FBNHoldings

Empowering Futures

FBN Holdings Plc

2023 Financial Statements

PREMIUM BOARD LISTED

Directors and Advisors

Directors	
Olufemi Otedola, CON	Non-Executive Director (Group Chairman)
Nnamdi Okonkwo	Group Managing Director
Oyewale Ariyibi	Executive Director
Abiodun Oluwole Fatade	Non-Executive Director
Alimi Abdul-Razaq	Independent Non-Executive
Peter Aliogo	Independent Non-Executive
Kofo Dosekun	Independent Non-Executive Director
Julius B. Omodayo-Owotuga	Non-Executive Director
AG. Company Secretary	
	Adewale Arogundade
Registered Office	
	Samuel Asabia House
	35 Marina
	Lagos
Auditor	
	KPMG Professional Services
	KPMG Tower, Bishop Aboyade Cole Street,
	Victoria Island, Lagos
	Telephone: +234 271 8955
	Website: www.kpmg.com/ng
Registrar	
	Meristem Registrars & Probate Services Limited
	213 Herbert Macaulay Way
	Yaba
	Lagos
Bankers	
	First Bank Nigeria Limited
	35 Marina
	Lagos
	FBNQuest Merchant Bank Limited
	2, Broad Street
	Lagos
Tax Identification Number	
	15562790-0001
RC Number	
	916455

Statement of Directors' Responsibilities in Relation to the Seperate and Consolidated Financial Statements

The Directors accept responsibility for the preparation of the annual Separate and Consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 and for such internal control as the directors determine is necessary to enable the preparation of seperate and consolidated financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made assessment of the Group and Company's ability to continue as a going concern and have no reason to believe that the Group and Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Olufemi Otedola, CON Group Chairman FRC/2013/IODN/00000002426 25 April 2024	**Nnamdi Okonkwo** Group Managing Director FRC/2014/ICA/00000006963 25 April 2024

Statement of Corporate Responsibility for the Separate and Consolidated Financial Statements

for the year ended 31 December 2023

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/CEO and Chief financial Officer, hereby certify the separate and consolidated financial statements of the FBNHoldings for the year ended 31 December 2023 as follows:

i. That we have reviewed the audited separate and consolidated financial statements of the Company and its Subsidiaries for the year ended 31 December 2023.

ii. That the audited separate and consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

iii. That the audited separate and consolidated financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company and its Subsidiaries as of and for, the year ended 31 December 2023.

iv. That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to us by other officers of the companies, during the year end 31 December 2023

v. That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weakness.

vi. That we have disclosed the following information to the Group's Auditors and Audit Committee:

(a) Significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise and report financial data, and have identified for the Group's auditors any material weaknesses in internal controls, and

(b) There is no fraud that involves management or other employees who have a significant role in the Group's internal control.

Nnamdi Okonkwo
Group Managing Director
FRC/2014/ICA/00000006963
25 April 2024

Oyewale Ariyibi
Executive Director/CFO
FRC/2013/ICAN/00000001251
25 April 2024

Statement of Compliance with Nigerian Exchange (NGX) Listing Rules on Securities Trading Policy

In line with Section 14.4 of the Nigerian Exchange (NGX) Amendments to the Listing Rules (Rules), we wish to state that we have adopted a code of conduct regarding securities transactions by our directors and it is in line with the required standard set out in the Rules.

The FBN Holdings Plc.'s Securities Trading Policy (Policy) is embedded in the Board-approved Group Disclosure Policy and having made specific enquiry of all our directors regarding compliance with the Policy, we hereby confirm to the best of our knowledge that our Board of Directors are in compliance with our Securities Trading Policy and the provisions of the Rules on Securities Trading.

Ⓟ Otedola

Olufemi Otedola, CON
Group Chairman
FRC/2013/IODN/00000002426
25 April 2024

Adewale Arogundade
Ag. Company Secretary
FRC/2014/NBA/00000006810
25 April 2024

Report of the Audit Committee

In compliance with Section 404 of the Companies and Allied Matters Act 2020, we have reviewed the Audit Report for the year ended 31 December 2023, and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion.

2. The accounting and reporting policies of the Company conformed to statutory requirements and agreed ethical practices.

3. The internal control was being constantly and effectively monitored.

4. The external auditor's management report received satisfactory response from Management.

5. The Committee reviewed the Audit Report on insider-related party transactions and is satisfied with their status as required by Central Bank of Nigeria (CBN).

Dated April 25, 2024

Mr. Kashimawo Taiwo
Chairman, Audit Committee
FRC/2013/ICAN/00000002890

Members of the Committee
Mr. Kashimawo Taiwo, FCA
Mr. Vitalis Anyiam
Mrs. Hauwa Umar, FCA
Dr (Sir) Peter Aliogo Mr. Khalifa Imam

Independent Auditor's Report

for the year ended 31 December 2023

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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To the Shareholders of FBN Holdings Plc

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the separate and consolidated financial statements of FBN Holdings Plc ("the Company") and its subsidiaries (together, "the Group"), which comprise:

- The separate and consolidated statements of financial position as at 31 December 2023;
- The separate and consolidated statements of profit or loss;
- The separate and consolidated statements of other comprehensive income;
- The separate and consolidated statements of changes in equity;
- The separate and consolidated statements of cash flows for the year then ended; and
- The notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company and its subsidiaries as at 31 December 2023, and of its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate and consolidated financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

A. **Expected Credit Loss (ECL) Allowance on Loans and advances to customers**

The ECL allowance of loans and advances to customers is considered to be of most significance in the audit due to the level of subjectivity inherent in estimating the key assumptions that impact the recoverability of loan balances in arriving at the level of impairment allowance required.

The Group uses an Expected Credit Loss (ECL) model to determine the impairment allowance for loans and advances to customers. The determination of impairment allowance using the ECL model is inherently a significant area for the Group and requires the application of certain judgements, assumptions and estimates of financial indices. These indices are estimated from historical financial data obtained within and outside the Group.

The Group's ECL model includes certain judgements and assumptions in determining the impairment allowances of loan and advances comprising the:

- Determination of default;
- Assessment of significant increase in credit risk (SICR);
- Incorporation of forward-looking information based on the economic scenarios within the model;
- Determination of the 12 month and lifetime probability of default (PD) used in the ECL model;
- Determination of the Exposure at Default (EAD) based on the discounted future cash flows at the reporting date; and rate of recovery on the loans that are past due and in default;
- Credit Conversion Factor (CCF) applied in modelling the EAD for undrawn commitments; and
- Estimation of the Loss Given Default (LGD) based on collateral values and other cash flows.

Our audit procedures in this area included the following:

- We evaluated the design and implementation of the key controls over the impairment determination process such as the Group's review of ECL allowance on loans and advances to customers and review of relevant data elements used in the calculation of expected credit losses including evaluation of ECL impairment computation.
- We assessed the Group's default definition and other qualitative default indicators by agreeing it to the requirements of the relevant accounting standards.
- We tested the appropriateness of the Group's determination of SICR, defaults and the resultant classification of loans into stages on a sample basis by evaluating customer files for the terms of the loans and account statements for due and unpaid obligations
- Assisted by our Financial Risk Management specialists, we agreed the key data and assumptions inputted into the ECL model used by the Group:
    - We challenged the appropriateness and reasonableness of the ECL methodology by considering whether it reflects unbiased and probability weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money, reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

Independent Auditor's Report
for the year ended 31 December 2023

- For forward looking assumptions comprising Gross Domestic Product (GDP) growth rate, crude oil price, foreign exchange rate and year-on-year inflation rate used, we corroborated the Group's assumptions using publicly available information from external sources and assessed for appropriateness in the Group's circumstances;

- We evaluated the appropriateness of the basis of determining Exposure at Default, including the contractual cash flows, outstanding loan balance, loan repayment type, loan tenor and effective interest rate by agreeing them to source documents and performing a recomputation on a sample basis;

- We assessed the CCF applied in modelling the EAD for undrawn commitments by evaluating the Bank's computation is consistent with the portfolio segmentation;

- For PD used in the ECL calculation, we inspected the model used for its calculation and assessed the completeness and accuracy of the data used for default and non-default categories for corporate and retail loans;

- We evaluated the calculation of the LGD used by the Group in the ECL calculations, including the appropriateness of the use of collateral, by recomputing the LGD, cashflow validation and assessing the haircuts applied by the Group on the recoverability of collateral considering the current economic conditions. On a sample basis, we challenged the valuation of collaterals applied in the ECL computations by evaluating the competence of the valuers, and assessing the market value of the collaterals to other independent publicly available information;

- We assessed how the Group has treated restructured loans based on changes to cashflow characteristic of customers and the related impact on staging and SICR, to evaluate consistency with the requirements of the relevant accounting standards;

- We independently re-performed the calculation of impairment allowance for loans and advances using the Group's impairment model.

The Group's accounting policy on impairment, related disclosures on credit risk and significant accounting judgements, estimates and assumptions, and note on impairment charge on financial instruments are shown in notes 2.9.1(e), 3, 5, and 9 respectively.

B. Valuation of Derivatives

The Group's derivative instruments comprise foreign currency swaps and foreign exchange forward contracts, which are used to manage foreign exchange risk. Estimating the fair value of the derivative instrument is a complex valuation methodology involving multiple inputs including discount rates, foreign exchange rates, earning yields, adjustments and other estimates. Consequently, we have determined the valuation of derivatives to be a key audit matter.

Our audit procedures in this area included the following:

- We evaluated the design, implementation and operating effectiveness of key controls over the inputs used in determining the Group's valuation of derivative instruments.

- We inspected derivative contracts on a sample basis to substantiate the terms of the respective transactions.

- Assisted by our Valuation specialist, we performed the following procedures:

  - Evaluate the appropriateness of the methodology and assumptions used by the Group including correlation factors, volatilities in determining fair value and accounting for the derivative positions to assess whether the valuation model used by the Group was in line with acceptable market practice.

- Inspected the inputs used in the valuation model such as discount rates, forward exchange rates and yields by obtaining quoted rates and compared these rates to the mark-to-market rates; and

- Independently developed a range estimate of the fair value of the derivatives assets and liabilities.

The Group's accounting policy on derivative instruments and relevant financial risk disclosures are shown in Notes 2.9, 3, 5 and 23 respectively.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors and Advisors, Director's report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility, Statement of Compliance with the Nigerian Exchange Listing Rules on Securities Trading Policy, Report of the Audit Committee and Other National disclosures which we obtain prior to the date of the auditor's report, but does not include the separate and consolidated financial statements and our auditor's report thereon.

Other information also includes the Strategic reports, Corporate responsibility and Sustainability reports, Governance reports, Risk overview reports and Shareholder information together the "Outstanding Reports" which are expected to be made available to us after that date.

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

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

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

When we read the Outstanding Reports, if we conclude that there is a misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of separate and consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report
for the year ended 31 December 2023

KPMG

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

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

ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.

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

Compliance with Section 26 (3) of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circular BSD/1/2004

i. The Group paid penalties in respect of contravention of the Banks and Other Financial Institutions Act, 2020 during the year ended 31 December 2023. Details of penalties paid are disclosed in Note 46 to the separate and consolidated financial statements.

ii. Related party transactions and balances are disclosed in Note 44 to the separate and consolidated financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Company and Group's internal control over financial reporting as of 31 December 2023. The work performed was done in accordance with ISAE 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We issued a separate report dated 23 May 2024 on the assessment of the Company and Group's internal control over financial reporting.

Kabir O. Okunlola,
FCA FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
23 May 2024
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0567693

Separate and Consolidated Statement of Profit or Loss

for the year ended 31 December 2023

	Note	Group 31 December 2023 ₦'millions	Group 31 December 2022 ₦'millions	Company 31 December 2023 ₦'millions	Company 31 December 2022 ₦'millions
Continuing operations					
Interest income	7	**960,328**	551,937	**3,379**	2,088
Interest expense	8	**(411,415)**	(188,688)	**(6)**	(3)
Net interest income		**548,913**	363,249	**3,373**	2,085
Impairment charge on financial instruments	9	**(227,418)**	(68,619)	**-**	-
Net interest income after impairment charge for losses		**321,495**	294,630	**3,373**	2,085
Fee and commission income	10a	**226,454**	143,981	**-**	-
Fee and commission expense	10b	**(33,256)**	(26,012)	**-**	-
Net Fee and commission income		**193,198**	117,969	**-**	-
Foreign exchange (loss)/gain	11	**(332,787)**	32,430	**787**	38
Net gains/(losses) on sale of investment securities	12	**34,848**	22,425	**(50)**	-
Net gains/(losses) from financial instruments at FVTPL	13	**680,620**	38,648	**(379)**	264
Dividend income	14	**5,742**	3,166	**17,160**	19,871
Other operating income	15	**19,230**	22,404	**123**	2,024
Personnel expenses	16	**(179,090)**	(117,376)	**(2,194)**	(1,884)
Depreciation of property and equipment	30	**(29,480)**	(20,982)	**(326)**	(225)
Amortisation of intangible assets	31	**(13,869)**	(7,068)	**-**	-
Operating expenses	17	**(341,852)**	(228,519)	**(3,302)**	(2,690)
Operating profit		**358,055**	157,727	**15,192**	19,483
Share of profit of associates	27ii	**820**	175	**-**	-
Profit before income tax and minimum tax		**358,875**	157,902	**15,192**	19,483
Minimum tax	18a(ii)	**(8,282)**	(3,362)	**(21)**	(22)
Profit before income tax		**350,593**	154,540	**15,171**	19,461
Income tax expense	18a(ii)	**(40,111)**	(18,229)	**(1)**	(1)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**310,482**	136,311	**15,170**	19,460
Discontinued operations					
Loss for the year from discontinued operations	29	**(112)**	(138)	**-**	-
PROFIT FOR THE YEAR		**310,370**	136,173	**15,170**	19,460
Profit attributable to:					
Owners of the parent		**308,203**	134,403	**15,170**	19,460
Non-controlling interests		**2,167**	1,770	**-**	-
		310,370	136,173	**15,170**	19,460
Earnings per share for profit attributable to owners of the parent					
Basic/diluted earnings per share (kobo):	49				
From continuing operations		**859**	375	**42**	54
From discontinued operations		**-**	-	**-**	-
From profit for the year		**859**	375	**42**	54

