | 423 | | 168 | | 8,432 | | 9,023 |
| Changes in PD/LGD/EAD Including Accrued Interest | 141 | - | 136 | - | 4,329 | - | 4,606 |
| Amounts written off | | | | | (285) | - | (285) |
| Foreign exchange adjustments | 6 | | 2 | | 115 | - | 123 |
| At 31 December 2023 | **390** | | **6** | | **17,180** | **-** | **17,576** |

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk and a deterioration in economic conditions. Further analysis of economic factors is outlined in Note 3.

**22.1 Advances under finance lease may be analysed as follows:**

| | **Group 30 Sept 2024 N'million** | **Group 31 December 2023 N'million** | **Bank 30 Sept 2024 N'million** | **Bank 31 December 2023 N'million** |
|---|---|---|---|---|
| **Gross investment** | | | | |
| - No later than 1 year | 353 | 878 | 353 | 878 |
| - Later than 1 year and no later than 5 years | 5,984 | 10,147 | 5,984 | 10,147 |
| - Later than 5 years | 5 | - | 5 | - |
| Less: | 6,342 | 11,026 | 6,342 | 11,026 |
| Allowance for ECL/impairment losses | (27) | (23) | (27) | (23) |
| Unearned future finance income on finance leases | 2,765 | (53) | 2,765 | (53) |
| **Net investment** | 9,080 | 10,950 | 9,080 | 10,950 |
| | | | | |
| **The net investment may be analysed as follows:** | | | | |
| - No later than 1 year | 346 | 878 | 346 | 878 |
| - Later than 1 year and no later than 5 years | 5,965 | 10,125 | 5,965 | 10,125 |
| - Later than 5 years | 2,770 | - | 2,770 | - |
| | 9,080 | 11,003 | 9,080 | 11,003 |

**22.2 Nature of security in respect of loans and advances:**

| | **Group 30 Sept 2024 N'million** | **Group 31 December 2023 N'million** | **Bank 30 Sept 2024 N'million** | **Bank 31 December 2023 N'million** |
|---|---|---|---|---|
| Secured against real estate | 172,405 | 549,781 | 153,050 | 549,781 |
| Secured by shares of quoted companies | 4,137 | - | 4,137 | - |
| Secured others | 4,178,869 | 2,058,895 | 4,178,869 | 2,058,895 |
| Advances under finance lease | 6,342 | 37,523 | 6,342 | 37,523 |
| Unsecured | 80,971 | 100,434 | 4,335 | 100,434 |
| Gross loans and advances to customers | **4,442,724** | **2,746,633** | **4,346,733** | **2,746,633** |

**23 Derivative Financial Instruments**

The Bank entered into derivative contracts with counter parties; Total Return Swap with Standard Chartered Bank ("SCB") , Meshraq; Non-deliverable Forwards and Swap with the Central Bank of Nigeria ("CBN") in the period ended 30 June 2024 (December 2023) . The table below shows the fair values of derivative financial instruments recorded as assets together with their notional amounts ; Nil Derivative Liabilities . The notional amount, recorded gross, is the quantity of the derivative contracts' underlying instrument (being foreign currency and treasury bills). The notional amounts indicate the volume of transactions outstanding at the period end and are not indicative of either the market or credit risk. The value of Futures June 2024 represent deposit at exchange ( NGX) for Futures transactions .

| | | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | Bank 30 Sept 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|---|
| **23a** | **Derivative financial Assets** | | | | |
| | Total return swap contracts | - | - | - | - |
| | Non-deliverable forwards - | 26,628 | 10,673 | 26,628 | 10,673 |
| | Futures Contracts | - | 50 | - | 50 |
| | **Total derivative financial Assets** | **26,628** | **10,723** | **26,628** | **10,723** |
| | **Notional Amount** | | | | |
| | Forward contracts | 11,998 | 11,998 | 11,998 | 11,998 |
| | Futures Contracts | | - | | 0 |
| | **Total** | **11,998** | **11,998** | **11,998** | **11,998** |

| | | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | Bank 30 Sept 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|---|
| **23b** | **Derivative financial liabilities** | | | | |
| | Total return swap contracts | - | - | 0 | 0 |
| | Non-deliverable forwards | - | - | - | - |
| | Futures Contracts | - | - | 0 | 0 |
| | **Total derivative financial Liabilities** | **-** | **-** | **-** | **-** |
| | **Notional Amount** | | | | |
| | Forward Contract | - | - | 0 | 0 |
| | Futures Contracts | - | - | 0 | 0 |
| | **Total** | **-** | **-** | **-** | **-** |

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

**ii** During the period, various derivative contracts entered into by the Bank generated a net gain which was recognized in the statement of profit or loss and other comprehensive income , while no liability was recognized .

**iii** All derivative contracts are current .

**24 Investment Securities**

| | | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | Bank 30 Sept 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|---|
| **24.1** | Financial assets at fair value through profit and loss (FVTPL) | | | | |
| | Federal Government bonds | 919 | 1,023 | 919 | 1,023 |
| | Treasury bills | 17,090 | 6,661 | 17,090 | 6,661 |
| | Placements | - | - | 0 | 0 |
| | Total financial assets measured at FVTPL | **18,009** | **7,684** | **18,009** | **7,684** |

**24 Investment Securities- continued**

| | | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | Bank 30 Sept 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|---|
| 24.2 | Debt instruments at fair value through other comprehensive income (FVOCI) | | | | |
| | Treasury bills | 103,761 | 193,217 | 32,111 | 153,218 |
| | Federal Government bonds | 38,878 | 17,714 | 38,878 | 17,714 |
| | State bonds | - | 5,897 | 0 | 5,897 |
| | Corporate bonds | 21,743 | 10,922 | 21,743 | 10,922 |
| | Total debt instruments measured at FVOCI | 164,382 | 227,750 | 92,731 | 187,751 |

| | | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | Bank 30 Sept 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|---|
| 24.3 | Debt instruments at amortised cost | | | | |
| | Treasury bills | 1,119,869 | 405,537 | 1,119,869 | 405,537 |
| | Federal Government bonds | 451,408 | 394,879 | 451,408 | 394,879 |
| | State Government bonds | 10,526 | 5,120 | 10,526 | 5,120 |
| | Corporate bonds | 15,399 | 15,478 | 15,399 | 15,498 |
| | **Sub-total** | 1,597,201 | 821,013 | 1,597,201 | 821,014 |
| | Allowance for impairment | -1,674 | -2,210 | -1,674 | -2,210 |
| | Total debt instruments measured at amortised cost | 1,595,527 | 818,803 | 1,595,527 | 818,803 |

| | | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | Bank 30 Sept 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|---|
| 24.4i | Equity instruments at fair value through other comprehensive income (FVOCI) | | | | |
| | **Unquoted equity investments:** | | | | |
| | - Pay Attitude Global | 32 | 14 | 32 | 14 |
| | - African Finance Corporation (AFC) | 17,173 | 8,547 | 17,173 | 8,547 |
| | - Unified Payment Solution ( UPSL) | 28,072 | 20,156 | 28,072 | 20,156 |
| | - Nigerian Inter Bank Settlement System (NIBBS) | 11,845 | 6,078 | 11,845 | 6,078 |
| | - African Export–Import Bank (AFREXIM BANK) | 1,663 | 960 | 1,663 | 960 |
| | - The Central Securities Clearing System (CSCS) | 3,839 | 3,716 | 3,839 | 3,716 |
| | - Investment in FMDQ | 2,531 | 2,022 | 2,531 | 2,022 |
| | - Shared Agent Network Expansion Facility (SANEF) | 72 | - | 72 | 0 |
| | **Quoted equity investments:** | - | | | |
| | - Nigerian Exchange Group (NGX) | 57 | 57 | 57 | 57 |
| | Total equity instruments at FVOCI | 65,283 | 41,550 | 65,283 | 41,550 |

**24.4ii Investment in Subsidiary:**

| | Group 30 Sept 2024 N'million | Group 31 December 2023 % Ownership | Bank 30 Sept 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|
| - Fidelity Bank -UK | - | - | 68,591 | 63,403 |
| Total equity instruments at FVOCI | - | - | 68,591 | 63,403 |

**24.4.1** The Group has designated its equity investments as equity investments at fair value through other comprehensive income (FVOCI) on the basis that these are not held for trading , see note **2.4.2.b.** During the period ended 30 Sept 2024 , the Bank recognised dividends of N622 million (December 2023 - N2,018 million ) from its FVOCI equities which was recorded in the profit or loss as other operating income.