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

Separate and Consolidated Statement of other Comprehensive Income

for the year ended 31 December 2023

	Note	Group		Company	
		31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
PROFIT FOR THE YEAR		**310,370**	136,173	**15,170**	19,460
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Movement in fair value reserves (FVOCI debt instruments):					
-Net changes in fair value		**27,636**	(5,503)	**185**	(126)
-Net reclassified gains/(loss) to profit or loss		**5,239**	(3,839)	**-**	-
Share of other comprehensive income of associates	27ii	**-**	1	**-**	-
Foreign operations- foreign currency translation differences		**299,368**	(18,755)	**-**	-
Items that will not be reclassified to profit or loss					
Equity investments at FVTOCI- net changes in fair value		**168,463**	20,443	**-**	-
Remeasurement of defined benefit pension scheme	37	**(1,409)**	(72)	**-**	-
Effects of hyperinflation		**(43,851)**	-	**-**	-
Related taxes	32	**3,411**	-	**-**	-
Other comprehensive income/(loss) for the year		**458,857**	(7,725)	**185**	(126)
COMPREHENSIVE INCOME FOR THE YEAR		**769,227**	128,448	**15,355**	19,334
Comprehensive income attributable to:					
Owners of the parent		**752,896**	126,741	**15,355**	19,334
Non-controlling interests		**16,331**	1,707	**-**	-
		769,227	128,448	**15,355**	19,334
Total comprehensive income attributable to owners of the parent arises from:					
Continuing operations		**752,958**	126,817	**15,355**	19,334
Discontinued operations		**(62)**	(76)	**-**	-
		752,896	126,741	**15,355**	19,334

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

Separate and Consolidated Statement of Financial Position

as at 31 December 2023

	Note	Group		Company	
		31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
ASSETS					
Cash and balances with central banks	19	2,572,363	1,790,863	-	-
Loans and advances to banks	21	2,053,230	1,223,061	16,523	18,331
Loans and advances to customers	22	6,359,294	3,789,061	269	39
Financial assets at fair value through profit or loss	23	748,785	278,466	504	1,601
Investment securities	24	2,797,620	2,321,885	6,959	3,963
Asset pledged as collateral	25	1,519,094	595,171	-	-
Other assets	26	600,927	373,130	17,661	19,032
Investments in associates accounted for using the equity method	27	2,005	1,185	-	-
Investment in subsidiaries	28	-	-	262,671	262,671
Property and equipment	30	161,677	125,167	948	718
Intangible assets	31	33,557	15,859	-	-
Deferred tax assets	32	55,895	30,909	-	-
		16,904,447	10,544,757	305,535	306,355
Assets held for sale	29	33,237	32,953	-	-
Total assets		16,937,684	10,577,710	305,535	306,355
LIABILITIES					
Deposits from banks	33	1,803,182	1,055,254	-	-
Deposits from customers	34	10,663,346	7,124,086	-	-
Financial liabilities at fair value through profit or loss	23b (i)	143,470	38,384	-	-
Current tax liabilities	18b	52,662	27,901	29	29
Other liabilities	35	1,261,833	652,554	19,041	17,269
Borrowings	36	1,250,827	675,440	-	-
Retirement benefit obligations	37	8,036	5,699	-	-
Deferred tax liabilities	32	5,524	868	-	-
		15,188,880	9,580,186	19,070	17,298
Liabilities held for sale	29	1,783	1,783	-	-
Total liabilities		15,190,663	9,581,969	19,070	17,298
EQUITY					
Share capital	38	17,948	17,948	17,948	17,948
Share premium	39	233,392	233,392	233,392	233,392
Retained earnings	39	588,967	397,709	36,614	39,391
Statutory reserve	39	211,935	156,553	-	-
Capital reserve	39	-	-	10	10
Small scale investment reserve	39	6,076	6,076	-	-
Fair value reserve	39	300,888	98,060	(1,499)	(1,684)
Regulatory risk reserve	39	20,501	20,224	-	-
Foreign currency translation reserve	39	338,871	53,667	-	-
		1,718,578	983,629	286,465	289,057
Non-controlling interests	40	28,443	12,112	-	-
Total equity		1,747,021	995,741	286,465	289,057
Total equity and liabilities		16,937,684	10,577,710	305,535	306,355

The separate and consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 April 2024 and signed on its behalf by:

Olufemi Otedola, CON
Group Chairman
FRC/2013/IODN/00000002426

Nnamdi Okonkwo
Group Managing Director
FRC/2014/ICA/00000006963

Oyewale Ariyibi
Executive Director/CFO
FRC/2013/ICAN/00000001251

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

Separate Statement of Changes in Equity

for the year ended 31 December 2023

	Attributable to equity holders of the parent					
	Share capital ₦'millions	Share premium ₦'millions	Retained earnings ₦'millions	Capital reserve ₦'millions	Fair value reserve ₦'millions	Total ₦'millions
Balance at 1 January 2022	17,948	233,392	32,494	10	(1,558)	282,286
Profit for the year	-	-	19,460	-	-	19,460
Other comprehensive income						
Fair value movements on financial assets	-	-	-	-	(126)	(126)
Total comprehensive income	-	-	19,460	-	(126)	19,334
Transactions with owners						
Dividends	-	-	(12,563)	-	-	(12,563)
Total transactions with Owners	-	-	(12,563)	-	-	(12,563)
At 31 December 2022	17,948	233,392	39,391	10	(1,684)	289,057
Balance at 1 January 2023	17,948	233,392	39,391	10	(1,684)	289,057
Profit for the year	-	-	15,170	-	-	15,170
Other comprehensive income						
Fair value movements on financial assets	-	-	-	-	185	185
Total comprehensive income	-	-	15,170	-	185	15,355
Transactions with owners						
Dividends	-	-	(17,947)	-	-	(17,947)
Total transactions with Owners	-	-	(17,947)	-	-	(17,947)
At 31 December 2023	17,948	233,392	36,614	10	(1,499)	286,465

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

	Attributable to equity holders of the parent											
	Share capital ₦'millions	Share premium ₦'millions	Retained earnings ₦'millions	Capital reserve ₦'millions	Statutory reserve ₦'millions	Small scale investments reserve ₦'millions	Fair value reserve ₦'millions	Regulatory risk reserve ₦'millions	Foreign currency translation reserve ₦'millions	Total ₦'millions	Non-controlling interest ₦'millions	Total equity ₦'millions
Balance at 1 January 2022	17,948	233,392	311,877	1,223	135,372	6,076	87,964	3,240	72,359	869,451	10,405	879,856
Profit for the year	-	-	134,403	-	-	-	-	-	-	134,403	1,770	136,173
Other comprehensive income												
Foreign operations- foreign currency translation differences	-	-	-	-	-	-	-	-	(18,692)	(18,692)	(63)	(18,755)
Fair value movements on financial assets	-	-	-	-	-	-	11,101	-	-	11,101	-	11,101
Remeasurement of defined benefit pension scheme	-	-	(72)	-	-	-	-	-	-	(72)	-	(72)
Share of OCI of associates, net of tax	-	-	-	-	-	-	1	-	-	1	-	1
Total comprehensive income	-	-	134,331	-	-	-	11,102	-	(18,692)	126,741	1,707	128,448
Transactions with owners										-		
Dividends	-	-	(12,563)	-	-	-	-	-	-	(12,563)	-	(12,563)
Transfer between reserves	-	-	(35,936)	(1,223)	21,181	-	(1,006)	16,984	-	-	-	-
Total transactions with Owners	-	-	(48,499)	(1,223)	21,181	-	(1,006)	16,984	-	(12,563)	-	(12,563)
At 31 December 2022	17,948	233,392	397,709	-	156,553	6,076	98,060	20,224	53,667	983,629	12,112	995,741
Balance at 1 January 2023	17,948	233,392	397,709	-	156,553	6,076	98,060	20,224	53,667	983,629	12,112	995,741
Profit for the year	-	-	308,203	-	-	-	-	-	-	308,203	2,167	310,370
Other comprehensive income												
Foreign operations- foreign currency translation differences	-	-	-	-	-	-	-	-	285,204	285,204	14,164	299,368
Net changes in fair value	-	-	-	-	-	-	27,636	-	-	27,636	-	27,636
Net reclassified (loss)/ gains to profit or loss	-	-	-	-	-	-	5,239	-	-	5,239	-	5,239
Equity investments at FVTOCI- net changes in fair value	-	-	-	-	-	-	168,463	-	-	168,463	-	168,463
Effects of hyperinflation	-	-	(43,851)	-	-	-	-	-	-	(43,851)		(43,851)
Remeasurement of defined benefit pension scheme	-	-	(1,409)	-	-	-	-	-	-	(1,409)	-	(1,409)
Related taxes	-	-	3,411	-	-	-				3,411		3,411
Total comprehensive income	-	-	266,354	-	-	-	201,338	-	285,204	752,896	16,331	769,227
Transactions with owners												
Dividends	-	-	(17,947)		-	-	-	-	-	(17,947)	-	(17,947)
Transfer between reserves	-	-	(57,149)	-	55,382	-	1,490	277	-	-	-	-
Total transactions with Owners	-	-	(75,096)	-	55,382	-	1,490	277	-	(17,947)	-	(17,947)
At 31 December 2023	17,948	233,392	588,967	-	211,935	6,076	300,888	20,501	338,871	1,718,578	28,443	1,747,021

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

Separate and Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Note	Group 31 December 2023 ₦'millions	Group 31 December 2022 ₦'millions	Company 31 December 2023 ₦'millions	Company 31 December 2022 ₦'millions
Operating activities					
Cash flow from/ (used in) operations	41	**253,373**	228,268	**(3,397)**	(1,821)
Income taxes paid	18b	**(31,458)**	(13,053)	**-**	-
Interest received	41b(xii)	**1,270,348**	414,267	**3,447**	2,209
Interest paid	41b(xiii)	**(329,120)**	(161,707)	**-**	-
Net cash flow from operating activities		**1,163,143**	467,775	**50**	388
Investing activities					
Purchase of investment securities	41b(v)	**(1,462,185)**	(1,528,187)	**(3,602)**	-
Proceeds from the sale of investment securities	41b(xvii)	**1,213,682**	1,267,250	**1,103**	-
Dividends received	41b(xiv)	**5,742**	3,166	**18,780**	14,531
Purchase of property and equipment	30	**(43,637)**	(30,758)	**(584)**	(643)
Purchase of intangible assets	31	**(32,081)**	(6,676)	**-**	-
Proceeds on disposal of property and equipment	41b(xi)	**1,407**	2,059	**35**	103
Net cash flow (used in)/ from investing activities		**(317,072)**	(293,146)	**15,732**	13,991
Financing activities					
Dividend paid	48	**(17,947)**	(12,563)	**(17,947)**	(12,563)
Proceeds from new borrowings	36	**661,908**	266,837	**-**	-
Repayment of borrowings	36	**(676,475)**	(24,129)	**-**	-
Principal element of lease payments	30	**(2,827)**	(3,241)	**-**	-
Net cash flow from/ (used in) financing activities		**(35,341)**	226,904	**(17,947)**	(12,563)
Increase/ (decrease) in cash and cash equivalents		**810,730**	401,533	**(2,165)**	1,816
Cash and cash equivalents at 1 January		**1,862,451**	1,454,461	**18,331**	16,477
Effect of exchange rate fluctuations on cash held	20	**9,405**	6,457	**357**	38
Cash and cash equivalents at 31 December	20	**2,682,586**	1,862,451	**16,523**	18,331

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2023

1 General information

These are the consolidated and separate financial statements of FBN Holdings Plc. (the Company), and its subsidiaries (hereafter referred to as 'the Group'). The Registered office address of the Company is at 35 Marina, Samuel Asabia House, Lagos, Nigeria.

The principal activities of the Group are mainly the provision of commercial banking services, investment banking services, and provision of other financial services and corporate banking.

The separate and consolidated financial statements for the year ended 31 December 2023 were approved and authorised for issue by the Board of Directors on 25 April 2024.

2 Basis of accounting

The Group's separate and consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board (IFRS Accounting Standards).

The separate and consolidated financial statements comprise the separate and consolidated statement of profit or loss, separate and consolidated statement of comprehensive income, separate and consolidated statement of financial position, the separate and consolidated statement of changes in equity, separate and consolidated statement of cash flows and the related notes for the Group and the Company.

The separate and consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, modified to include fair valuation of particular financial instruments, to the extent required or permitted under IFRS accounting standards as set out in the relevant accounting policies.

The preparation of the separate and consolidated financial statements in conformity with IFRS accounting standards requires the use of certain critical accounting estimates. It also requires Directors to exercise judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed.

The Directors believe that the underlying assumptions are appropriate and that the separate and consolidated 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 separate and consolidated financial statements, are disclosed in Note 5.

2.1 Basis of measurement

The separate and consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention except the following:

- Derivative financial instruments which are measured at fair value.
- Financial assets measured at fair value through Profit or Loss
- Financial assets measured at fair value through other comprehensive income
- The liability for defined benefit obligations is recognised as the present value of the defined benefit obligation less the fair value of the plan assets.
- The plan assets for defined benefit obligations are measured at fair value.
- Loans and receivables are measured at amortised cost.
- Balances for entities in hyper-inflation economies.
- Non-current assets held for sale measured at lower of carrying amount and fair value less costs to sell.

2.2 Changes in material accounting policy and disclosures

The Group has consistently applied the accounting policies set out in Note 2.3 - 2.25 to all periods presented in these separate and consolidated financial statements. A number of other new standards are also effective from 1 January 2023. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

(i) Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

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

This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

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

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

(ii) Material accounting policy information

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 2.3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments

2.2.1 New standards, interpretations and amendments to existing standards that are not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, except as stated in note 2.1, the Group and Bank have not yet adopted the new and amended standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

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

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

* What is meant by a right to defer settlement.

* That a right to defer must exist at the end of the reporting period.

* That classification is unaffected by the likelihood that an entity will exercise its deferral right.

* That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Board also added two new paragraphs (Paragraph 76A and 76B) to IAS1 to clarify what is meant by "settlement" of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity. The amendment is not expected to have any material impact on the Group.

- **Lease Liability in a Sale and Leaseback (Amendments to IFRS Standards 16)**

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

However, the requirements do not prevent the seller-lessee from recognizing any gain or loss arising from the partial or full terminaton of a lease.

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

- **Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7)**

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

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. The amendment is not expected to have any material impact on the Group.

2.3 Material accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated and separate financial statements, except if mentioned otherwise. In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies themselves.

2.3.1 Basis of consolidation

a. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see 2.3b).

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Group of similar identifiable assets.

The 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 recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contigent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within the equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

b. Subsidiaries

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 entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of controls. 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 until the date on which control ceases.

c. Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

d. Changes in ownership interests in subsidiaries without change of control.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

e. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss or transferred directly to retained earnings amounts recognised in OCI in relation to the subsidiary on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any interest retained in the former subsidiary is measured at fair value when control is lost.

f. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

g. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates is measured at cost in the separate financial statements of the investor. Investments in associates are accounted for using the equity method of accounting in the Consolidated financial statements of the Group. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement.

h. Investment entities

Some of the entities within the Group are investment entities. Equity investments held by these entities in the investee companies are recognised in the statement of financial position at fair value through profit or loss even though the Group may have significant influence over those companies. This treatment is permitted by IAS 28, Investment in associates, which allows investments that are held by Investment Entities to be recognised and measured as at fair value through profit or loss and accounted for in accordance with IFRS 9 and IFRS 13, with changes in fair value recognised in the income statement in the period of the change.

When an entity ceases to be an investment entity, the Group applies IFRS 3 to any subsidiary that was previously measured at fair value through profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. All transactions between business segments are conducted at arm's length, with inter-segment revenue and expenditure eliminated at the Group. Income and expenses directly associated with each segment is included in determining the segment's performance.

2.5 Common control transactions

A business combination involving entities or businesses under common control is excluded from the scope of IFRS 3 Business Combinations. The exemption is applicable where the combining entities or businesses are controlled by the same party both before and after the combination. Where such transactions occur, the Group, in accordance with IAS 8, uses its judgment in developing and applying an accounting policy that is relevant. In making this judgment, directors consider the requirements of IFRS dealing with similar and related issues and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework.

Directors also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS standards or interpretation.

Accordingly, the Group's policy is that the assets and liabilities of the business transferred are measured at their existing book value in the consolidated financial statements of the parent, as measured under IFRS. The Company incorporates the results of the acquired businesses only from the date on which the business combination occurs.

2.6 Foreign currency translation

a. Functional and presentation currency

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

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

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re- measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income (FVOCI) are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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

c. Foreign operations

The results and financial position of all the Group entities which have functional currency different from the Group's presentation currency, are translated into the Group's presentation currency as follows:

- Assets and liabilities of each foreign operation are translated at the rates of exchange ruling at the reporting date;
- Income and expenses of each foreign operation are translated at the average exchange rate for the period, unless this average is not a reasonable approximation of the rate prevailing on transaction date, in which case income and expenses are translated at the exchange rate ruling at transaction date; and
- All resulting exchange differences are recognised in other comprehensive income.

d. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate . Exchange differences arising are recognised in other comprehensive income.

e. Hyperinflationary Accounting - Subsidiaries in hyperinflationary economies

The financials of the subsidiaries whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit at the end of the reporting period following the historic cost approach. However, as the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the index in the current year.

The carrying amounts of non-monetary assets and liabilities of the subsidiaries are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred. On initial application of hyperinflation, prior year gains and losses are recognised directly in equity. However, the gains or losses on the net monetary position for the current year are recognised in profit or loss.

At the beginning of the first year of application, the subsidiaries' components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position. At the end of the first year and in subsequent years, all components of equity are restated by applying a general price index from the beginning of the year or the date of contribution, if later. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

2.7 Income tax expense

a. Current income tax

Current income tax consists of Company Income Tax, Education tax, National Information Technology Development Agency levy (NITDA) and Nigeria Police Trust Fund (PTF) levy. Company Income tax is assessed at 30% statutory rate of total profit whereas Education tax is computed as 2.5% of assessable profit, NITDA levy is a 1% levy on Profit Before Tax of the Bank, NASENI levy is computed as 0.25% of Profit Before Taxand PTF levy is 0.005% of the net profit (defined as profit after tax) of the Bank. The PTF levy is charged on the net profit of the company for the year and therefore falls within the scope of IAS 12 which deals with taxes levied on a net rather than on a gross amount. Current tax also includes any tax arising from dividends.

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity.

In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on equity instruments for which the entity has elected to present gains and losses in other comprehensive income). It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and has recognised the related expenses in 'other expenses'.

The Bank is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax. Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, is not presented as part of income tax expense in the profit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), the minimum tax charge is recognised in the profit or loss presented above the income tax line as Minimum tax.

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

b Deferred tax

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

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred 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 tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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

Deferred tax assets and liabilities are only offset when they arise in the same tax reporting Group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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

2.8 Inventories

Inventories include stock of consumables.

Stock of consumables

Stock of consumables comprises materials to be consumed in the process of rendering services as well as accessories held for subsequent issuance to customers. They are measured at lower cost and net realisable value. Cost comprises the cost of purchase and other costs incurred in bringing the items of stock to their present location and condition. Net realisable value is the estimated issuance price. When items of stock are issued to customers, their carrying amount is recognised as an expense in the period in which the relevant revenue is recognised.

2.9 Repossessed collaterals

In certain circumstances, property may be repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less cost to sell and reported within 'Other asset'.

2.10 Financial assets and liabilities

In accordance with IFRS 9, all financial assets and liabilities – which include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

Initial Recognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. The Group uses settlement date accounting for regular-way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, as described in note 3.2.11, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day-one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs or realized through settlement.

2.10.1 Financial assets

Classification and measurement

The Group classifies its debt financial assets in the following measurement categories:

- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL)
- Amortised Cost

The Group classifies its equity financial assets in the following measurement categories:

- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Business Model Assessment

Business Model assessment involves determining whether financial assets are held to collect the contractual cashflows (rather than sell the instrument prior to its contractual maturity to realise its fair value changes).

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- Investment strategy for holding or selling the assets
- Past experience on how cash flows for these assets were collected.
- How the asset's performance is evaluated and reported to key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model for each portfolio of financial assets are to be categorized into one of the following models:

- **Hold-to-collect contractual cash flows:** Financial assets held with the sole objective of collecting contractual cashflows;
- **Hold-to-collect contractual cash flows and sell:** Financial assets held with the objective to both collect contractual cash flows and sell;
- **Fair value through profit or loss (FVTPL) business model:** Financial assets held with neither of the objectives mentioned in the two categories above. They are basically financial assets held with the sole objective to trade and realize fair value changes.

Cash flow characteristics assessment

The assessment aims to identify whether the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement.

The SPPI test is based on the premise that it is only when the variability in the contractual cash flows arises to maintain the holder's return in line with a 'basic lending arrangement' that the application of the effective interest method provides useful information.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset due to repayments. Thus the principal is not the legal amount due under the contractual terms of an instrument. This definition allows assets acquired at a discount or premium pass the SPPI test.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

a. Financial assets measured at amortised cost

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

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Interest income'.

A financial asset qualifies for amortised cost measurement only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. If a financial asset does not meet both of these conditions, then it is measured at fair value.

b. Financial assets measured at FVOCI

A debt instrument shall be measured at FVOCI if both of the following conditions are met and is not designated as at FVTPL:

- The asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets;

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains and losses are recognised in OCI within a separate component of equity, except for the following items, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- Interest revenue using the effective interest method;

- Expected credit losses and reversals; and

- Foreign exchange gains and losses.

When the debt instrument is disposed of or derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains or (losses)".

c. Financial assets measured at FVTPL

A debt instrument that is not measured at amortised cost or at FVOCI must be measured at FVTPL. These would include debt instruments that are held for trading and those that have been designated as fair value through profit or loss at initial recognition. Gains and losses both on subsequent measurement and derecognition are recognised in profit or loss and reported as "Net gains or (losses)" in the period in which it arose.

A debt instrument that is not measured at amortised cost or at FVOCI must be measured at FVTPL. These would include debt instruments that are held for trading and those that have been designated as fair value through profit or loss at initial recognition. Gains and losses both on subsequent measurement and derecognition are recognised in profit or loss and reported as "Net gains or (losses)" in the period in which it arose.

The Group may irrevocably designate a debt instrument as measured at FVTPL on initial recognition only if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch'). Such mismatches would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

d. Equity Instruments

Equity investments are measured at FVTPL. However, on initial recognition, the Group can make an irrevocable election to measure an equity investment at FVOCI. This option only applies to instruments that are neither held for trading nor contingent consideration, recognised by an acquirer in a business combination to which IFRS 3 applies.

For equities measured at FVOCI, fair value gains and losses on the equity remeasurements are recognised in OCI. However, dividends are recognised in profit or loss unless they clearly represent a repayment of part of the cost of the investment.

The amounts recognised in OCI are never reclassified from equity to profit or loss.

e. Impairment of Financial Assets

The Group recognises expected credit losses ("ECL") on a forward-looking basis for its financial assets measured at amortised cost, lease receivables, debt instrument at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss.

No impairment is recognised on equity investments. This is because the fair value changes would incorporate impairment gains or losses if any.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by a range of possible outcomes;
- The 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.

f. Modification and renegotiation of financial assets

Where the terms of a financial asset are modified, the Group assesses whether the new terms are substantially different to the original terms. If the terms are substantially different, the Group derecognises the original financial assets and recognises a new asset at fair value and recalculates the effective interest rate.

Any difference between the amortised cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortised cost'.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in the 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 as part of the impairment charge for the year.

g. Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

(i) The Group transfers substantially all the risks and rewards of ownership, or

(ii) The Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

h. Reclassifications

Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which Group changes its business model for managing financial assets, the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. The reclassification should be applied prospectively from the 'reclassification date', which is defined as, 'the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets'. Accordingly, any previously recognised gains, losses or interest should not be restated.

i. Derivative financial instruments

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

j. Embedded derivatives

Hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and measured at fair value with gains and losses being recognised in the income statement.

2.10.2 Financial liabilities

Financial liabilities are classified into one of the following measurement categories:

- Fair value through profit or loss (FVTPL)
- Amortised cost

a. Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are measured at FVTPL when they are designated as such on initial recognition using the fair value option or when they meet the definition of held for trading i.e.

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking;
- Or it is a derivative [except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

For financial liabilities designated as at FVTPL using the fair value option, the element of gains or losses attributable to changes in the Group's own credit risk is recognised in OCI, with the remainder recognised in profit or loss. The movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spread above observable market interest rates. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

However, if presentation of the fair value change in respect of the liability's credit risk in OCI creates or enlarges an accounting mismatch in profit or loss, gains and losses must be entirely presented in profit or loss. To determine whether the treatment would create or enlarge an accounting mismatch, the Group assesses whether it expects the effect of the change in the liability's credit risk to be offset in profit or loss by a change in fair value of another financial instrument, such as when the fair value of an asset is linked to the fair value of the liability. If such a mismatch does arise, the Group will be required to present all fair value changes of the liability in profit or loss.

b. Financial liabilities at amortised cost

Financial liabilities not held at FVTPL are subsequently measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised costs are deposits from banks or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

c. Derecognition of financial liabilities

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, are 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 changes 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.

2.10.3 Determination of fair value

Fair value is defined as 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. For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, the Nigerian Exchange Group (NGX) and broker quotes from Bloomberg and Reuters.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the date of the statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted securities (including those with embedded derivatives) and other instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The impact on other comprehensive income of financial instrument valuations reflecting non-market observable inputs (level 3 valuations) is disclosed in Note 3.6. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

Based on the established fair value model governance policies, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments. The estimated fair value of loans and advances represents an estimation of the value of the loans using average benchmarked lending rates which were adjusted for specific entity risks based on history of losses.

The Group makes transfers between levels of fair value hierarchy when reliable market information becomes available (such as an active market or observable market input) to the Group. This transfer is done on the date in which the market information becomes available.

2.10.4 Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Revenue recognition

a. Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within ‘interest income’ and ‘interest expense’ 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 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 Group 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.

The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(b) Financial assets that are not ‘POCI’ but have subsequently become credit-impaired (or ‘stage 3’), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

When the Group 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.

b. Fees and commission income

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. For other fees and commission income, it is the Group’s policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Revenue is recognised when control of goods or services has been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset.

Credit-related fees: This includes advisory and commitment fees. These are fees charged for administration and advisory services to the customer up to the customer's acceptance of the offer letter. The advisory and commitment fees are earned at the point in time where the customer accepts the offer letter which is when the Group recognises its income. These fees are not integral to the loan, therefore, they are not considered in determining the effective interest rate.

Letter of credit and commission fees: This represents commission earned on Letter of credit contracts initiated at the request of the customers. The nature of this income is such that the performance obligation is the execution of customer's instruction: a direct payment is made on behalf of our customers to the beneficiary (as stated by our customer) when goods/services are received; or, a payment is made to the stated beneficiary only when our customer cannot fulfill its obligation. Income earned on letter of credit contracts is satisfied at a point in time. This is because revenue is recognised only when payments have been received by the intended beneficiary.

Electronic banking fees: Electronic banking fees relate to fees & commissions charged by the banking subsidiaries on electronic transactions carried out by its customers e.g. USSD income, Agency banking commission. The nature of this income is such that the performance obligation of the group is the provision of the platform for the execution of the transactions. Income is earned when these transactions have been successfully executed on these platforms. Income from electronic banking is satisfied at a 'point in time.

Money transfer commission: This represents commission earned on local & foreign money transfers initiated by the Group's customers. The nature of this income is such that the performance obligation of the Group is the delivery of transferred monies to the intended beneficiaries. Income on money transfers is satisfied at a "point in time". This is because commission is recognised only when the transferred sums have been delivered to their intended recipients.

Commission on Bonds and Guarantees: This represents commission earned on bond and guarantees contracts. It includes commissions earned on advanced payment guarantees, performance bonds, bid bonds etc. This fee is earned over the tenor of the bond and guarantee.

Funds transfer and intermediation fees: This is principally made of commission on collections. The Group acts as a collecting agent for corporate bodies or government organisations; thus, earns commissions on these collection services. The Group's performance obligation is the collection of funds on behalf of the customer. Income from funds transfer and intermediation is satisfied at a point in time as the commissioned earned is deducted & recognised when remitting these funds to the respective customer.

Account maintenance fees: This represents the fee charged by banking subsidiaries within the Group on current accounts maintained by customers. This fee is charged with respect to customer induced debit transactions to third parties as well as debit transfers/lodgements to customer's account in another bank. This was introduced by the CBN to replace COT which was abolished by the regulator in 2016. The performance obligation required from the Group in the maintenance/safe keeping of the customers' fund. Income earned from account maintenance is satisfied at a 'point in time.

Brokerage and intermediation fees: This represents fees charged by the Group in order to execute transactions or provide specialized services as requested by customers. Such transaction/services include execution of primary & secondary market transaction on behalf of customers. Income from brokerage and intermediation services are satisfied at a point in time as they are earned and recognised when such services have been executed on behalf of customers.

Custodian fees: This represents commission earned by the Group while rendering custodian services to its customers. This custodian services are to a large extent the safe keeping of financial assets. Income earned on custodian services are earned at a point in time.

Trust fee income:This represents income earned from the Group's trustee services. Income earned on trustee services are earned at a point in time.

c. **Dividend income:** Dividend income is recognised when the right to receive income is established. This income is earned at a point in time.

d. **Other operating income:** This largely comprises of income made from private banking services, profit on sale of plant and equipment, gain on sale of properties,recoveries from previously written off loan and other exceptional income. These income are earned at a point in time

2.12 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, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units).

The impairment test also can 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 indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

2.13 Discontinued operations

The Group presents discontinued operations in a separate line in the income statement if an entity or a component of an entity has been disposed or is classified as held for sale and:

i. Represents a separate major line of business or geographical area of operations;

ii. Is a part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

iii. Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

Non-current assets (or disposal Groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

Investment property classified as non-current asset held for sale are measured at fair value, gain or loss arising from a change in the fair value of investment property is recognised in income statement for the period in which it arises.