**24.4.2** During the period ended 30 Sept 2024 , the Bank injected additional capital of N5,188 million into the United Kindome Subsidiary to bring the total investment in subsidiary to N68,591million (December 2023 - N63,403 million ).

| **Reconciliation of allowance for impairment** | Group 30 Sept 2024 | Group 31 December 2023 | Bank 30 Sept 2024 | Bank 31 December 2023 |
|---|---|---|---|---|
| At beginning of period | (2,210) | (830) | -2,210 | -830 |
| Write back /Additional allowance for impairment | 537 | (1,380) | 537 | -1,380 |
| At end of period | (1,674) | (2,210) | (1,674) | (2,210) |
| | | | | |
| **Total investments** | 1,843,202 | 1,095,787 | 1,840,142 | 1,119,191 |

**24 Investment Securities- continued**

**24.5 Pledged Assets**

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

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

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

| | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | Bank 30 Sept 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|
| Treasury bills - Amortised cost | | 35,993 | 35,993 | 35,993 |
| Federal Government bonds - Amortised cost | | 90,055 | 90,055 | 90,055 |

**24.6 Impairment losses on financial investments subject to impairment assessment**

**24.6.1 Debt Instruments Measured at FVOCI**

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

| **Group** | **30 Sept 2024** | | | |
|---|---|---|---|---|
| | **Stage 1 Collectively** | **Stage 2 Collectively** | **Stage 3** | **Total** |
| **Internal rating grade** | **N'million** | **N'million** | N'million | N'million |
| **Performing** | | | | |
| High grade | 142,639 | - | - | 142,639 |
| Standard grade | 21,743 | - | - | 21,743 |
| Sub-standard grade | - | - | - | - |
| Past due but not impaired | - | - | - | - |
| **Non- performing** | - | - | - | - |
| Individually impaired | - | - | - | - |
| **Total** | 164,382 | - | - | 164,382 |

| **Bank** | **30 Sept 2024** | | | |
|---|---|---|---|---|
| | **Stage 1 Collectively** | **Stage 2 Collectively** | **Stage 3** | **Total** |
| **Internal rating grade** | **N'million** | **N'million** | N'million | **N'million** |
| **Performing** | | | | |
| High grade | **70,988** | **-** | | **70,988** |
| Standard grade | **21,743** | **-** | | **21,743** |
| Sub-standard grade | **-** | **-** | | **-** |
| Past due but not impaired | **-** | **-** | | **-** |
| **Non- performing** | **-** | **-** | | **-** |
| Individually impaired | **-** | **-** | | **-** |
| **Total** | **92,731** | **-** | | **92,731** |

| | **31 December 2023** | | | |
|---|---|---|---|---|
| | **Stage 1 Collectively** | **Stage 2 Collectively** | **Stage 3** | **Total** |
| **Internal rating grade** | **N'million** | **N'million** | **N'million** | **N'million** |
| **Performing** | | | | |
| High grade | 170,742 | - | - | 170,742 |
| Standard grade | 16,818 | - | - | 16,818 |
| Sub-standard grade | - | - | - | - |
| Past due but not impaired | - | - | - | - |
| **Non- performing** | - | - | - | - |
| Individually impaired | - | - | - | - |
| **Total** | **187,561** | - | - | 187,561 |

Notes To The Financial Statements - continued

24 Investment Securities- continued

24.6.1 Debt Instruments Measured at FVOCI- continued

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

| Group | 30 Sept 2024 | | | |
|---|---|---|---|---|
| | Stage 1 Collectively | Stage 2 Collectively | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| **Gross carrying amount as at 1 January 2024** | 257,908 | - | - | 257,908 |
| New assets originated or purchased | 123,382 | - | - | 123,382 |
| Assets derecognised or matured (excluding write-offs) | (88,317) | - | - | (88,317) |
| Change in fair value | (141,914) | - | - | (141,914) |
| Transfers to Stage 1 | - | - | - | - |
| Transfers to Stage 2 | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - |
| Changes due to modifications not derecognised | - | - | - | - |
| Unwind of discount | 1,745 | - | - | 1,745 |
| Amounts written off | | - | - | - |
| Foreign exchange adjustments | 11,578 | - | - | 11,578 |
| **At 30 Sept 2024** | **164,382** | **-** | **-** | **164,382** |

| | 30 Sept 2024 | | | |
|---|---|---|---|---|
| | Stage 1 Collectively | Stage 2 Collectively | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| **ECL allowance as at 1 January 2024** | 621 | - | - | 621 |
| New assets originated or purchased | 31 | - | - | 31 |
| Assets derecognised or matured (excluding write offs) | (38) | - | - | (38) |
| Impact on year end ECL of exposures transferred between stages during the period | (24) | | - | (24) |
| | - | - | - | - |
| Unwind of discount (recognised in interest income) | - | - | - | - |
| Changes due to modifications not resulting in derecognition | 78 | - | - | 78 |
| Changes to models and inputs used for ECL calculations | - | - | - | - |
| Recoveries | - | - | - | - |
| Amounts written off | - | - | - | - |
| Foreign exchange adjustments | 124 | - | - | 124 |
| **At 30 Sept 2024** | 792 | - | - | 792 |

| Bank | 30 Sept 2024 | | | |
|---|---|---|---|---|
| | Stage 1 Collectively | Stage 2 Collectively | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| **Gross carrying amount as at 1 January 2024** | 187,561 | - | - | 187,561 |
| New assets originated or purchased | 51,729 | - | - | 51,729 |
| Assets derecognised or matured (excluding write-offs) | (88,317) | - | - | (88,317) |
| Change in fair value | (71,565) | - | - | (71,565) |
| Transfers to Stage 1 | - | - | - | - |
| Transfers to Stage 2 | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - |
| Changes due to modifications not derecognised | - | - | - | - |
| Unwind of discount | 1,745 | - | - | 1,745 |
| Amounts written off | | - | - | - |
| Foreign exchange adjustments | 11,578 | - | - | 11,578 |
| **At 30 Sept 2024** | 92,731 | - | - | 92,731 |

| | 30 Sept 2024 | | | |
|---|---|---|---|---|
| | Stage 1 Collectively | Stage 2 Collectively | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| **ECL allowance as at 1 January 2024** | 620 | - | - | 620 |
| New assets originated or purchased | 29 | - | - | 29 |
| Assets derecognised or matured (excluding write offs) | (36) | - | - | (36) |
| Impact on year end ECL of exposures transferred between stages during the period | (24) - | - | - | (24) - |
| Unwind of discount (recognised in interest income) | - | - | - | - |
| Changes due to modifications not resulting in derecognition | 78 | - | - | 78 |
| Changes to models and inputs used for ECL calculations | - | - | - | - |
| Recoveries | - | - | - | - |
| Amounts written off | - | - | - | - |
| Foreign exchange adjustments | 124 | - | - | 124 |
| **At 30 Sept 2024** | 790 | - | - | 790 |