2.14 Collateral

The Group obtains collateral where appropriate, from customers to manage their credit risk exposure to the customer. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future customers in the event that the customer defaults.

The Group may also use other credit instruments, such as stock borrowing contracts, and derivative contracts in order to reduce their credit risk.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recorded as interest expense or interest income respectively.

2.15 Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- The Group has the right to operate the asset; or
- The Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group primarily leases buildings for use as office spaces for branch operations, quick service points (QSPs) and residential use, land for use as car parks and off-site ATM locations, and printers for office equipment.

Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. On renewal of a lease, the terms may be renegotiated and the lease terms range from 1 year to 25 years.

The lease agreements do not impose any covenants - however, leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group has elected to separate lease and non-lease components and treat them accordingly.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Leases in which the Group is a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease Liabilities

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

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

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

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

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

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The balance of the lease liability is included in Other Liabilities in the separate and consolidated statements of financial position (See Note 35).

Right of use assets

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

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

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

The Group presents right-of-use assets in 'property and equipment' in the separate and consolidated statements of financial position (See Note 30 (a)).

Short-term leases and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than ₦1 million when new,e.g., small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term. The Group has applied the low-value lease exemption for leases of printers as they are less than ₦1 million when new.

Extension and termination options

Extension and termination options are included in all of the Group's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension options are subject to mutual agreement by the Group and the lessors and some of the termination options held are exercisable only by the Group.

The Group 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.

(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 which allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

2.16 Property and Equipment

Initial Recognition and Measurement

All property and equipment used by the parent or its subsidiaries is stated at historical cost less depreciation less accumulated impairment losses. 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.

Depreciation

Land 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:

Asset Class	Depreciation rate
Improvement & buildings	2%
Motor Vehicles	25%
Office Equipment	20%
Computer Equipment	33.33%
Plant and Equipment	20%
Furniture, fittings & equipment	20%
Right-of-use Assets	Lower of lease term or the useful life for the specificed class of item

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

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

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

When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life. No depreciation is provided on freehold land, although, in common with all long-lived assets, it is subject to impairment testing, if deemed appropriate.

Work in Progress represents costs incurred on the assets that are not available for use. On becoming available for use, the related amounts are transferred to the appropriate category of property and equipment.

Derecognition

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

2.17 Intangible assets

a. Goodwill

Goodwill arises on the acquisition of subsidiaries and associates, and represents the excess of the cost of acquisition, over the fair value of the Group's share of the assets acquired, and the liabilities and contingent liabilities assumed on the date of the acquisition.

For the purpose of calculating goodwill, fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. This discounting is either performed using market rates or by using risk-free rates and risk-adjusted expected future cash flows. Goodwill is initially recognised as an asset at cost and subsequently measured at cost less accumulated impairment losses, if any. Goodwill which is recognised as an asset is reviewed at least annually for impairment. Any impairment loss is immediately recognised in profit or loss.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit that is expected to derive benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill on acquisitions of associates is included in the amount of the investment.

Gains and losses on the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

b. Computer software

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

i. It is technically feasible to complete the software product so that it will be available for use;

ii. Management intends to complete the software product and use or sell it;

iii. There is an ability to use or sell the software product;

iv. It can be demonstrated how the software product will generate probable future economic benefits;

v. Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

vi. The expenditure attributable to the software product during its development can be reliably measured.

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

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis over a period of 3 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation methods, useful lives and residual values are reviewed at each financial period-end and adjusted if appropriate.

c. Derecognition

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

2.18 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months of 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 exclude restricted balances with central banks.

2.19 Employee benefits

(i) Post-employment benefits

The Group has both defined benefit and defined contribution plans

a. Defined contribution plan

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

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company and all entities within the Group make contributions in line with relevant pension laws in their jurisdiction. In Nigeria, the Company contributes 16.5% of each employee's monthly emoluments (as defined by the Pension Act 2014) to the employee's Retirement Savings Account. The Act stipulates a minimum contribution of 10%.

b. Defined benefit plan

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Federal government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Remeasurement gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in income.

(ii) Short-term benefits

Short-term benefits consist of salaries, accumulated leave allowances, bonuses and other non-monetary benefits. Short-term benefits are measured on an undiscounted basis and are expensed as the related services provided.

A liability is recognised for the amount expected to be paid under short-term cash benefits such as accumulated leave and leave allowances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

2.20 Provisions

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

When a leasehold property ceases to be used in the business or a demonstrable commitment has been made to cease to use a property where the costs exceed the benefits of the property, provision is made, where the unavoidable costs of the future obligations relating to the lease are expected to exceed anticipated rental income and other benefits. The net costs are discounted using market rates of interest to reflect the long-term nature of the cash flows.

Provision is made for the anticipated cost of restructuring, including redundancy costs when an obligation exists. An obligation exists when the Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by starting to implement the plan or announcing its main features. The provision raised is normally utilised within nine months.

Provision is made for undrawn loan commitments and similar facilities if it is probable that the facility will be drawn and result in the recognition of an asset at an amount less than the amount advanced.

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

2.21 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these consolidated and separate financial statements, as they are not assets of the Group.

2.22 Issued debt and equity securities

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

2.23 Share capital

a. Share issue costs

Incremental costs directly attributable to the issue of new shares or options 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 shareholders.

Dividends for the year 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 consolidated and separate financial statements in accordance with the requirements of the Company and Allied Matters Act 2020.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

c. Earnings per share

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

d. Treasury shares

Where the Company or other members of the Group purchase the Company's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in the shareholders' equity.

e. Regulatory Risk Reserve

In compliance with the Prudential Guidelines for licensed Banks, the Group assesses qualifying financial assets using the guidance under the Prudential Guidelines. The guidelines apply objective and subjective criteria towards providing for losses in risk assets. Assets are classed as performing or non-performing. Non-performing assets are further classed as Substandard, Doubtful or Lost with attendant provisions as per the table below based on objective criteria.

Classification	Percentage	Basis
Substandard	10%	Interest and/or principal overdue by 90 days but less than 180 days
Doubtful	50%	Interest and/or principal overdue by 180 days but less than 365 days
Lost	100%	Interest and/or principal overdue by more than 365 days

A more accelerated provision may be done using the subjective criteria. A general provision is taken on all risk assets that are not specifically provisioned, including facilities with covid 19 and other related restructuring.

The results of the application of Prudential Guidelines and the impairment determined for these assets under IFRS 9 are compared. The IFRS 9 determined impairment charge is always included in the income statement.

Where the Prudential Guidelines provision is greater, the difference is appropriated from Retained Earnings and included in a non-distributable reserve "Statutory credit reserve". Where the IFRS 9 impairment is greater, no appropriation is made and the amount of the IFRS 9 impairment is recognised in income statement.

Following an examination, the regulator may also require more amounts be set aside on risk and other assets. Such additional amounts are recognised as an appropriation from retained earnings to statutory risk reserve.

2.24 Financial guarantees

Financial guarantees are contracts that requires the Group to make specific payments to reimburse the holder of a loss it incurs because a specific debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at the fair value, and the initial fair value is amortised over the life of the financial guarantee. The guaranteee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guaranteee has become probable).

3. Financial risk management

3.1 Introduction and overview

Effective risk management is fundamental to the business activities of the Group. At FBNHoldings, we promote a culture where risk management is everyone's business from board level down to risk owners and units across the Group.

Our approach to risk is supported by a robust Enterprise Risk Management framework (ERM) and a strong risk culture to identify, measure, monitor and control risks thereby promoting accountability at all levels across the Group. Objectives of the ERM framework are communicated through risk policies and standards which are intended to provide consistent design and execution of strategies across the organisation.

The risks arising from financial instruments to which the Group is exposed are financial risks, which includes Credit risk, Liquidity risk and Market risk. Other material risks impacting activities of the Group include, Operational, Legal, Compliance, Strategic, Reputational, Information security, Environmental and Social risk.

3.1.1 Risk Management Philosophy

The key elements of the risk management philosophy are the following:

- The Group considers sound risk management to be the foundation of a long-lasting financial institution.
- The Group continues to adopt a holistic and integrated approach to risk management and, therefore, brings all risks together under one or a limited number of oversight functions.
- Risk officers are empowered to perform their duties professionally and independently without undue interference.
- Risk management is governed by well-defined policies that are clearly communicated across the Group.
- Risk management is a shared responsibility. Therefore, the Group aims to build a shared perspective on risks that is grounded in consensus.
- The Group's risk management governance structure is clearly defined.
- There is a clear segregation of duties between market-facing business units and risk management functions.
- Risk-related issues are taken into consideration in all business decisions. The Group shall continue to strive to maintain a conservative balance between risk and revenue considerations.
- Risk officers work as allies and thought partners to other stakeholders within and outside the Group and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties
- Risks are reported openly and fully to the appropriate levels once they are identified; and
- All subsidiaries are guided by the principles enshrined in the risk management policies of the Group.

3.1.2 Risk Appetite

Risk appetite is the level and type of risk the Group is willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders.

Risk appetite is generally expressed through quantitative and qualitative means and considers extreme conditions, events and outcomes. In addition, risk appetite reflects potential impact on earnings, capital and funding / liquidity. The Group's risk appetite is the amount of risk its willing to accept to align with and support our financial and strategic objectives, relative to our risk capacity to assume losses.

Risk Appetite Statement (RAS)

Our RAS is the expression of the maximum level of risk we would take across the major risks facing our business and accept in the pursuit of our strategic objectives. The Group would accept moderate risk in every activity it undertakes to achieve these strategic objectives by declaring its willingness to accept moderate risks related to each key value driver.

Risk Tolerance

This refers to the quantitative thresholds that allocate the Group's risk appetite to specific risk types, business units, products, customer segments, and other levels. Certain risk tolerances are policy limits that shall not be exceeded except under extraordinary circumstances (hard limits), while other risk tolerances are guideposts or trigger points for risk reviews and mitigation (soft limits).

Whereas risk appetite is a strategic determination based on long-term objectives, risk tolerance is a tactical readiness to bear a specific risk within established parameters.

Enterprise-wide strategic risk appetite is thus translated into specific tactical risk tolerances that constrain risk-acceptance activities at the business level. Risk tolerances are the parameters within which a Group (or business unit or function) must operate to achieve its risk appetite.

Once established, these parameters are communicated downward throughout the Group to give clear guidelines to every stakeholder and to provide feedback when they are exceeded.

3.1.3 Risk Management Framework

The risk management framework of the Group consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposures in a consistent and effective manner across the Group.

With an increasing focus on consistency and transparency, the Group regularly assesses and enhances its risk management framework to ensure it is fit-for purpose.

The Group's framework for management of enterprise risk specifically covers:

- Governance and oversight of the overall risk management framework.
- Risk appetite statement and risk appetite measurements.
- Policies, procedures, controls and systems through which risk is identified and managed.
- Oversight, control, assurance and delegation of authorities for each type of risk.
- Monitoring and reporting of the risk profile against risk appetite.
- Control and correction of the risk profile should it deviate from risk appetite.
- Reassessment of risk appetite and/or the Group's strategy in the light of changes in the business.

The Board of Directors has overall responsibility for the establishment of the Group's Risk Management framework and exercises its oversight function through its various committees. These committees are responsible for developing and monitoring risk policies in their specific areas and report regularly to the Board of Directors. The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Group.

3.1.4 Risk Governance Structure, Roles and Responsibilities

The Group addresses the challenge of risks by applying leading practices that are supported by a robust governance structure consisting of board level and executive management committees.

The Group adopts the 'three-pronged line of defense' model to underpin its approach to strong risk management principles. Through this model, the Group monitors, manages and mitigates its material risks on a Group-wide basis. Risk governance is maintained through delegation of authority from the board, down to management hierarchy, supported by committee structure both at the board level and at management level.

The delegation of risk management responsibilities across the Group is structured to ensure that decisions are enacted at the most appropriate level, in line with business objectives, subject to robust and effective review. Strategic business decisions are taken within a Board-approved risk appetite with the executive and risk committees closely monitoring risk profiles against this appetite.

RISK GOVERNANCE FRAMEWORK

FIRST LINE OF DEFENCE	SECOND LINE OF DEFENCE	THIRD LINE OF DEFENCE
Daily risk management, monitoring and high level oversight	Risk oversight and challenges, policies and methodologies.	Independent assurance of risk management
Business units and risk-takers	• Risk Committees • Chief Risk Officers, Heads of Risk across the Group • Risk Management function	• Audit Committee • Internal Audit • External Audit • Regulators • External Assessors

a. First Line of Defence - Risk Management and Ownership

The primary responsibilities and objectives of the first line of defence include:

- Managing risks/implementing actions to manage and treat risks at transaction level;
- Implementing risk management processes on an ongoing basis as changes occur with business mix, systems, or regulatory and other requirements;
- Executing risk assessments and identifying emerging risks at the transaction/business case level.

b. Second Line of Defence - Risk Oversight

The main objective of the second line of defence is to provide oversight of the execution of the frontline controls. The second line of defence is responsible for monitoring the internal controls that have been designed with the following main responsibilities:

- Establishing risk management policies and processes;
- Strategically linking the controls of risk enterprise-wide;

- Providing guidance and coordination among all monitoring participants (risk management, compliance and legal divisions);
- Identifying enterprise trends, synergies and opportunities for change;
- Initiating change, integrating and making new monitoring processes operational; and
- Oversight over key risks.

c. Third Line of Defence - Risk Assurance

The third line of defence is responsible for assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of Group's overall risk management framework, policy and risk plan implementation.

It provides independent perspectives on the overall control framework and tests the adequacy of the controls design and effectiveness. The main duties of this line of defense include:

- Performing periodic reviews based on a rationalized and systematized approach that allows for risk assessment and governance reporting;
- Providing oversight on the risk management process;
- Reporting to the executive management committee, the audit committee and the board of directors on the state of the control environment and gaps in the controls or monitoring environment;

Board Audit & Risk Assessment Committee evaluates the processes for identifying, assessing, monitoring and managing key risk areas; it also evaluates the adequacy of the group's risk management systems and control environment.

Management Committee is responsible for formulating policies, monitoring implementation of risk policies, reviewing risk reports for presentation to the Board/Board committees, and Implementing Board decisions across the Group.

3.2 Credit risk

Credit risk is the single largest risk for the Group's business therefore, prominence is placed on effective management of credit risk.

Credit risk is defined as the potential that a borrower or counter party will fail to meet obligations in accordance with agreed terms. It is also defined as the possibility of losses associated with diminution in the credit quality of borrowers or counter-parties.

Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities. It can also arise from credit enhancement provided such as financial guarantees, letters of credit, endorsements and acceptances.

The Risk Management function of each subsidiary has specific and overall responsibility for facilitating risk asset creation and exposure management processes across the Group.

3.2.1 Management of Credit Risk

The Credit Risk Policy Manual is the primary reference document for creating and managing credit risk exposures. The manual outlines the general policies and procedures, frameworks for credit risk management across the subsidiaries and incorporates provisions for marketing, risk analysis, approval, administration, monitoring and reporting of risk exposures.

The Credit Risk Management Policy Manual is designed to:

- Standardize credit policies, give employees clear and consistent direction for the creation of risk exposures across all asset creating business units;
- Provide a comprehensive guide and framework in creating and managing risk assets;
- Ensure prompt identification of problem credits and prudent management of decline in credit quality;
- Outline the requirements for administration and reporting of individual exposures and the overall risk asset portfolio; and
- Provide a framework for the on-going maintenance of the risk management policies and processes.

Credit risk management policies and procedures are articulated by the Risk Management function of each subsidiary.

3.2.2 Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and counterparty are set by the Board of Directors on the recommendation of the Chief Risk Officer.

(a) Portfolio limits

In line with the Group's credit policy, a detailed portfolio plan is prepared annually and provides a framework for creation of credits and risk appetite development. In drawing up the plan, the Group reviews macro-economic, regulatory and political factors, identifies sectors/industries with opportunity as well as the Group's business targets to determine appropriate portfolio and sub-portfolio limits.

The Group's Portfolio limit includes:

- Maintain aggregate large exposure of not more than 400% of shareholders' funds.
- Maintain minimum weighted average obligor risk rating (obligor-WARR) of 'Ba2'
- Maintain minimum weighted average facility risk rating (facility-WARR) of 'Ba2'
- The Group adopts industry/economic sector limits on its loan portfolio, in line with the following policies:
- The Group would strive to limit its exposure to any single industry to not more than 20% of its loan portfolio and such industry must be rated 'Baa3' or better.
- No more than 15% of the Group's portfolio would be in any industry rated 'Ba3' or worse.
- No more than 10% of the Group's portfolio in any single industry rated 'B3' or worse

(b) Geographical limits

Presently, the Group's exposures outside Nigeria are taken by its subsidiaries in the United Kingdom and other African countries, which operate within country limits defined by their Boards of Directors. In addition, the Group has a fully developed country risk rating system that could be employed, should the need arise. In such eventuality, limits will be graduated on country risk rating.

(c) Single obligor limits

The Group as a matter of policy does not lend above the regulatory lending limit in each of the jurisdiction in which it operates. Internal guidance limits are also set to create a prudent buffer.

For all retail borrowers, limits are kept low and graduated with credit scoring, forecast cash flow and realizable value of collateral. The Group shall apply the granularity criterion on its retail credit portfolio:

- No single retail loan should amount to more than 0.2% of total retail portfolio.

The Group also sets internal credit approval limits for various levels in the credit process.

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Group demand. Exposure to credit risk is also managed through regular analysis of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

3.2.3 Collateral held as security to mitigate credit risk

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

Collateral values are assessed by a professional at the time of loan origination and are thereafter monitored in accordance with the provisions of the credit policy. The principal collateral types for loans and advances are:

- Cash/Treasury bill/Government securities
- Legal Mortgage over residential properties, business real estates in prime locations
- Charge over business fixed and floating assets as well as inventory
- Guarantee from acceptable corporates
- Equitable Mortgage on real estates in prime locations
- Negative Pledge

- Domiciliation of receivables from acceptable corporates.

Debt securities, treasury and other eligible bills are generally unsecured, except for asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. For exposures to corporate and large institutions, the Group will often require the collateral to include a first charge over land and buildings owned and occupied by the business, a mortgage debenture over the Company's undertaking on one or more of its assets and keyman insurance.

No loan allowance is recognised for the portion of the Group's financial assets which are fully collateralized by cash in the same currency in accordance with the Group's expected credit loss model. The carrying amount of such financial assets is ₦952.82 billion as at 31 December 2023 (2022: ₦372.55 bn).

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 Group since the prior period.

The Group takes physical possession of properties or other assets held as collateral and uses external agents to realise the value as soon as practicable to settle indebtedness. Any surplus funds realised from such disposal are returned to the borrower or are otherwise dealt with in accordance with appropriate regulations. The assets in such cases are not carried on the Group's balance sheet.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. The repossessed assets are sold as soon as practicable, with proceeds realised from the sale used to reduce the outstanding indebtedness of the customers. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

GROUP December 2023	Gross Exposure ₦'millions	Impairment Allowance ₦'millions	Carrying Amount ₦'millions	Fair value of Collateral held ₦'millions
Credit-Impaired assets				
Retail portfolio				
- Overdrafts	1,165	(812)	353	955
- Credit cards	173	(34)	139	-
- Term loans	5,200	(1,128)	4,072	275
- Mortgages	1,284	(145)	1,139	18
Corporate portfolio			0	
- Overdrafts	5,871	(3,276)	2,595	758
- Term loans	185,441	(53,850)	131,591	556,708
- Project Finance	122,782	(68,006)	54,776	14,574
Total Credit Impaired Assets	321,916	(127,251)	194,665	573,288

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

GROUP December 2022	Gross Exposure ₦'millions	Impairment Allowance ₦'millions	Carrying Amount ₦'millions	Fair value of Collateral held ₦'millions
Credit-Impaired assets				
Retail portfolio				
- Overdrafts	1,107	(906)	201	107
- Credit cards	78	(16)	63	-
- Term loans	2,209	(683)	1,552	119
- Mortgages	1,159	(140)	1,019	120
Corporate portfolio	-	-	-	-
- Overdrafts	25,176	(13,001)	12,175	8,087
- Term loans	86,611	(25,348)	78,074	197,704
- Project Finance	74,234	(40,964)	33,288	2,093
Total Credit Impaired Assets	190,574	(81,058)	126,372	208,230

3.2.4 Exposure Management

To minimise the risk and occurrence of losses as a result of decline in quality and non-performance of risk assets, clear requirements and guidelines for on-going management of the risk asset portfolio and individual risk exposures are defined. On-going exposure management entails collateral management, facility performance monitoring, exposure quality reviews, prompt and timely identification of decline in quality and risk portfolio reporting.

3.2.5 Delinquency Management/Loan Workout

The Group's delinquency management process involves effective and timely management of accounts showing signs of delinquency to reduce the crystallisation of impairment loss. In line with the Group's delinquency management process, all activities are geared towards resuscitating delinquent loans and includes restructuring and loan work-out arrangements.

3.2.6 Credit Recovery

In the event of continued delinquency and failure of remediation, full credit recovery action is initiated to recover on such exposures and minimise the overall credit loss to the Group. Recovery action may include appointment of a receiver manager, external recovery agent and/or sale of pledged assets.

3.2.7 Write Off

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) 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.The outstanding contractual amounts of such assets written off during the year ended 31 December 2023 was ₦53.12bn (December 2022: ₦41.96 bn). The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

3.2.8 Modification of financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer to notes 1.2.1.1(iv) and (v) above). The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for three consecutive months or more (for non-specialised assets) and six consecutive months or more (for specialised assets) .

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

3.2.9 Governance structure around the ECL model

The governance around ECL model centers on oversight functions of primary stakeholders. Oversight function is provided over the following:

i. Obligor ratings

ii. Loss Given Default

iii. Derivation of Credit Conversion Factor (CCF), Exposure at Default (EAD), scenarios and the use of forward looking estimates. Data utilised in deriving these estimates are sourced from credible sources. However, a team of IT experts still carry out periodic checks for system vulnerability, performance and deficiency.

Overall, review of completeness and accuracy is jointly carried out by credit risk team, internal control on regular basis and by internal audit periodically.

3.2.10 Grouping of instruments for losses measured on collective basis

To estimate credit losses for retail portfolio, the Group adopts a model which groups loans with similar or homogeneous characteristics together and this is mainly based on the product types. Products are segmented into four broad categories namely Credit Cards, Mortgages, Term loans and Overdrafts.

Models for Probability of default and loss given default are built in line with the segmentation and the output provide PD and LGD for each of the product categories while EAD is applied at individual level.

PD for each product category is calculated as the ratio of the loans which have defaulted to the total count of the loans in the product group while LGD is estimated based on account balances, recoveries and collateral cover. The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

3.2.11 Credit risk measurement

In measuring credit risk of financial assets (loans and advances to customers and to banks, Investment securities and loan commitments) at a counterparty level, the Group reflects on the following components:

- The character and capacity of the client to pay or counterparty to meet its contractual obligations;
- Current exposures to the counterparty and its likely future development;
- Credit history of the counterparty; and
- The likely recovery ratio in case of default obligations – value of collateral and other ways out.

Obligor Risk Rating

The Group has a robust internal rating system it leverages on to determine credit worthiness of its borrowers and likelihood of default.

The obligor risk rating grids is based on a 21-master rating scale mapped into 9 buckets to provide a pre-set objective basis for making credit decisions and estimating expected credit loss (ECL) in line with IFRS 9 requirements.

The rating adopted depends on the outcome of quantitative and qualitative factors considered on the customer and reflects the inherent risks associated with each customer.

The rating tools are reviewed and upgraded when necessary. The Group regularly validates the performance of the rating tools and their predictive powers regarding default events.

Each risk bucket may be denoted alphabetically and by range of scores as follows:

Description	Scale Rating			Grade
Highest quality, with minimal credit risk	Aaa	Aaa	1	Investment Grade
High quality, subject to very low credit risk	Aa1	Aa	2	
	Aa2		3	
	Aa3		4	
Considered upper-medium and may possess certain speculative characteristics	A1	A	5	
	A2		6	
	A3		7	
Considered medium-grade and may possess certain speculative characteristics	Baa1	Baa	8	
	Baa2		9	
	Baa3		10	
Considered to have speculative elements and are subject to substantial credit risk	Ba1	Ba	11	Non Investment Grade
	Ba2		12	
	Ba3		13	
Considered speculative and are subject to high credit risk	B1	B	14	
	B2		15	
	B3		16	
Considered to be of poor standing and are subject to very high credit risk	Caa1	Caa	17	
	Caa2		18	
	Caa3		19	
In or near default, with possibility of recovery	Ca	Ca	20	
In default with little chance of recovery	C	C	21	

3.2.12 Expected Credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition and are summarised below:

- A financial instrument that is not credit-impaired on intial recognition is classified in 'Stage 1' and has the credit risk continously monitored by the Group.
- If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 3.2.11(a) for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer to note 3.2.11(b) for a description of credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured

based on expected credit losses on a lifetime basis. Refer to note 3.2.11(c) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 3.2.11(d) includes an explanation of how the Group has incorporated this in its ECL models.

- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on inital recognition. Their ECL is always measured on a lifetime basis (Stage 3)

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below.

However, the simplified approach has been adopted for trade receivables and other assets.

a Assessment of significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Corporate portfolio, Investment Securities and Placements with financial institutions

Quantitative Criteria:

This is based on the backstop policy disclosed in the next section. Downward rating migration as at reporting date compared to initial rating at origination that exceeds specified threshold as specified per table below:

Criteria	Number of notches/rating scale considered significant
Rating Notches Downgrade	>= 4
Poor Credit Rating Threshold	>=17
Default	>=20

Migrations to rating scale 17 and above are considered stage 2 while ratings scale 20 and above are considered stage 3. Please refer to Note 3.2.11 on 21 rating scale adopted by the Group.

Qualitative Criteria:

If the borrower is on the watchlist and/or the instrument meets one or more of the following criteria:

i Significant increase in credit spread

ii Significant adverse changes in business, financial and/or economic conditions in which the borrower operates

iii Actual or expected forberance or restructuring

iv Actual or expected significant adverse change in operating results of the borrower

v Significant change in collateral value (secured facilities only) which is expected to increase risk of dafault.

vi Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

Retail Portfolio

Quantitative Criteria:

This is based on the backstop policy disclosed in the next section

Qualitative Criteria:

If the borrower meets one or more of the following criteria:

i In short-term forbearance

ii Significant modification to contractual terms

iii Previous arrears within the last 3 months

iv Negative credit bureau reports

The assessment of SICR incorporates forward-looking information (refer to note 3.2.11(d) for further information) and is performed on a periodic basis at a counterparty level for all financial instruments held by the Group.

Backstop

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, however specialized facilities are considered to have experienced significant increase in credit risk if the borrower is more than 90 days past due on its contractual repayment. Specialized facilities include lending for Project/Object finance and Commercial Real Estate.

The Group has not used the low credit risk exemption for any financial instruments in the year ended 31 December 2023.

b Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments (with the sole exception of specialized lending for project, object and commercial real estate where a borrower is required to be more than 180 days past due to be considered in default).

Qualitative criteria

The following qualitative criteria indicates that a borrower is in significant financial difficulty:

- long-term forbearance
- Deceased borrower
- Insolvency or Bankruptcy
- Breach of financial covenant(s)
- Disappearance of an active market for a financial asset due to financial difficulties
- Concessions made by the lender in relation to the borrower's financial difficulty

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

Cure Criteria

- An exposure will move from stage 2 to 1 where probationary period of 90 days is met subject to all payments being up to date with the customer demonstrating ability to maintain future repayments.
- An Exposure will move from Stage 3 to 2 where probationary period of 180 days is met and there is consistency in repayment of obligations as and when due.

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 example, 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 12M PD associated with a given rating is calibrated to a 12M Point in Time PD (PiT PD) using regression analysis while the lifetime PD is developed by applying a cross section regression model which extends the 12-month PiT PD over a long-time horizon. The cross-sectional analysis incorporates time-variant factors, time-invariant factors and idiosyncratic factors.

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

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower.

- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

  The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales which has embedded cost of recovery, recovery period and haircuts.

- For unsecured products, the Group leverages on a statistical model which estimates recovery rate based on analysis of default data. The model takes in to consideration the credit worthiness and borrowers industry in arriving at the recovery rate.

- LGD's are typically set at product level for retail portfolio and counterparty level for the corporate portfolio, investment securities and placements with financial institutions.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by portfolio/product type. Refer to note 3.2.11(d) for an explanation of forward- looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation such as rating migration for determination of PDs and change in collateral values etc. are monitored and reviewed on a quarterly 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 macro-economic variables impacting credit risk and expected credit losses for its portfolio.

These variables and their associated impact on the PD, EAD and LGD vary by portfolio type; in addition, expert judgment has also been applied in this process.

Forecasts of these macro-economic variables for each of the possible scenarios (upturn, baseline and downturn) are provided by Moody's Analytics economic's team (Groups Vendor) via its platform known as Data Buffet on a quarterly basis. The platform can provide an economic forecast up to 30 years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical cross sectional regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

Weights are assigned to the possible outcome of each scenario based on statistical regression analysis and expert judgement taking account of the range of possible outcomes each chosen scenario is representative of.