**24 Investment Securities- continued**

**24.6.1 Debt Instruments Measured at FVOCI- continued**

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

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Stage 1 Collectively | Stage 2 Collectively | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| **ECL allowance as at 1 January 2023** | 192 | - | - | 192 |
| New assets originated or purchased | 279 | - | - | 279 |
| Assets derecognised or matured (excluding write offs) | (14) | - | - | (14) |
| Impact on year end ECL of exposures transferred between stages during the year | - | - | - | - |
| Unwind of discount (recognised in interest income) | 12 | - | - | 12 |
| Changes due to modifications not resulting in derecognition | | - | - | - |
| Changes to models and inputs used for ECL calculations | | - | - | - |
| Recoveries | - | - | - | - |
| Amounts written off | - | - | - | - |
| Foreign exchange adjustments | 151 | - | - | 151 |
| **At 31 December 2023** | 620 | - | - | 620 |

**24.6.2 Debt Instruments Measured at Amortised Cost**

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

| | 30 Sept 2024 | | | |
|---|---|---|---|---|
| | Stage 1 Collectively | Stage 2 Collectively | Stage 3 | Total |
| **Internal rating grade** | N'million | N'million | N'million | N'million |
| **Performing** | | | | |
| High grade | 1,571,277 | - | - | 1,462,833 |
| Standard grade | 25,924 | - | - | 26,142 |
| Sub-standard grade | - | - | - | - |
| Past due but not impaired | - | - | - | - |
| **Non- performing** | - | - | - | - |
| Individually impaired | - | - | - | - |
| **Total** | **1,597,201** | **-** | **-** | **1,488,975** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Stage 1 Collectively | Stage 2 Collectively | Stage 3 | Total |
| **Internal rating grade** | N'million | N'million | N'million | N'million |
| **Performing** | | | | |
| High grade | 800,416 | - | - | 800,416 |
| Standard grade | 20,598 | - | - | 20,598 |
| Sub-standard grade | - | - | - | - |
| Past due but not impaired | - | - | - | - |
| **Non- performing** | - | - | - | - |
| Individually impaired | - | - | - | - |
| **Total** | **821,014** | **-** | **-** | **821,014** |

**24 Investment Securities- continued**

**24.6.2 Debt Instruments Measured at Amortised Cost- continued**

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

| | 30 Sept 2024 | | | |
|---|---|---|---|---|
| | Stage 1 Collectively | Stage 2 Collectively | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| **Gross carrying amount as at 1 January 2024** | 821,014 | - | - | 821,014 |
| New assets originated or purchased | 922,361 | - | - | 922,361 |
| Assets derecognised or matured (excluding write-offs) | (175,815) | - | - | (175,815) |
| Transfers to Stage 1 | - | - | - | - |
| Transfers to Stage 2 | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - |
| Changes due to modifications not derecognised | - | - | - | - |
| Unwind of Discount | 29,641 | - | - | 29,641 |
| Amounts written off | | - | - | - |
| Foreign exchange adjustments | - | - | - | - |
| **At 30 Sept 2024** | 1,597,201 | - | - | 1,597,201 |

**Group**

| | 30 Sept 2024 | | | |
|---|---|---|---|---|
| | Stage 1 Collectively | Stage 2 Collectively | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| **ECL allowance as at 1 January 2024** | 2,210 | - | - | 2,210 |
| New assets purchased | 799 | - | - | 799 |
| Assets derecognised or matured (excluding write offs) | (1,625) | - | - | (1,625) |
| Transfers to Stage 1 | - | - | - | - |
| Transfers to Stage 2 | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - |
| Impact on year end ECL of exposures transferred between stages during the period | | - | - | - - |
| Unwind of discount (recognised in interest income) | 289 | - | - | 289 |
| Changes due to modifications not resulting in derecognition | - | - | - | - |
| Changes to models and inputs used for ECL calculations | - | - | - | - |
| Recoveries | - | - | - | - |
| Amounts written off | - | - | - | - |
| Foreign exchange adjustments | - | - | - | - |
| **At 30 Sept 2024** | **1,674** | **-** | **-** | **1,674** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Stage 1 Collectively | Stage 2 Collectively | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| **ECL allowance as at 1 January 2023** | 830 | - | - | 830 |
| New assets purchased | 1,264 | - | - | 1,264 |
| Assets derecognised or matured (excluding write offs) | (155) | - | - | (155) |
| Transfers to Stage 1 | - | - | - | - |
| Transfers to Stage 2 | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - |
| Impact on year end ECL of exposures transferred between stages during the period | | - | - | - |
| Unwind of discount (recognised in interest income) | 180 | - | - | 180 |
| Changes due to modifications not resulting in derecognition | - | - | - | - |
| Changes to models and inputs used for ECL calculations | - | - | - | - |
| Recoveries | - | - | - | - |
| Amounts written off | - | - | - | - |
| Foreign exchange adjustments | - | - | - | - |
| **At 31 December 2023** | **2,119** | **-** | **-** | **2,119** |

| Bank | 30 Sept 2024 | | | |
|---|---|---|---|---|
| | Stage 1 Collectively | Stage 2 Collectively | Stage 3 | Total |
| | N'million | N'million | N'million | N'million |
| **ECL allowance as at 1 January 2024** | 2,210 | - | - | 2,210 |
| New assets purchased | 799 | - | - | 799 |
| Assets derecognised or matured (excluding write offs) | (1,625) | - | - | (1,625) |
| Transfers to Stage 1 | - | - | - | - |
| Transfers to Stage 2 | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - |
| Impact on year end ECL of exposures transferred between stages during the period | | - | - | - |
| Unwind of discount (recognised in interest income) | 289 | - | - | 289 |
| Changes due to modifications not resulting in derecognition | - | - | - | - |
| Changes to models and inputs used for ECL calculations | - | - | - | - |
| Recoveries | - | - | - | - |
| Amounts written off | - | - | - | - |
| Foreign exchange adjustments | - | - | - | - |
| **At 30 Sept 2024** | **1,674** | **-** | **-** | **1,674** |