The assessment of SICR is determined using rating migration which are linked to the PDs of each scenarios multiplied by the associated scenario weighting, along with qualitative and backstop indicators (see note 3.2.11a). This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

Generally, in economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, hence the actual outcomes may be significantly different to those projected. Therefore, 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.

e Simplified Approach

In determining the ECL for other assets, the Group applies the simplified approach to estimate ECLs, adopting a provision matrix, where the receivables are grouped based on the nature of the transactions, aging of the balances and different historical loss patterns, to determine the lifetime ECLs. The provision matrix estimates ECLs on the basis of historical default rates, adjusted for forward looking estimates e.g. inflation, exchange rates etc.

3.2.13 Economic variable assumptions

The most significant period-end assumptions in the table below is for First Bank Nigeria Limited (FirstBank) as at 31 December 2023. FirstBank contributes 97% of the total Loans and advances to customers of the Group, therefore the table is a representative for the Group

Corporate Portfolio, Investment Securities and Placements with financial institutions

		2024	2025	2026	2027	2028
Gross Domestic Product (₦'billions)	Base	78,983	81,552	84,687	88,743	94,077
	Upturn	80,247	83,290	86,769	91,360	97,821
	Downturn	76,578	77,748	81,835	85,796	90,541
Stock Index Price (₦per share)	Base	68,353	74,086	80,678	87,830	94,899
	Upturn	73,275	80,854	87,771	94,581	101,422
	Downturn	56,389	57,260	66,885	76,826	84,987
Oil price (USD per barrel)	Base	84	77	74	74	74
	Upturn	86	78	74	74	74
	Downturn	66	60	69	72	73

The most significant period-end assumptions used for the ECL estimate as at 31 December 2022 are set out below.

		2023	2024	2025	2026	2027
Gross Domestic Product (₦'billions)	Base	76,833	79,218	82,836	86,813	90,663
	Upturn	77,902	81,073	84,827	89,751	94,497
	Downturn	73,156	75,908	80,330	83,838	87,051
Stock Index Price (₦per share)	Base	44,273	45,356	49,369	52,938	56,067
	Upturn	48,503	49,805	53,399	56,870	59,766
	Downturn	33,792	36,696	42,567	47,041	50,710
Oil price (USD per barrel)	Base	89	75	70	69	70
	Upturn	92	76	70	69	70
	Downturn	72	58	65	67	69

In current year, FirstBank adopted the Gaussian distribution method of probability distribution to determine the weights of each of its selected scenarios. Expert judgement was applied for other entities. The weightings assigned to each economic scenario are as follows:

DECEMBER 2023	Base	Upturn	Downturn
Corporate portfolio, Investment Securities and Placement with financial institutions	45%	33%	22%

DECEMBER 2022	Base	Upturn	Downturn
Corporate portfolio, Investment Securities and Placement with financial institutions	45%	33%	22%

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

3.2.14 Sensitivity analysis on ECL Model

The most significant assumptions affecting the ECL allowance are as follows:

Corporate Portfolios

(i) GDP, given the significant impact on companies' performance and collateral valuations

(ii) Oil price, given its significant impact on Nigerian economy and industry players

(iii) Stock Price Index, given its relevance for evaluating market performance of firms.

The sensitivity analysis has been determined by changing one variable or holding it constant on the x -axis, while changing another variable or holding it constant on the y-axis. Set out below are the changes to the ECL that would result if the economic variable assumptions used to measure ECL remain as expected, as well as if each of the key asumptions used change by plus or minus 10%.

DECEMBER 2023		Oil Price		
Corporate Portfolios		₦'millions (-10%)	₦'millions No change	₦'millions +10%
GDP	+10%	163,259	162,711	157,724
	No Change	169,801	166,256	162,711
	(-10%)	174,788	169,801	163,259

DECEMBER 2022		Oil Price		
Corporate Portfolios		₦'millions (-10%)	₦'millions No change	₦'millions +10%
GDP	+10%	47,705	47,545	46,088
	No Change	49,617	48,581	47,545
	(-10%)	51,074	49,617	47,705

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

3.2.15 Measurement basis of financial assets and liabilities

GROUP

31 December 2023	Fair Value through P/L ₦'millions	Fair Value through OCI ₦'millions	Amortised cost ₦'millions	Total ₦'millions
Financial assets				
Cash and balances with central banks	-	-	2,572,363	2,572,363
Loans and advances to banks	-	-	2,053,230	2,053,230
Loans and advances to customers - Corporate Portfolio:				
- Overdrafts	-	-	753,666	753,666
- Term loans	-	-	4,814,966	4,814,966
- Project finance	-	-	400,036	400,036
Loans and advances to customers - Retail Portfolio:				
- Overdrafts	-	-	44,130	44,130
- Term loans	-	-	210,378	210,378
- Credit cards	-	-	3,027	3,027
- Mortgage	-	-	133,091	133,091
Financial assets at fair value through profit or loss	748,785	-	-	748,785
Investment securities:				
- Investments at FVOCI	-	1,330,161	-	1,330,161
- Investments at amortised cost	-	-	1,467,459	1,467,459
Asset pledged as collateral	-	1,456,183	62,911	1,519,094
Other assets	-	-	472,885	472,885
Total Financial Assets	748,785	2,786,344	12,988,142	16,523,271

31 December 2023	Fair Value through P/L ₦'millions	Amortised cost ₦'millions	Total ₦'millions
Financial liabilities			
Deposits from banks	-	1,803,182	1,803,182
Deposits from customers	-	10,663,346	10,663,346
Financial liabilities at fair value through profit or loss	143,470	-	143,470
Other liabilities	-	1,257,639	1,257,639
Borrowings	-	1,250,827	1,250,827
Total Financial Liabilities	143,470	14,974,994	15,118,464

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

GROUP

31 December 2022	Fair Value through P/L ₦'millions	Fair Value through OCI ₦'millions	Amortised cost ₦'millions	Total ₦'millions
Financial assets				
Cash and balances with central banks	-	-	1,790,863	1,790,863
Loans and advances to banks	-	-	1,223,061	1,223,061
Loans and advances to customers - Corporate Portfolio:				
- Overdrafts	-	-	1,003,552	1,003,552
- Term loans	-	-	2,233,510	2,233,510
- Project finance	-	-	288,920	288,920
Loans and advances to customers - Retail Portfolio:				
- Overdrafts	-	-	45,132	45,132
- Term loans	-	-	165,423	165,423
- Credit cards	-	-	2,790	2,790
- Mortgage	-	-	49,735	49,735
Financial assets at fair value through profit or loss	278,466	-	-	278,466
Investment securities:				-
- Investments at FVOCI	-	1,023,690	-	1,023,690
- Investments at amortised cost	-	-	1,298,195	1,298,195
Asset pledged as collateral	-	495,913	99,258	595,171
Other assets	-	-	272,849	272,849
Total Financial Assets	278,466	1,519,603	8,473,288	10,271,357

31 December 2022	Fair Value through P/L ₦'millions	Amortised cost ₦'millions	Total ₦'millions
Financial liabilities			
Deposits from banks	-	1,055,254	1,055,254
Deposits from customers	-	7,124,086	7,124,086
Financial liabilities at fair value through profit or loss	38,384	-	38,384
Other liabilities	-	649,214	649,214
Borrowings	-	675,440	675,440
Total Financial Liabilities	38,384	9,503,994	9,542,378

3.2.15 Measurement basis of financial assets and liabilities continued

COMPANY

31 December 2023	Fair Value through P/L ₦'millions	Fair Value through OCI ₦'millions	Amortised cost ₦'millions	Total ₦'millions
Financial assets				
Loans and advances to banks	-	-	16,523	16,523
Loans and advances to customers - Retail portfolio				
- Staff loans	-	-	269	269
Financial assets at FVTPL	504	-	-	504
Investment securities:				-
- Investment securities at FVOCI	-	6,959	-	6,959
Other assets	-	-	17,144	17,144
Total Financial Assets	504	6,959	33,936	41,399

31 December 2023	Fair Value through P/L ₦'millions	Amortised cost ₦'millions	Total ₦'millions
Financial liabilities			
Other liabilities	-	19,041	19,041
Total Financial Liabilities	-	19,041	19,041

31 December 2022	Fair Value through P/L ₦'millions	Fair Value through OCI ₦'millions	Amortised cost ₦'millions	Total ₦'millions
Financial assets				
Loans and advances to banks	-	-	18,331	18,331
Loans and advances to customers - Retail portfolio				
- Staff loans	-	-	39	39
Financial assets at FVTPL	1,601	-	-	1,601
Investment securities:				-
- Investment securities at FVOCI	-	3,963	-	3,963
Other assets	-	-	18,772	18,772
Total Financial Assets	1,601	3,963	37,142	42,706

31 December 2023	Fair Value through P/L ₦'millions	Amortised cost ₦'millions	Total ₦'millions
Financial liabilities			
Other liabilities	-	17,269	17,269
Total Financial Liabilities	-	17,269	17,269

3.2.16 Maximum exposure to credit risk before collateral held or credit enhancements

(a) Financial instruments subject to impairment

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 Group's maximum exposure to credit risk on these assets.

GROUP

	Balances with Central Banks 31 December 2023				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	2,412,858	-	-	-	2,412,858
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	2,412,858	-	-	-	2,412,858
Loss allowance	(10,148)	-	-	-	(10,148)
Carrying Amount	2,402,710	-	-	-	2,402,710

	Loans and Advances to Banks 31 December 2023				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	534,094	-	-	-	534,094
Non Investment Grade	1,021,302	-	539,145	-	1,560,447
Gross Carrying Amount	1,555,396	-	539,145	-	2,094,541
Loss allowance	(5,914)	-	(35,397)	-	(41,311)
Carrying Amount	1,549,482	-	503,748	-	2,053,230

	Loans and Advances to Customers - Retail Portfolio 31 December 2023				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	9,003	-	-	-	9,003
Non Investment Grade	375,851	2,325	-	-	378,176
Default	-	-	7,822	-	7,822
Gross Carrying Amount	384,854	2,325	7,822	-	395,001
Loss allowance	(2,066)	(190)	(2,119)	-	(4,375)
Carrying Amount	382,788	2,135	5,703	-	390,626

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

	Loans and Advances to Customers - Corporate Portfolio 31 December 2023				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	771,194	-	-	-	771,194
Non Investment Grade	3,851,839	1,301,705	-	-	5,153,544
Default	-	-	314,094	-	314,094
Gross Carrying Amount	4,623,033	1,301,705	314,094	-	6,238,832
Loss allowance	(13,387)	(131,645)	(125,132)	-	(270,164)
Carrying Amount	4,609,646	1,170,060	188,962	-	5,968,668

	Debt Investment Securities - at FVOCI 31 December 2023				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	806,804	-	-	-	806,804
Non Investment Grade	222,144	-	-	-	222,144
Carrying Amount	1,028,948	-	-	-	1,028,948
Loss allowance	(2,063)	-	-	-	(2,063)
Carrying Amount	1,026,885	-	-	-	1,026,885

	Investment Securities - at Amortised Cost 31 December 2023				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	1,431,721	-	-	-	1,431,721
Non Investment Grade	50,548	-	-	-	50,548
Gross Carrying Amount	1,482,269	-	-	-	1,482,269
Loss allowance	(14,810)	-	-	-	(14,810)
Carrying Amount	1,467,459	-	-	-	1,467,459

	Assets Pledged as Collateral 31 December 2023				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	1,519,094	-	-	-	1,519,094
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	1,519,094	-	-	-	1,519,094
Loss allowance	-	-	-	-	-
Carrying Amount	1,519,094	-	-	-	1,519,094

	Other Assets -Simplified approach 31 December 2023					
	0-30 days	31-60 days	61-180 days	181 -365 days	> 365 days	Total
Receivables	147,678	499	405	306,728	33,512	488,822
Expected Loss rate	0.17%	2.00%	0.49%	1.88%	29.58%	3.26%
ECL	254	10	2	5,757	9,914	15,937

	Balances with Central Banks 31 December 2022				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	1,663,959	-	-	-	1,663,959
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	1,663,959	-	-	-	1,663,959
Loss allowance	-	-	-	-	-
Carrying Amount	1,663,959	-	-	-	1,663,959

	Loans and Advances to Banks 31 December 2022				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	324,024	-	-	-	324,024
Non Investment Grade	903,493	-	-	-	903,493
Gross Carrying Amount	1,227,517	-	-	-	1,227,517
Loss allowance	(4,456)	-	-	-	(4,456)
Carrying Amount	1,223,061	-	-	-	1,223,061

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

	Loans and Advances to Customers - Retail Portfolio 31 December 2022				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	2,894	-	-	-	2,894
Non Investment Grade	257,814	1,287	-	-	259,101
Default	-	-	4,554	-	4,554
Gross Carrying Amount	260,708	1,287	4,554	-	266,549
Loss allowance	(1,655)	(70)	(1,745)	-	(3,470)
Carrying Amount	259,053	1,217	2,809	-	263,079

	Loans and Advances to Customers - Corporate Portfolio 31 December 2022				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	674,223	-	-	-	674,223
Non Investment Grade	2,459,673	348,386	-	-	2,808,059
Default	-	-	180,378	-	180,378
Gross Carrying Amount	3,133,896	348,386	180,378	-	3,662,660
Loss allowance	(9,454)	(47,911)	(79,313)	-	(136,678)
Carrying Amount	3,124,442	300,475	101,065	-	3,525,982

	Debt Investment Securities - at FVOCI 31 December 2023				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	760,263	-	-	-	760,263
Non Investment Grade	112,508	-	-	-	112,508
Carrying Amount	872,771	-	-	-	872,771

	Investment Securities - at Amortised Cost 31 December 2022				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	1,193,137	-	-	-	1,193,137
Non Investment Grade	112,508	-	-	-	112,508
Default	-	-	-	-	-
Gross Carrying Amount	1,305,644	-	-	-	1,305,644
Loss allowance	(7,449)	-	-	-	(7,449)
Carrying Amount	1,298,196	-	-	-	1,298,196

	Assets Pledged as Collateral 31 December 2022				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	595,171	-	-	-	595,171
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	595,171	-	-	-	595,171
Loss allowance	-	-	-	-	-
Carrying Amount	595,171	-	-	-	595,171

	31 December 2022 Total ₦'millions
Other assets	294,486
ECL	(21,638)
Carrying amount	272,849

COMPANY

	Loans and Advances to Banks 31 December 2023				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	**16,523**	-	-	-	**16,523**
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	**16,523**	-	-	-	**16,523**
Loss allowance	-	-	-	-	-
Carrying Amount	**16,523**	-	-	-	**16,523**

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

	Loans and Advances to Customers - Retail Portfolio 31 December 2023				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	-	-	-	-	-
Non Investment Grade	269	-	-	-	269
Gross Carrying Amount	269	-	-	-	269
Loss allowance	-	-	-	-	-
Carrying Amount	269	-	-	-	269

	Debt Investment Securities - at FVOCI 31 December 2023				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	6,959	-	-	-	6,959
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	6,959	-	-	-	6,959
Loss allowance	-	-	-	-	-
Carrying Amount	6,959	-	-	-	6,959

	31 December 2023 Total ₦'millions
Other assets	17,144
ECL	-
Carrying amount	17,144

	Loans and Advances to Banks 31 December 2022				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	18,331	-	-	-	18,331
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	18,331	-	-	-	18,331
Loss allowance	-	-	-	-	-
Carrying Amount	18,331	-	-	-	18,331

	Loans and Advances to Customers - Retail Portfolio 31 December 2022				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	-	-	-	-	-
Non Investment Grade	39	-	-	-	39
Gross Carrying Amount	39	-	-	-	39
Loss allowance	-	-	-	-	-
Carrying Amount	39	-	-	-	39

	Debt Investment Securities - at FVOCI 31 December 2022				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit Grade					
Investment grade	3,963	-	-	-	3,963
Non Investment Grade	-	-	-	-	-
Default	-	-	-	-	-
Gross Carrying Amount	3,963	-	-	-	3,963
Loss allowance	-	-	-	-	-
Carrying Amount	3,963	-	-	-	3,963

	31 December 2022 Total ₦'millions
Other assets	18,772
ECL	-
Carrying amount	18,772

(b) 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

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Financial Assets at FVPTL				
- Debt Securities	**48,631**	168,852	**-**	-
- Derivatives	**620,503**	63,180	**-**	-

3.2.17 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorised by geographical region as of 31 December 2023 and 31 December 2022. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties. Investment securities and financial assetsat fair value through profit or loss analysed below excludes investments in equity instruments.