**Notes To The Financial Statements - continued**

**24 Investment Securities- continued**

**24.6.2 Debt Instruments Measured at Amortised Cost- continued**

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

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

**25 Property, Plant and Equipment**

| Group | Land | Buildings | Leasehold improvements | Office equipment | Furniture, fittings | Computer equipment | Motor vehicles | Work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| | N'million | N'million | N'million | N'million | N'million | N'million | N'million | N'million | N'million |
| **Cost** | | | | | | | | | |
| At 1 January 2024 | **15,713** | **18,886** | **4,508** | **9,485** | **2,166** | **18,892** | **7,466** | **4,700** | **81,816** |
| Additions | **318** | **1,066** | **698** | **2,186** | **529** | **9,308** | **776** | **11,668** | **26,550** |
| Reclassifications | **-** | **-** | **-** | **(104)** | **106** | **(1)** | **-** | **-** | (0) |
| Disposals | **(89)** | **(141)** | **-** | **(68)** | **(1)** | **(687)** | **(421)** | **(2,044)** | (3,451) |
| Translation Difference | | | **163** | **280** | | | | | 443 |
| At 30 September 2024 | **15,942** | **19,811** | **5,370** | **11,778** | **2,800** | **27,511** | **7,821** | **14,324** | **105,358** |
| | ` | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January 2024 | **-** | **(4,515)** | **(3,543)** | **(7,070)** | **(1,717)** | **(12,874)** | **(4,714)** | **-** | **(34,433)** |
| Charge for the period | **-** | **(287)** | **(240)** | **(881)** | **(150)** | **(2,357)** | **(902)** | **-** | **(4,818)** |
| Reclassifications | ` | **-** | **-** | **41** | **(41)** | **1** | **-** | **-** | **(0)** |
| Disposals | ` | **58** | **-** | **68** | **1** | **687** | **405** | **-** | **1,220** |
| Translation Difference | | | **(111)** | **(295)** | | | | | **(406)** |
| At 30 September 2024 | **-** | **(4,743)** | **(3,893)** | **(8,138)** | **(1,908)** | **(14,544)** | **(5,211)** | **-** | **(38,437)** |
| **Carrying amount at 30 September 2024** | **15,942** | **15,068** | **1,477** | **3,641** | **892** | **12,968** | **2,610** | **14,324** | **66,921** |
| **Cost** | | | | | | | | | |
| At 1 January 2023 | 15,679 | 18,312 | 4,194 | 7,874 | 1,896 | 15,842 | 5,466 | 3,264 | 72,527 |
| Additions | 63 | 304 | 304 | 1,505 | 205 | 1,337 | 2,022 | 3,796 | 9,537 |
| Reclassifications | (7) | 269 | 10 | 133 | 67 | 1,720 | - | (2,360) | (168) |
| Disposals | (22) | - | - | (27) | (1) | (9) | (22) | - | (81) |
| At 31 December 2023 | **15,713** | **18,885** | **4,508** | **9,485** | **2,167** | **18,890** | **7,466** | **4,700** | **81,814** |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January 2023 | - | (4,144) | (3,318) | (6,218) | (1,588) | (10,782) | (3,779) | - | (29,829) |
| Charge for the period | - | (372) | (225) | (892) | (119) | (2,096) | (943) | - | (4,646) |
| Reclassifications | | - | - | 12 | (12) | - | - | | |
| Disposals | - | - | - | 28 | 1 | 6 | 9 | - | 43 |
| At 31 December 2023 | **-** | **(4,516)** | **(3,543)** | **(7,070)** | **(1,718)** | **(12,872)** | **(4,713)** | **-** | **(34,432)** |
| **Carrying amount at 31 December 2023** | **15,713** | **14,369** | **965** | **2,415** | **449** | **6,018** | **2,753** | **4,700** | **47,382** |

**Bank**

**25 Property, Plant and Equipment**

| | Land N'million | Buildings N'million | Leasehold improvements N'million | Office equipment N'million | Furniture, fittings N'million | Computer equipment N'million | Motor vehicles N'million | Work in progress N'million | Total N'million |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At 1 January 2023 | **15,713** | **18,886** | **4,220** | **8,987** | **2,166** | **18,892** | **7,466** | **4,700** | **81,029** |
| Additions | 318 | 1,066 | 692 | 2,164 | 529 | 9,308 | 776 | 11,668 | 26,521 |
| Reclassifications | - | - | - | (104) | 106 | (1) | - | - | (0) |
| Disposals | (89) | (141) | - | (68) | (1) | (687) | (421) | (2,044) | (3,451) |
| At 30 September 2024 | **15,942** | **19,811** | **4,912** | **10,978** | **2,800** | **27,511** | **7,821** | **14,324** | **104,099** |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January 2023 | - | (4,515) | (3,275) | (6,606) | (1,717) | (12,874) | (4,714) | - | (33,701) |
| Charge for the period | - | (287) | (208) | (881) | (150) | (2,357) | (902) | - | (4,786) |
| Reclassifications | ` | - | - | 41 | (41) | 1 | - | - | (0) |
| Disposals | ` | 58 | - | 68 | 1 | 687 | 405 | - | 1,220 |
| At 30 September 2023 | **-** | **(4,743)** | **(3,483)** | **(7,379)** | **(1,908)** | **(14,543)** | **(5,212)** | **-** | **(37,267)** |
| **Carrying amount at 30 September 2024** | **15,942** | **15,068** | **1,429** | **3,599** | **892** | **12,968** | **2,610** | **14,324** | **66,832** |
| | | | | | | | | | |
| **Cost** | | | | | | | | | |
| At 1 January 2023 | 15,679 | 18,312 | 3,929 | 7,388 | 1,896 | 15,842 | 5,466 | 3,264 | **71,776** |
| Additions | 63 | 304 | 281 | 1,480 | 205 | 1,337 | 2,022 | 3,796 | **9,488** |
| Reclassifications | (7) | 269 | 10 | 133 | 67 | 1,720 | - | (2,360) | **(168)** |
| Disposals | (22) | - | - | (15) | (1) | (9) | (22) | - | **(69)** |
| At 31 December 2023 | **15,713** | **18,885** | **4,220** | **8,986** | **2,167** | **18,890** | **7,466** | **4,700** | **81,027** |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 January 2023 | - | (4,144) | (3,069) | (5,758) | (1,588) | (10,782) | (3,779) | - | **(29,120)** |
| Charge for the period | - | (372) | (207) | (874) | (119) | (2,096) | (943) | - | **(4,611)** |
| Reclassifications | | - | - | 12 | (12) | - | - | | |
| Disposals | - | - | - | 17 | 1 | 6 | 9 | - | **33** |
| At 31 December 2023 | **-** | **(4,516)** | **(3,276)** | **(6,603)** | **(1,718)** | **(12,872)** | **(4,713)** | **-** | **(33,698)** |
| | | | | | | | | | |
| **Carrying amount at 31 December 2023** | **15,713** | **14,369** | **944** | **2,383** | **449** | **6,018** | **2,753** | **4,700** | **47,329** |

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

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

**c** There were no impairment losses on any class of property , plant and equipment during the period (30 September 2023: Nil)

**d** There were no pledged assets in any class of property, plant and equipment during the period (30 September 2023: Nil)

## Notes To The Financial Statements - continued

**26 Right-of-Use Asset**

| | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | *Bank* 30 Sept 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance at beginning of period | 5,330 | 4,481 | 3,377 | 4,481 |
| Acquisition of a Subsidiary | - | 1,953 | - | |
| Additions | 750 | 532 | 728 | 532 |
| Additions / Reclassifications during the period | -283 | 167 | (283) | 167 |
| Disposal during the period | - | (1,803) | | (1,803) |
| Translation Difference | 2,354 | | | |
| Balance | **8,150** | **5,330** | **3,821** | **3,377** |
| | | | | |
| **Accumulated Depreciation** | | | | |
| Balance at beginning of period | -2,060 | (2,682) | (1,700) | (2,682) |
| Depreciaiton for the period | -1,001 | (996) | (549) | (636) |
| Disposal during the period | 281 | 1,618 | 281 | 1,618 |
| Translation Difference | -1,214 | | | |
| Balance | (3,994) | (2,060) | (1,968) | (1,700) |
| **Carrying amount** | **4,157** | **3,270** | **1,854** | **1,677** |

**Expense of Low value Item :**

The expense for low value items and short term leases is N6.98million (31 December 2023: N161.88 million) .

**27 Intangible Assets**

| | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | *Bank* 30 Sept 2,024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance at 1 January | 14,346 | 9,361 | 8,980 | 9,361 |
| Acquisition of a Subsidiary | 483 | 483 | | |
| Additions(see note a below) | 7,628 | 7,628 | 3,024 | 2,745 |
| Write offs during the year | -3,126 | (3,126) | (234) | (3,126) |
| Translation Difference | 5,533 | | | |
| Balance as at 30 September | **24,864** | **14,346** | **11,769** | **8,980** |
| | | | | |
| **Accumulated amortization** | | | | |
| Balance at 1 January | -4,005 | (5,338) | (3,857) | (5,338) |
| Amortisation for the year | -1,562 | (1,793) | (1,416) | (1,645) |
| Write offs during the year | 234 | 3,126 | 234 | 3,126 |
| Translation Difference | (4,666) | | | |
| Balance as at 30 September | (9,998) | (4,005) | (5,039) | (3,857) |
| **Carrying amount** | **14,866** | **10,341** | **6,730** | **5,123** |

**28 Deferred Taxation**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The deferred tax disclosed relate to current period .

Deferred taxes are calculated on all temporary differences under the liability method as there is now various component and rate disclosure is not required.

**Deferred tax assets and liabilities are attributable to the following items in the schedule below :**

**28.1 Group**

| | Assets | Liabilities | | Net | Assets | Liabilities | | Net |
|---|---|---|---|---|---|---|---|---|
| | N'million | N'million | | N'million | N'million | N'million | | N'million |
| | 30 September 2024 | | | | 31 December 2023 | | | |
| Property,plant and equipment | - | 8,090 | - | 8,090 | - | 6,913 | - | 6,913 |
| Allowances for loan losses | 24,788 | - | | 24,788 | 22,554 | 0 | | 22,554 |
| Uk DT carried forward | 3,034 | | | 3,034 | - | 0 | | - |
| Uk DT on PPA | 1,217 | - | | 1,217 | 1,217 | 0 | | 1,217 |
| Unutilised tax credits (capital allowances) | - | - | | - | - | 0 | | - |
| Foreign exchange diffence (Unrealized) | - | 15,626 | - | 15,626 | - | 14,549 | - | 14,549 |
| Fair value adjustments | - | 1,443 | - | 1,443 | - | 1,443 | - | 1,443 |
| Other: ROU | - | 27 | - | 27 | - | 0 | | - |
| **Total** | 29,039 | 25,186 | | 3,853 | 23,771 | 22,905 | | 866 |

**United Kingdom**

| | Assets | Liabilities | Net | Assets | Liabilities | Net |
|---|---|---|---|---|---|---|
| | N'million | N'million | N'million | N'million | N'million | N'million |
| | 30 September 2024 | | | 31 December 2023 | | |
| Property,plant and equipment | - | - | - | - | 0 | - |
| Allowances for loan losses | - | - | - | - | 0 | - |
| Uk DT carried forward | 3,034 | | 3,034 | - | 0 | - |
| Uk DT on PPA | 1,217 | - | 1,217 | 1,217 | | 1,217 |
| Unutilised tax credits (capital allowances) | - | - | | - | 0 | - |
| Foreign exchange diffence (Unrealized) | - | - | | - | 0 | - |
| Fair value adjustments | - | - | | - | 0 | - |
| Other: ROU | - | - | | | | - |
| **Total** | 4,251 | - | 4,251 | 1,217 | 0 | 1,217 |

A deferred tax asset of US$10,192,976 against losses and temporary differences of US$40,771,9031 from the United Kingdom component and the has been recognized 20% of the asset

A deferred Tax Liability of US$130,000 on Purchase Price adjustment is recognized at the tax rate of 25% which is the ruling rate for the year beginning 1 April, 2024.

| Bank | Assets | Liabilities | | Net | Assets | Liabilities | | Net |
|---|---|---|---|---|---|---|---|---|
| | N'million | N'million | | N'million | N'million | N'million | | N'million |
| | 30 Jun 2024 | | | | 31 December 2023 | | | |
| Property,plant and equipment | - | 8,090 | - | 8,090 | - | 6,913 | - | 6,913 |
| Allowances for loan losses | 24,788 | - | | 24,788 | 22,554 | 0 | | 22,554 |
| Tax loss carried forward | - | - | | - | - | 0 | | - |
| Unutilised tax credits (capital allowances) | - | - | | - | - | 0 | | - |
| Foreign exchange diffence (Unrealized) | - | 15,626 | - | 15,626 | - | 14,549 | - | 14,549 |
| Fair value adjustments | - | 1,443 | - | 1,443 | - | 1,443 | - | 1,443 |
| Other: ROU | - | 27 | - | 27 | - | 0 | | - |
| **Total** | 24,788 | 25,186 | | (398) | 22,554 | 22,905 | | (351) |

**29 Other Assets**

| | Group | Group | *Bank* | Bank |
|---|---|---|---|---|
| | **30 Sept 2024** | **31 December 2023** | **30 Sept 2024** | **31 December 2023** |
| **Financial assets** | **N'million** | **N'million** | **N'million** | **N'million** |
| Sundry receivables | 281,859 | 141,512 | 281,647 | 141,512 |
| Electronic payment receivables | 455,869 | 244,159 | 455,869 | 243,743 |
| Investments in SMESIS | 9,445 | 9,445 | 9,445 | 9,445 |
| Investments in SMESIS | 0 | 50 | - | 50 |
| | 747,172 | 395,166 | 746,961 | 394,750 |
| Less: | | | | |
| Specific allowances for impairment | (6,658) | (3,359) | (6,658) | (3,359) |
| | 740,514 | 391,807 | 740,303 | 391,391 |
| **Non financial assets** | | | | |
| Prepayments | 28,099 | 8,845 | 26,621 | 8,367 |
| Others | 1,337 | 184 | (95) | 184 |
| Other non financial assets | 1,923 | 2,928 | 1,923 | 2,244 |
| | 31,359 | 11,957 | 28,449 | 10,795 |
| Total | **771,873** | **403,763** | **768,751** | **402,186** |

**Reconciliation of Allowance for Impairment**

| | **30 Sept 2024** | **31 December 2023** | **30 Sept 2024** | **31 December 2023** |
|---|---|---|---|---|
| | **N'million** | **N'million** | **N'million** | **N'million** |
| At 1 January | 3,359 | 1,351 | 3,359 | 1,351 |
| Charge for the period | 3,299 | 2,011 | 3,299 | 2,011 |
| Reversal of provision | - | - | | |
| Write-off during the period | 0 | (4) | 0 | (4) |
| At 30 September | **6,658** | **3,359** | **6,658** | **3,359** |

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

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

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

## 30 Deposits from Customers

| | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | *Bank* 30 Sept 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|
| Demand | 1,493,127 | 1,652,267 | 1,369,190 | 1,652,267 |
| Savings | 1,043,455 | 880,905 | 1,040,764 | 880,905 |
| Term | 309,801 | 75,999 | 158,244 | 75,999 |
| Domicilliary | 3,122,664 | 1,376,672 | 3,122,664 | 1,288,703 |
| Others | 114,000 | 28,968 | 33,731 | 28,968 |
| | 6,083,047 | 4,014,811 | 5,724,592 | 3,926,842 |

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

## 31 Other Liabilities

| | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | *Bank* 30 Sept 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|
| Customer deposits for letters of credit (see note 31.1) | 1 | 46,856 | 1 | 46,856 |
| Accounts payable (see note 31.2) | 700,239 | 391,476 | 700,071 | 375,489 |
| FGN Intervention fund (see note 31.3) | 390,590 | 443,736 | 390,590 | 443,736 |
| Manager's cheque | 5,517 | 4,827 | 5,517 | 4,827 |
| Payable on E-banking transactions (see note 31.4) | 431,033 | 246,453 | 431,033 | 246,453 |
| Other liabilites/credit balances (see note 31.5) | 171,167 | 4,555 | 168,776 | 3,873 |
| Accruals for year end bonus (see note 31.6) | 10,947 | 12,055 | 10,947 | 12,055 |
| Lease liability (see note 31.8) | 3,410 | 2,410 | 524 | 506 |
| | **1,712,904** | **1,152,369** | **1,707,458** | **1,133,795** |