GROUP	Lagos ₦'millions	Southern Nigeria ₦'millions	Northern Nigeria ₦'millions	Rest of Africa ₦'millions	Europe ₦'millions	America ₦'millions	Total ₦'millions
Balances with Central Bank	2,272,975	-	-	262,000	37,388	-	2,572,363
Loans and advances to banks	985,898	-	-	330,559	637,278	99,495	2,053,230
Loans and advances to customers - Retail portfolio	84,546	90,798	56,532	27,137	131,613	-	390,626
Loans and advances to customers - Corporate portfolio	4,596,440	571,795	149,394	619,136	31,894	9	5,968,668
Financial assets at FVTPL	629,722	-	-	4,160	35,252	-	669,134
Investment securities							
- FVOCI Investments	1,304,433	10,558	15,170	-	-	-	1,330,161
- Amortised cost investments	220,946	-	-	642,454	604,059	-	1,467,459
Asset pledged as collateral	1,493,204	-	-	25,890	-	-	1,519,094
Other assets	240,950	7,848	2,037	217,158	4,892	-	472,885
31 December 2023	11,829,114	680,999	223,133	2,128,494	1,482,376	99,504	16,443,620

Credit risk exposure relating to off balance sheet items are as follows

GROUP	Lagos ₦'millions	Southern Nigeria ₦'millions	Northern Nigeria ₦'millions	Rest of Africa ₦'millions	Europe ₦'millions	America ₦'millions	Total ₦'millions
Loan commitments	92,803	5,292	21,134	50,830	9,218	-	179,277
Letters of credit and other credit related obligations	820,613	462,359	119,552	433,229	302,170	-	2,137,923
31 December 2023	913,416	467,651	140,686	484,059	311,388	-	2,317,200

GROUP	Lagos ₦'millions	Southern Nigeria ₦'millions	Northern Nigeria ₦'millions	Rest of Africa ₦'millions	Europe ₦'millions	America ₦'millions	Total ₦'millions
Balances with Central Bank	1,568,340	-	-	83,571	7,058	4,990	1,663,959
Loans and advances to banks	371,279	-	-	226,137	547,735	77,911	1,223,061
Loans and advances to customers - Retail portfolio	78,911	73,325	46,364	17,049	47,419	12	263,079
Loans and advances to customers - Corporate portfolio	2,544,050	522,390	172,424	214,122	50,197	22,799	3,525,982
Financial assets at FVTPL	231,525	-	-	506	-	-	232,032
Investment securities							
- FVOCI Investments	846,770	7,432	16,606	1,964	-	-	872,771
- Amortised cost investments	1,298,195	-	-	-	-	-	1,298,195
Asset pledged as collateral	595,171	-	-	-	-	-	595,171
Other assets	266,809	-	-	-	6,040	-	272,849
31 December 2022	7,801,050	603,147	235,394	543,349	658,449	105,712	9,947,099

Credit risk exposure relating to off balance sheet items are as follows

GROUP	Lagos ₦'millions	Southern Nigeria ₦'millions	Northern Nigeria ₦'millions	Rest of Africa ₦'millions	Europe ₦'millions	America ₦'millions	Total ₦'millions
Loan commitments	74,862	2,694	6,480	20,849	637	-	105,521
Letters of credit and other credit related obligations	669,495	108,977	87,532	130,686	205,056	-	1,201,746
31 December 2022	744,357	111,671	94,012	151,535	205,693	-	1,307,267

COMPANY	Lagos ₦'millions	Southern Nigeria ₦'millions	Northern Nigeria ₦'millions	Rest of Africa ₦'millions	Europe ₦'millions	America ₦'millions	Total ₦'millions
Loans and advances to banks	**16,523**	-	-	-	-	-	**16,523**
Loans and advances to customers							
- Term loans	**269**	-	-	-	-	-	**269**
Investment securities							
- FVOCI Investments	**6,959**	-	-	-	-	-	**6,959**
Other assets	**17,144**	-	-	-	-	-	**17,144**
31 December 2023	**40,896**	-	-	-	-	-	**40,896**

COMPANY	Lagos ₦'millions	Southern Nigeria ₦'millions	Northern Nigeria ₦'millions	Rest of Africa ₦'millions	Europe ₦'millions	America ₦'millions	Total ₦'millions
Loans and advances to banks	18,331	-	-	-	-	-	18,331
Loans and advances to customers							
- Term loans	39	-	-	-	-	-	39
Investment securities							
- FVOCI Investments	3,963	-	-	-	-	-	3,963
Other assets	18,772	-	-	-	-	-	18,772
31 December 2022	41,106	-	-	-	-	-	41,106

b) Industry sectors

The following table breaks down the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties. Investment securities and financial assets at fair value through profit or loss analysed below excludes investments in equity instruments.

GROUP	Balances with Central Bank ₦'millions	Loans and advances to banks ₦'millions	Financial assets at fair value through profit or loss ₦'millions	Investment Securities -FVOCI ₦'millions	Investment Securities - Amortised cost ₦'millions	Asset pledged as collateral ₦'millions	Other assets ₦'millions
Agriculture	-	-	-	-	-	-	-
Oil and gas	-	-	-	-	-	-	-
Consumer credit	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-
Real estate	-	-	-	-	-	-	-
Construction	-	-	-	-	5,005	-	-
Finance and insurance	-	2,053,230	96	301,438	-	-	467,086
Transportation	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-
General commerce	-	-	-	-	-	-	-
Utilities	-	-	-	18,068	-	-	5,304
Retail services	-	-	-	-	-	-	-
Public sector	2,572,363	-	669,038	1,010,655	1,462,454	1,519,094	495
Total at 31 December 2023	2,572,363	2,053,230	669,134	1,330,161	1,467,459	1,519,094	472,885

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

	Loans and advances to customers - Retail Portfolio				
	Overdraft ₦'millions	Term loans ₦'millions	Credit Cards ₦'millions	Mortgage ₦'millions	Total ₦'millions
Agriculture	576	496	3	-	1,075
Oil and gas	1,246	1,283	3	-	2,532
Consumer credit	35,971	181,531	2,967	768	221,237
Manufacturing	180	472	1	-	653
Real estate	41	324	7	132,575	132,947
Construction	65	1,073	1	-	1,139
Finance and insurance	580	-	8	-	588
Transportation	16	68	-	-	84
Communication	393	459	1	-	853
General commerce	3,813	858	2	15	4,688
Utilities	31	258	-	-	289
Retail services	2,314	25,942	80	405	28,741
Public sector	2	173	-	-	175
Total at 31 December 2023	45,228	212,937	3,073	133,763	395,001

	Loans and advances to customers - Corporate Portfolio			
	Overdraft ₦'millions	Term loans ₦'millions	Project finance ₦'millions	Total ₦'millions
Agriculture	16,867	162,952	-	179,819
Oil and gas	518,463	1,659,092	5,871	2,183,426
Consumer credit	6,021	39,217	-	45,238
Manufacturing	40,734	1,014,224	237,529	1,292,487
Real estate	228	93,401	11,666	105,295
Construction	9,064	68,537	79,332	156,933
Finance and insurance	3,803	4,758	-	8,561
Transportation	2,940	32,535	324	35,799
Communication	68,687	272,225	51,205	392,117
General commerce	36,600	366,146	626	403,372
Utilities	38,784	504,959	7,031	550,774
Retail services	67,726	247,128	68,087	382,941
Public sector	7,795	487,822	6,453	502,070
Total at 31 December 2023	817,712	4,952,996	468,124	6,238,832

GROUP	Balances with Central Bank ₦'millions	Loans and advances to banks ₦'millions	Financial assets at fair value through profit or loss ₦'millions	Investment Securities -FVOCI ₦'millions	Investment Securities - Amortised cost ₦'millions	Asset pledged as collateral ₦'millions	Other assets ₦'millions
Agriculture	-	-	-	-	17	-	-
Oil and gas	-	-	-	-	3,443	-	-
Consumer credit	-	-	-	-	-	-	-
Manufacturing	-	-	-	1,040	4,638	-	2,384
Real estate	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-
Finance and insurance	-	1,223,061	222	162,953	1,757	-	261,097
Transportation	-	-	-	-	-	-	-
Communication	-	-	3,869	-	-	-	-
General commerce	-	-	-	-	-	-	13,357
Utilities	-	-	-	18,068	-	-	5,304
Retail services	-	-	-	-	-	-	-
Public sector	1,663,959	-	227,941	690,711	1,288,340	595,171	529
Total at 31 December 2022	1,663,959	1,223,061	232,032	872,772	1,298,195	595,171	282,671

	Loans and advances to customers - Retail Portfolio				
	Overdraft ₦'millions	Term loans ₦'millions	Credit Cards ₦'millions	Mortgage ₦'millions	Total ₦'millions
Agriculture	858	97	2	-	957
Oil and gas	176	266	3	-	445
Consumer credit	16,175	134,511	2,296	481	153,463
Manufacturing	440	35	0	-	475
Real estate	76	463	21	49,255	49,815
Construction	88	29	-	-	117
Finance and insurance	924	6	-	-	930
Transportation	34	13	-	-	47
Communication	11	221	-	-	232
General commerce	1,125	15,236	0	-	16,361
Utilities	1	34	-	-	35
Retail services	26,890	15,667	493	373	43,423
Public sector	60	188	-	-	248
Total at 31 December 2022	46,858	166,766	2,815	50,109	266,548

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

	Loans and advances to customers - Corporate Portfolio			
	Overdraft ₦'millions	Term loans ₦'millions	Project finance ₦'millions	Total ₦'millions
Agriculture	12,377	45,269	119	57,765
Oil and gas	522,190	683,711	14,278	1,220,179
Consumer credit	1,064	13,535	-	14,599
Manufacturing	234,616	398,886	136,208	769,710
Real estate	300	77,020	13,792	91,112
Construction	5,457	44,470	71,105	121,032
Finance and insurance	10,688	1,461	-	12,149
Transportation	1,779	24,111	759	26,649
Communication	56,823	106,113	42,806	205,742
General commerce	75,551	128,071	58	203,680
Utilities	16,507	244,530	7,493	268,530
Retail services	101,108	225,780	43,552	370,440
Public sector	1,228	299,845	-	301,073
Total at 31 December 2022	1,039,688	2,292,802	330,170	3,662,660

COMPANY	Loans and advances to banks ₦'millions	Financial assets at fair value through profit or loss ₦'millions	Investment Securities -FVOCI ₦'millions	Investment Securities - Amortised cost ₦'millions	Other assets ₦'millions	Loans to customers Retail portfolio ₦'millions
Finance and insurance	16,523	-	-	-	17,144	-
Retail services	-	-	-	-	-	269
Public sector	-	-	6,959	-	-	-
Total at 31 December 2023	16,523	-	6,959	-	17,144	269

COMPANY	Loans and advances to banks ₦'millions	Financial assets at fair value through profit or loss ₦'millions	Investment Securities -FVOCI ₦'millions	Investment Securities - Amortised cost ₦'millions	Other assets ₦'millions	Loans to customers Retail portfolio ₦'millions
Finance and insurance	18,331	-	-	-	18,772	-
Retail services	-	-	-	-	-	39
Public sector	-	-	3,963	-	-	-
Total at 31 December 2022	18,331	-	3,963	-	18,772	39

Credit risk exposure relating to off balance sheet items are as follows

GROUP	31 December 2023		31 December 2022	
	Loan commitments ₦'millions	Letter of credit and other related obligations ₦'millions	Loan commitments ₦'millions	Letter of credit and other related obligations ₦'millions
Agriculture	4,494	20,810	2,145	8,550
Oil and gas	70,722	249,001	48,574	210,341
Consumer credit	1,648	19,518	2,427	-
Manufacturing	29,515	893,233	17,470	283,057
Real estate	9,171	586	641	-
Construction	2,089	181,937	2,234	142,792
Finance and insurance	8,153	459,272	970	283,439
Transportation	2,265	9,631	27	6,491
Communication	6,830	63,376	10,225	28,684
General commerce	8,805	157,034	5,697	136,673
Utilities	31,445	53,022	948	27,196
Retail services	3,298	17,910	9,917	66,808
Public sector	842	12,593	4,245	7,715
TOTAL	179,277	2,137,923	105,520	1,201,746

3.2.18 Loans and advances to customers

Credit quality of Loans and advances to customers is summarised as follows:

GROUP December 2023	Loans and advances to customers				
	Overdraft ₦'millions	Term loans ₦'millions	Credit Cards ₦'millions	Mortgage ₦'millions	Total ₦'millions
Retail					
Stage 1 loans	43,935	206,472	2,900	131,547	384,854
Stage 2 loans	128	1,265	-	932	2,325
Stage 3 loans	1,165	5,200	173	1,284	7,822
Gross	45,228	212,937	3,073	133,763	395,001
Less: allowance for impairment (note 22)	(1,098)	(2,559)	(46)	(672)	(4,375)
Net	44,130	210,378	3,027	133,091	390,626
Lifetime ECL (see note 22)	869	1,223	34	183	2,309
12-months' ECL (see note 22)	229	1,336	12	489	2,066
Total	1,098	2,559	46	672	4,375