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

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

### 31.3 FGN Intervention Fund (On Lending facilities)

| | | 2024 N'million | 2023 N'million | 2024 N'million | 2023 N'million |
|---|---|---|---|---|---|
| **a** | CBN state bailout fund | 79,824 | 79,824 | 79,824 | 79,824 |
| **bi** | Real Sector Support Facility - Differentiated Cash Reserves Requirement - (DCRR) | 164,101 | 188,204 | 164,101 | 188,204 |
| **ii** | Real Sector Support Facility - (RSSF) | 2,368 | 4,954 | 2,368 | 4,954 |
| **c** | Commercial Agricuture Ccredit Scheme - (CACS) | 527 | 6,503 | 527 | 6,503 |
| **di** | Bank of Industry BG backed | 101,965 | 105,324 | 101,965 | 105,324 |
| **dii** | Bank of Industry - Restructured and Refinance scheme | 122 | 192 | 122 | 192 |
| **diii** | Bank of Industry on lending | 0 | 1 | - | 1 |
| **e** | Nigeria Export Import Bank - (NEXIM) | 14,245 | 18,483 | 14,245 | 18,483 |
| **f** | Power Airline Intervention Fund - (PAIF) | 529 | 1,628 | 529 | 1,628 |
| **g** | CBN 100 for 100 PPP - (Policy on Production and Productivity) | 5,031 | 5,945 | 5,031 | 5,945 |
| **h** | Development Bank of Nigeria - (DBN) | 21,861 | 32,661 | 21,861 | 32,661 |
| **i** | Nigerian Incentive-based Risk Sharing system for Agricultural Lending - (NIRSAL) | 18 | 17 | 18 | 17 |
| | | **390,590** | **443,736** | **390,590** | **443,736** |

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

**b** The Real Sector Support Facility (RSSF): The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, productivity and job creation has established a N300 billion Real Sector Support Facility (RSSF). The facility is disbursed to large enterprises and startups with financing needs of N500 million up to a maximum of N10.0 billion. The activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The funds are received from the CBN at 2% per annum, and disbursed at 9% per annum to the beneficiary .

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

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

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

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

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

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

**h** CBN PAS FUND - The Paddy Aggregation Scheme (PAS) is for Integrated Rice Millers and Large-Scale Aggregators to enable them to purchase home-grown rice paddy at a single digit interest rate to promote the Federal Government of Nigeria's National Food Security Programme (NFSP). It is to provide credit facilities to Integrated Rice Millers and Large-scale rice paddy aggregators at single digit interest rate to increase local production of rice towards effecting lower prices and enhancing national food security.. The fund is disbursed to the Bank at 6% per annum. Each enterprise is availed the facility at 9% per annum and repayments are made via ISPO deductions

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

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

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

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

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

| | 30 Sept 2024 | 31 December 2023 | 30 Sept 2024 | 31 December 2023 |
|---|---|---|---|---|
| **Movement in provision for Period / year end bonus** | | | | |
| At 1 January | 12,055 | 3,164 | 12,055 | 3,164 |
| Arising during the period | 0 | 19,709 | | 19,709 |
| Utilised | -1,108 | (10,818) | (1,108) | (10,818) |
| At 30 Sept / 31 December | 10,947 | 12,055 | 10,947 | 12,055 |

**31.7** Maturity Analysis is presented in Note 44.

**31.8** This relates to lease rental for properties used by the Bank. The net carrying amount of leased assets, included within Right of Use Assets is N402.45 million . (31 December 2023: N713 million) for Bank.
The future minimum lease payments on the lease liabilities extend over a number of years. This is analysed as follows:

| | | |
|---|---|---|
| Not more than 1 year | | - |
| Over one year but less than five years | 506 | 506 |
| More than five years | - | - |
| At end of the Period | 506 | 506 |

**32 Provision**

| | Group 30 Sept 2024 N'million | Group 31 December 2023 N'million | *Bank* 30 Sept 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|
| Provisions for litigations and claims | 1,886 | 1,886 | 1,886 | 1,886 |
| Provision for guarantees and letters of credit | 1,463 | 1,548 | 1,463 | 1,548 |
| | 3,350 | 3,434 | 3,350 | 3,434 |

**32.1 Movement in provision for litigations and claims**

| | | | | |
|---|---|---|---|---|
| At 1 January | 1,886 | 883 | 1,886 | 883 |
| Arising during the period | - | 1,003 | | 1,003 |
| Utilised | 0 | | | - |
| At 30 September/ 31 December | 1,886 | 1,886 | 1,886 | 1,886 |

| | | | | |
|---|---|---|---|---|
| **32.2** Current Provision | 1,463 | 1,548 | 1,463 | 1,548 |
| Non-current provisions | 1,886 | 1,886 | 1,886 | 1,886 |
| | **3,350** | **3,434** | **3,350** | **3,434** |

A further disclsore has been made in note 32.2 to ensure that Provisions is further broken down into current and non-current to enhance users understanding

**32.2 Impairment losses on guarantees and letters of credit**

An analysis of changes in the gross carrying amount and the corresponding allwances for impairment losses in relation to guarantees and letters of credit is as follows:

**32.3.1 Performance bonds and guarantees**

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

| | **30 September 2024** | | | | |
|---|---|---|---|---|---|
| | **Stage 1 Individual** | **Stage 2 Individual** | | **Stage 3** | **Total** |
| **Internal rating grade** | **N'million** | **N'million** | | N'million | **N'million** |
| **Performing** | | | | | |
| High grade | 5,147 | - | - | - | **5,147** |
| Standard grade | 920,365 | - | - | - | **920,365** |
| Sub-standard grade | 2,445 | - | - | - | **2,445** |
| Past due but not impaired | - | - | - | - | **-** |
| **Non- performing** | - | - | - | - | **-** |
| Individually impaired | - | - | - | - | **-** |
| **Total** | **927,956** | **-** | | **-** | **927,956** |

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

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

| | **30 September 2024** | | | | |
|---|---|---|---|---|---|
| | **Stage 1 Individual** | **Stage 2 Individual** | | **Stage 3** | **Total** |
| | **N'million** | **N'million** | | **N'million** | **N'million** |
| **Gross carrying amount as at 1 January 2024** | 730,779 | - | - | - | **730,779** |
| New exposures | 658,338 | - | - | - | **658,338** |
| Exposure derecognised or matured/lapsed (excluding write-offs) | (466,227) | - | - | - | **(466,227)** |
| Changes due to modifications not resulting in derecognition | - | - | - | - | **-** |
| Amounts written off | - | - | - | - | **-** |
| Foreign exchange adjustments | 5,067 | - | - | - | **5,067** |
| **At 30 September 2024** | **927,956** | **-** | | **-** | **927,956** |

**32.3.1 Performance bonds and guarantees- continued**

| | 30 September 2024 | | | | |
|---|---|---|---|---|---|
| | Stage 1 Individual | Stage 2 Individual | | Stage 3 | Total |
| | N'million | N'million | | N'million | N'million |
| **ECL allowance as at 1 January 2024** | 455 | - | - | - | **455** |
| New exposures | 524 | - | - | - | **524** |
| Exposure derecognised or matured/lapsed (excluding write-offs) | (227) | - | - | - | **(227)** |
| Impact on year end ECL of exposures transferred between stages during the | | - | - | - | **-** |
| Unwind of discount | | - | - | - | **-** |
| Changes due to modifications not resulting in derecognition | - | - | - | - | **-** |
| Changes to models and inputs used for ECL calculations | - | - | - | - | **-** |
| Recoveries | - | - | - | - | **-** |
| Amounts written off | - | - | - | - | **-** |
| Foreign exchange adjustments | 43 | - | - | - | **43** |
| **At 30 September 2024** | **795** | **-** | | **-** | **795** |

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

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

**Notes To The Financial Statements - continued**

**32.3.2 Letters of Credit**

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

**Group**

| | 30 September 2024 | | | | |
|---|---|---|---|---|---|
| | Stage 1 Individual | Stage 2 Individual | | Stage 3 | Total |
| **Internal rating grade** | N'million | N'million | | N'million | N'million |
| **Performing** | | | | | |
| High grade | 35,732 | - | - | - | **35,732** |
| Standard grade | 575,210 | - | - | - | **575,210** |
| Sub-standard grade | 494,957 | 3,875 | - | - | **498,832** |
| Past due but not impaired | - | - | - | - | **-** |
| **Non- performing** | - | - | - | - | **-** |
| Individually impaired | - | - | - | - | **-** |
| **Total** | **1,105,898** | **4,265** | | **-** | **1,109,773** |

| | 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Stage 1 Individual | Stage 2 Individual | | Stage 3 | Total |
| **Internal rating grade** | N'million | N'million | | N'million | N'million |
| **Performing** | | | | | |
| High grade | 22,868 | - | - | - | **22,868** |
| Standard grade | 329,595 | - | - | - | **329,595** |
| Sub-standard grade | 60,898 | - | - | - | **60,898** |
| Past due but not impaired | - | - | - | - | **-** |
| **Non- performing** | - | - | - | - | **-** |
| Individually impaired | - | - | - | - | **-** |
| **Total** | **413,362** | **-** | | **-** | **413,362** |

**Bank**

| | 30 September 2024 | | | | |
|---|---|---|---|---|---|
| | Stage 1 Individual | Stage 2 Individual | | Stage 3 | Total |
| **Internal rating grade** | N'million | N'million | | N'million | N'million |
| **Performing** | | | | | |
| High grade | 35,732 | - | - | - | **35,732** |
| Standard grade | 562,493 | - | - | - | **562,493** |
| Sub-standard grade | 494,957 | - | - | - | **494,957** |
| Past due but not impaired | - | - | - | - | **-** |
| **Non- performing** | - | - | - | - | **-** |
| Individually impaired | - | - | - | - | **-** |
| **Total** | **1,093,182** | **-** | | **-** | **1,093,182** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
| **Internal rating grade** | N'million | N'million | N'million | N'million |
| **Performing** | | | | |
| High grade | 22,868 | - | - | **22,868** |
| Standard grade | 329,595 | - | - | **329,595** |
| Sub-standard grade | 60,898 | - | - | **60,898** |
| Past due but not impaired | - | - | - | **-** |
| **Non- performing** | - | - | - | **-** |
| Individually impaired | - | - | - | **-** |
| **Total** | **413,362** | **-** | **-** | **413,362** |

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

**Group**

| | 30 September 2024 | | | | |
|---|---|---|---|---|---|
| | Stage 1 Individual | Stage 2 Individual | | Stage 3 | Total |
| | N'million | N'million | | N'million | N'million |
| **Gross carrying amount as at 1 January 2024** | 427,810 | 5,374 | - | - | **433,183** |
| New exposures | 902,543 | 3,823 | - | - | **906,366** |
| Exposure derecognised or matured/lapsed (excluding write-offs) | (312,184) | (5,322) | - | - | **(317,506)** |
| Changes due to modifications not resulting in derecognition | - | - | - | - | **-** |
| Amounts written off | - | - | - | - | **-** |
| Foreign exchange adjustments | 87,730 | - | - | - | **87,730** |
| **At 30 September 2024** | **1,105,898** | **3,875** | | **-** | **1,109,773** |

| | 30 September 2024 | | | | |
|---|---|---|---|---|---|
| | Stage 1 Individual | Stage 2 Individual | | Stage 3 | Total |
| | N'million | N'million | | N'million | N'million |
| **ECL allowance as at 1 January 2024** | 1,179 | 21 | - | - | **1,200** |
| New exposures | 795 | 70 | - | - | **864** |
| Exposure derecognised or matured/lapsed (excluding write-offs) | (1,162) | (21) | - | - | **(1,183)** |
| Impact on year end ECL of exposures transferred between stages during the | - | - | - | - | **-** |
| Unwind of discount | - | - | - | - | **-** |
| Changes due to modifications not resulting in derecognition | - | 1 | - | - | **1** |
| Changes to models and inputs used for ECL calculations | - | 0 | - | - | **0** |
| Recoveries | - | - | - | - | **-** |
| Amounts written off | - | (1) | - | - | **(1)** |
| Foreign exchange adjustments | 75 | 1 | - | - | **76** |
| **At 30 September 2024** | **887** | **71** | | **-** | **958** |

**Bank**

| | 30 September 2024 | | | | |
|---|---|---|---|---|---|
| | Stage 1 Individual | Stage 2 Individual | | Stage 3 | Total |
| | N'million | N'million | | N'million | N'million |
| **Gross carrying amount as at 1 January 2024** | 413,362 | - | - | - | **413,362** |
| New exposures | 889,826 | - | - | - | **889,826** |
| Exposure derecognised or matured/lapsed (excluding write-offs) | (297,736) | - | - | - | **(297,736)** |
| Changes due to modifications not resulting in derecognition | - | - | - | - | **-** |
| Amounts written off | - | - | - | - | **-** |
| Foreign exchange adjustments | 87,730 | - | - | - | **87,730** |
| **At 30 September 2024** | **1,093,182** | **-** | | **-** | **1,093,182** |

| | 30 September 2024 | | | | |
|---|---|---|---|---|---|
| | Stage 1 Individual | Stage 2 Individual | | Stage 3 | Total |
| | N'million | N'million | | N'million | N'million |
| **ECL allowance as at 1 January 2024** | 1,093 | - | - | - | **1,093** |
| New exposures | 761 | (0) | - | - | **761** |
| Exposure derecognised or matured/lapsed (excluding write-offs) | (1,194) | - | - | - | **(1,194)** |
| Impact on year end ECL of exposures transferred between stages during the | - | - | - | - | **-** |
| Unwind of discount | - | - | - | - | **-** |
| Changes due to modifications not resulting in derecognition | | 1 | - | - | **1** |
| Changes to models and inputs used for ECL calculations | - | 0 | - | - | **0** |
| Recoveries | - | - | - | - | **-** |
| Amounts written off | - | (1) | - | - | **(1)** |
| Foreign exchange adjustments | 75 | - | - | - | 75 |
| **At 30 September 2024** | **735** | **-** | | | **735** |

**32.3.2 Letters of Credit- continued**

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

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

**33 Debts Issued and Other Borrowed Funds**

| | Group 30 September 2024 | Group 31 December 2023 | Bank 30 September 2024 | Bank 31 December 2023 |
|---|---|---|---|---|
| | N'million | N'million | N'million | N'million |
| Long term loan from African Development Bank (ADB) (see note 33.1) | 25,521 | 24,791 | 25,521 | 24,791 |
| Citibank (see note 33.2) | | - | | - |
| $400 Million Euro Bond issued (see note 33.4) | 691,222 | 382,422 | 691,222 | 382,422 |
| Local Bond issued (see note 33.5) | 39,003 | 42,174 | 39,003 | 42,174 |
| Bank One (see note 33.9) | 13,966 | 22,389 | 13,966 | 22,389 |
| Rand Merchant Bank (see note 33.6) | 48,615 | 48,810 | 48,615 | 48,810 |
| Development Bank of Nigeria (see note 33.8)) | 36,120 | 20,285 | 36,120 | 20,285 |
| Afrexim (see note 33.3) | 127,999 | 36,157 | 127,999 | 36,157 |
| Other Borrowings (see note 337) | - | - | - | - |
| | **982,445** | **577,028** | **982,445** | **577,028** |

| Reconcilation of Borrowings during the period: | 30 September 2024 | 31 December 2023 | 30 September 2024 | 31 December 2023 |
|---|---|---|---|---|
| | N'million | N'million | N'million | N'million |
| At 1 January | 577,028 | 261,466 | 577,028 | 261,466 |
| Additions during the period | 207,198 | 129,906 | 207,198 | 129,906 |
| Accrued interest | 26,951 | 10,747 | 26,951 | 10,747 |
| Payment of interest | -38,639 | (4,804) | (38,639) | (4,804) |
| Repayment of principal during the period | -158,109 | (15,051) | (158,109) | (15,051) |
| Foreign exchange difference | 368,016 | 194,764 | 368,016 | 194,764 |
| At 30 June / 31 December | **982,445** | **577,028** | **982,445** | **577,028** |

**33.1** The amount of N25,521.31 billion (31 December 2024: N24,791 billion) represents the amortized cost balance in the on-lending facility of $50million granted to the Bank by ADB. The first tranche of $40 million was disbursed July 27, 2019 while the second tranche of $10 million was disbursed June 3, 2020 with both to mature February 1, 2026 and October 1, 2026 respectively at interest rate at 10.47% per annum. Interest and principal is repaid semi-annually.The borrowing is an unsecured borrowing.

**33.2** The amount of Nil - 30 September 2024: represents the amortised cost balance in the on-lending facility of $21.946 million granted to the Bank by European Investment Bank on 13 April 2015 to mature 2 March, 2023 at an interest rate of Libor plus 3.99% per annum. Interest is repaid quarterly, with principal repayment at maturity. The borrowing has been fully repaid .

**33.3** The amount of N127,999 billion, (31 Dec 2023: N36,157.76 billion) represents amortised cost balance of $150 million borrowing from AFREXIM ( under the repurchase agreement), with Fidelity Bank pledging its USD denominated Eurobond and FGN, which the Bank has the right to buy at a later date.

**33.4** On 28 October , 2021, $400 million 5-year 2026 Senior Notes at a 7.625 percent coupon was issued. The proceed from the new issue is for general corporate purposes including supporting the Bank's trade finance business.. The amount of N600,350.66 billion represents the amortised cost of the Issued Notes as at 28 June 2024; N691,222.31 billion represents the amortised cost for the period ended 30 September 2024 .

**33.5** “The amount of N42,215.84 billion (31 Dec 2023 : N42,174.32billion) represents the amortized cost of 10-Year N41.2 billion Subordinated Unsecured Series I Bonds issued at 8.5% p.a. in January 2021. The coupon is paid semi-annually. The proceeds from the Series I Bonds will support the Bank’s SME and Retail Banking Businesses as well as its Information and Technology Infrastructure”

**33.6** The amount of N48614.67 billion of represent the Amortised cost the short term liability with Rand Merchant Bank. ($50m) as at 30 Septemer 2024 at an Interest rate of 9.97% .

**33.7** The amount of N52,962.90 billion represent the Amortised cost of the short term liability with FMDQ. (N40.006bn) as at 28 June 2024 and Citi Bank (N12.92bn) at an Interest rate of 25% and 27.5% respectively to mature July 2024 .

**33.8** The amount of36,119.56 billion (31 Dec 2023: N20,285.62 billion) represents the amortised cost of a N20 billion of wholesale borrowing from Development Bank of Nigeria, to mature 27th April, 2024 at an interest rate of 10% per annum. Interest is paid semi-annually, with principal repayment after 1 year moratorium period, effective 27th October 2022 to maturity. The borrowing is an unsecured borrowing

**33.9** The amount of N13,966.37 billion represents the amortised cost of a $23 million wholesale borrowing from Bank One Mauritius, to mature 1 July 2024 at an interest rate of 10.22% ($15m) and 9.72% ($8m) per annum repectively. Interest is paid semi-annually, with principal repayment at maturity. The borrowing is an unsecured borrowing.

**34 Share Capital**

| | Group 30 September 2024 N'million | Group 31 December 2023 N'million | Bank 30 September 2024 N'million | Bank 31 December 2023 N'million |
|---|---|---|---|---|
| 32 billion ordinary shares of 50k each (2023: 32 billion ordinary shares) | 16,000 | 16,000 | 16,000 | 16,000 |

**35 Other Equity Accounts**

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

**Share Premium**

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

**Retained Earnings**

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

**36 Cash Flows Generated from Operations**

| | Notes | Group 30 September 2024 N'million | Group 30 September 2023 N'million | Bank 30 September 2,024 N'million | Bank 30 September 2023 N'million |
|---|---|---|---|---|---|
| Profit before income tax | | 281,414 | 110,992 | 284,143 | 110,992 |
| Adjustments for: | | | | | |
| – Depreciation and amortisation | 14 | 7,380 | 5,030 | 6,750 | 5,030 |
| – Profit/(Loss) on disposal of property, plant and equipment | 11 | -51 | -48 | (51) | (48) |
| – Net foreign exchange | 36a | 359,055 | 112,477 | 359,451 | 112,477 |
| – Net gains from financial assets at fair value through profit or loss | 12 | (34,990) | -19,197 | 34,990 | (19,197) |
| – Increase in Provisions | 32 | 84 | 773 | -6,784 | 773 |
| – Credit loss expense | 8 | 48,250 | 32,182 | 47,767 | 32,182 |
| – Impairment charge / reversal on other assets | 8 | | 0 | - | - |
| – Dividend income | 11 | (741) | -2,018 | -741 | (2,018) |
| – Gain on debt instruments measured at FVOCI reclassified from equity | 17 | 6,876 | -1,027 | 6,876 | (1,027) |
| – Net interest income | SOCI | (470,490) | -194,957 | -459,789 | (194,957) |
| | | | - | - | - |
| | | **196,789** | **44,208** | **272,613** | **44,208** |
| **Changes in operating assets** | | | | | |
| – Net changes in Cash and balances with the Central Bank (restricted cash) | 20 | (205,497) | -120,324 | -205,497 | (120,324) |
| – Loans and advances to customers | 22 | (976,854) | -456,335 | -1,010,885 | (456,335) |
| – Financial assets held for trading | 23 | 8,759 | -6,034 | 8,759 | (6,034) |
| – Other assets | 29 | 368,109 | -207,022 | 366,566 | (207,022) |
| **Changes in operating liabilities** | | | | | |
| – Deposits from customers | 30 | 1,983,204 | 857,137 | 1,792,987 | 857,137 |
| – Other liabilities | 31 | 560,535 | 217,129 | 573,663 | 217,129 |
| **Cash flows from/(used in) operations** | | **1,935,045** | **328,760** | **1,798,206** | **328,760** |