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2023

GROUP December 2023	Loans and advances to customers Overdraft ₦'millions	Term loans ₦'millions	Project finance ₦'millions	Total ₦'millions
Corporate				
Stage 1 loans	307,601	3,992,048	323,384	4,623,033
Stage 2 loans	504,240	775,507	21,958	1,301,705
Stage 3 loans	5,871	185,441	122,782	314,094
Gross	817,712	4,952,996	468,124	6,238,832
Less: allowance for impairment (note 22)	(64,046)	(138,030)	(68,088)	(270,164)
Net	753,666	4,814,966	400,036	5,968,668
Lifetime ECL (see note 22)	63,267	125,504	68,006	256,777
12-months' ECL (see note 22)	779	12,526	82	13,387
Total	64,046	138,030	68,088	270,164

GROUP December 2022	Loans and advances to customers Overdraft ₦'millions	Term loans ₦'millions	Credit Cards ₦'millions	Mortgage ₦'millions	Total ₦'millions
Retail					
Stage 1 loans	45,748	163,696	2,737	48,526	260,708
Stage 2 loans	4	861	-	424	1,288
Stage 3 loans	1,107	2,209	78	1,159	4,554
Gross	46,859	166,766	2,815	50,109	266,549
Less: allowance for impairment (note 22)	(1,727)	(1,343)	(26)	(374)	(3,470)
Net	45,132	165,423	2,790	49,735	263,079
Lifetime ECL (see note 22)	907	732	24	152	1,815
12-months' ECL (see note 22)	820	611	2	222	1,655
Total	1,727	1,343	26	374	3,470

GROUP December 2022	Loans and advances to customers Overdraft ₦'millions	Term loans ₦'millions	Project finance ₦'millions	Total ₦'millions
Corporate				
Stage 1 loans	786,172	2,107,305	240,419	3,133,896
Stage 2 loans	233,607	98,091	16,688	348,386
Stage 3 loans	19,909	87,405	73,064	180,378
Gross	1,039,687	2,292,801	330,171	3,662,659
Less: allowance for impairment (note 22)	(36,136)	(59,291)	(41,251)	(136,678)
Net	1,003,551	2,233,510	288,920	3,525,981
Lifetime ECL (see note 22)	34,743	51,513	40,968	127,224
12-months' ECL (see note 22)	1,393	7,778	283	9,454
Total	36,136	59,291	41,251	136,678

COMPANY December 2023	Term loans ₦'millions	Total ₦'millions
Stage 1 loans	269	269
Gross	269	269
Less: allowance for impairment	-	-
Net	269	269

COMPANY December 2022	Term loans ₦'millions	Total ₦'millions
Stage 1 loans	39	39
Gross	39	39
Less: allowance for impairment	-	-
Net	39	39

Retail

(a) Loans and advances to customers - Stage 1

The credit quality of the portfolio of loans and advances to customers that are categorised in Stage 1 can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.11 for an explanation of the internal rating system).

GROUP December 2023	Overdraft ₦'millions	Term loans ₦'millions	Credit Cards ₦'millions	Mortgage ₦'millions	Total ₦'millions
Grades:					
Aa3	-	9,003	-	-	9,003
B2	506	377	-	-	883
Ba2	41,969	158,882	2,650	1,451	204,952
Ba3	1,460	38,210	250	130,096	170,016
	43,935	206,472	2,900	131,547	384,854

(b) Loans and advances - Stage 2

GROUP December 2023	Overdraft ₦'millions	Term loans ₦'millions	Credit Cards ₦'millions	Mortgage ₦'millions	Total ₦'millions
Past due up to 30 days	2	570	-	-	572
Past due by 30 - 60 days	124	380	-	932	1,436
Past due 60-90 days	2	315	-	-	317
Above 90 days	-	-	-	-	-
Gross amount	128	1,265	0	932	2,325

(c) Loans and advances - Stage 3

GROUP December 2023	Overdraft ₦'millions	Term loans ₦'millions	Credit Cards ₦'millions	Mortgage ₦'millions	Total ₦'millions
Gross amount	1,165	5,200	173	1,284	7,822
Life time ECL- credit impaired	(812)	(1,128)	(34)	(145)	(2,119)
Net amount	353	4,072	139	1,139	5,703

Corporate

(a) Loans and advances to customers - Stage 1

The credit quality of the portfolio of loans and advances to customers that are categorised in Stage 1 can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.11 for an explanation of the internal rating system).

GROUP December 2023	Overdraft ₦'millions	Term loans ₦'millions	Project finance ₦'millions	Total ₦'millions
Grades:				
A1	167	98,703	-	98,870
A2	455	15,572	38,501	54,528
A3	3,554	78,579	1,563	83,696
Aa1	14,127	282,307	230,233	526,667
Aa2	-	3,768	-	3,768
Aaa	-	3,665	-	3,665
B2	100,346	889,292	12,637	1,002,275
B3	42	2,316	160	2,518
Ba1	638	58,758	628	60,024
Ba2	141,077	1,627,479	24,929	1,793,485
Ba3	27,560	129,462	-	157,022
Baa1	4,047	61,085	-	65,132
Baa2	-	44,936	-	44,936
Baa3	15,588	696,126	14,733	726,447
	307,601	3,992,048	323,384	4,623,033

(b) Loans and advances - Stage 2

GROUP December 2023	Overdraft ₦'millions	Term loans ₦'millions	Project finance ₦'millions	Total ₦'millions
B3	282,169	415,128	15,505	712,802
Caa2	7	34,240	-	34,247
Caa3	265	122,687	-	122,952
Past due up to 30 days	148	44,665	-	44,813
Past due by 31 - 90 days	221,651	158,787	6,453	386,891
Gross amount	504,240	775,507	21,958	1,301,705

(c) Loans and advances - Stage 3

GROUP December 2023	Overdraft ₦'millions	Term loans ₦'millions	Project finance ₦'millions	Total ₦'millions
Gross amount	5,871	185,441	122,782	314,094
Life time ECL- credit impaired	(3,276)	(53,850)	(68,006)	(125,132)
Net amount	2,595	131,591	54,776	188,962

Retail

(a) Loans and advances to customers - Stage 1

The credit quality of the portfolio of loans and advances to customers that are categorised in Stage 1 can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.11 for an explanation of the internal rating system).

GROUP December 2022	Overdraft ₦'millions	Term loans ₦'millions	Credit Cards ₦'millions	Mortgage ₦'millions	Total ₦'millions
Grades:					
A	22	83	-	-	105
Baa	123	2,666	-	-	2,789
Ba	43,123	140,245	2,471	2,214	188,053
B	2,481	20,638	266	46,312	69,697
Caa	-	63	-	-	63
	45,749	163,695	2,737	48,526	260,707

(b) Loans and advances - Stage 2

GROUP December 2022	Overdraft ₦'millions	Term loans ₦'millions	Credit Cards ₦'millions	Mortgage ₦'millions	Total ₦'millions
Past due up to 30 days	3	751	-	24	778
Past due by 30 - 60 days	-	-	-	400	400
Past due 60-90 days	1	43	-	-	44
Above 90 days	-	67	-	-	67
Gross amount	4	861	0	424	1,288

(c) Loans and advances - Stage 3

GROUP December 2022	Overdraft ₦'millions	Term loans ₦'millions	Credit Cards ₦'millions	Mortgage ₦'millions	Total ₦'millions
Gross amount	1,107	2,209	78	1,159	4,553
Life time ECL- credit impaired	(906)	(683)	(16)	(140)	(1,745)
Net amount	201	1,526	62	1,019	2,808

Corporate

(a) Loans and advances to customers - Stage 1

The credit quality of the portfolio of loans and advances to customers that are categorised in Stage 1 can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.2 for an explanation of the internal rating system).

GROUP December 2022	Overdraft ₦'millions	Term loans ₦'millions	Project finance ₦'millions	Total ₦'millions
Grades:				
Aaa	-	-	-	-
Aa	152	5,177	-	5,329
A	145,148	55,244	135,941	336,333
Baa	52,748	241,565	38,247	332,560
Ba	30,275	226,561	13,074	269,910
B	477,734	855,408	37,033	1,370,175
Caa	80,115	723,349	16,124	819,588
	786,172	2,107,304	240,419	3,133,895

(b) Loans and advances - Stage 2

GROUP December 2022	Overdraft ₦'millions	Term loans ₦'millions	Project finance ₦'millions	Total ₦'millions
Past due up to 30 days	233,058	60,245	16,688	309,991
Past due by 30 - 60 days	282	786	-	1,068
Past due 60-90 days	268	36,975	-	37,243
Above 90 days	-	85	-	85
Gross amount	233,608	98,091	16,688	348,387

(c) Loans and advances - Stage 3

GROUP December 2023	Overdraft ₦'millions	Term loans ₦'millions	Project finance ₦'millions	Total ₦'millions
Gross amount	19,909	87,405	73,064	180,378
Life time ECL- credit impaired	(13,001)	(25,348)	(40,964)	(79,313)
Net amount	6,908	62,057	32,100	101,065

3.2.19 Collaterized Assets

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset. The effect of collateral at 31 December 2023 and 31 December 2022 are as shown below

GROUP December 2023	Collateralised assets		Under-collateralised assets	
	Carrying value of the assets ₦'millions	Fair value of collateral held ₦'millions	Carrying value of the assets ₦'millions	Fair value of collateral held ₦'millions
Financial assets				
Loans and advances to banks	311,281	311,281	1,676,064	-
Financial assets at fair value through profit or loss	-	-	664,806	-
Total Financial Assets	311,281	311,281	2,340,870	-

GROUP December 2022	Collateralised assets		Under-collateralised assets	
	Carrying value of the assets ₦'millions	Fair value of collateral held ₦'millions	Carrying value of the assets ₦'millions	Fair value of collateral held ₦'millions
Financial assets				
Loans and advances to banks	178,179	178,179	975,037	-
Financial assets at fair value through profit or loss	-	-	214,751	-
Total Financial Assets	178,179	178,179	1,189,788	-

COMPANY December 2023	Collateralised assets		Under-collateralised assets	
	Carrying value of the assets ₦'millions	Fair value of collateral held ₦'millions	Carrying value of the assets ₦'millions	Fair value of collateral held ₦'millions
Financial assets				
Loans and advances to banks	-	-	16,523	-
Financial assets at fair value through profit or loss	-	-	504	-
Total Financial Assets	-	-	17,027	-

COMPANY December 2022	Collateralised assets		Under-collateralised assets	
	Carrying value of the assets ₦'millions	Fair value of collateral held ₦'millions	Carrying value of the assets ₦'millions	Fair value of collateral held ₦'millions
Financial assets				
Loans and advances to banks	-	-	18,331	-
Financial assets at fair value through profit or loss	-	-	1,601	-
Total Financial Assets	-	-	19,932	-

The underlisted financial assets are not collaterised:

- Cash and balances with Central Banks
- Investment securities:
- Investment securities at fair value through other comprehensive income

- Amortised cost investments
- Asset pledged as collateral
- Other assets

The Group's investment in risk-free government securities and its Cash and balances with Central Banks are not considered to require collaterals given their sovereign nature.

3.3 Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligation as they fall due or will have to meet the obligations at excessive costs. This risk could arise from mismatches in the timing of cash flows.

Funding risk is a form of liquidity risk that arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms and when required.

The objective of the Group's liquidity risk management is to ensure that all anticipated funding commitments can be met when due and that access to funding sources is coordinated and cost effective.

3.3.1 Management of liquidity risk

The Group's liquidity management process includes:

- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers.
- Active monitoring of the timing of cashflows and maturity profiles of assets and liabilities to ensure mismatches are within stipulated limits;
- Monitoring the liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets

Particular attention is also paid to the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Liquidity risk on derivatives is managed using the same source of funding as for the non derivative liabilities.

3.3.2 Funding approach

The Group is funded primarily by a well diversified mix of retail, corporate and public sector deposits. This funding base ensures stability and low funding cost with minimal reliance on more expensive tenured deposit and interbank takings as significant sources of funding.

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

The table below presents the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in table A below are the contractual undiscounted cash flow, whereas the Group manages the liquidity risk on a behavioural basis which is shown in table B below. See note 32b for maturity analysis of leases.

GROUP

(a) TABLE A - LIQUIDITY ANALYSIS ON A CONTRACTUAL BASIS

31 December 2023	Carrying Amount ₦'millions	0 - 30 days ₦'millions	31 - 90 days ₦'millions	91 - 180 days ₦'millions	181 - 365 days ₦'millions	Over 1 year but less than 5 yrs ₦'millions	Over 5 years ₦'millions	Total ₦'millions
Financial liabilities								
Deposits from banks	1,803,182	847,935	605,505	293,967	55,775	-	-	1,803,182
Deposits from customers	10,663,346	7,730,419	1,072,366	389,765	876,808	589,463	4,525	10,663,346
Borrowings	1,250,827	284,738	137,406	57,142	372,035	551,788	92,229	1,495,338
Debt Securities	50,862	10,402	399	8,976	33,833	-	-	53,610
Other liabilities	1,257,639	912,999	152,821	95,904	88,091	6,854	970	1,257,639
Total financial liabilities	15,025,856	9,786,493	1,968,497	845,754	1,426,542	1,148,105	97,724	15,273,115
Loan commitments	179,277	43,692	38,217	29,734	52,342	8,986	6,306	179,277
Letters of credit and other credit related obligations	2,137,923	141,139	382,534	816,896	190,962	602,914	3,478	2,137,923
Total commitments	2,317,200	184,831	420,751	846,630	243,304	611,900	9,784	2,317,200
Assets held for managing liquidity risk	15,605,604	4,877,483	3,942,597	1,269,415	1,717,260	4,316,765	3,437,215	19,560,735
31 December 2022								
Financial liabilities								
Deposits from banks	1,055,254	551,867	319,675	104,174	79,538	-	-	1,055,254
Deposits from customers	7,124,086	5,868,570	634,117	197,877	290,926	107,963	24,633	7,124,086
Derivative liabilities	38,384	38,384	-	-	-	-	-	38,384
Borrowings	675,440	44,700	83,628	53,999	45,777	437,144	10,193	675,441
Other liabilities	652,554	468,199	82,582	46,356	48,490	2,844	743	649,214
Total financial liabilities	9,545,718	6,971,720	1,120,002	402,406	464,731	547,951	35,569	9,542,378
Loan commitments	105,521	46,402	17,634	9,115	27,356	5,014	-	105,521
Letters of credit and other credit related obligations	1,201,746	258,236	202,954	215,902	471,481	51,417	1,756	1,201,746
Total commitments	1,307,267	304,638	220,588	225,017	498,837	56,431	1,756	1,307,267
Assets held for managing liquidity risk	9,763,415	1,959,773	1,959,773	1,959,773	1,959,773	1,959,773	1,959,773	11,758,637

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

COMPANY

31 December 2023	Carrying Amount ₦'millions	0 - 30 days ₦'millions	31 - 90 days ₦'millions	91 - 180 days ₦'millions	181 - 365 days ₦'millions	Over 1 year but less than 5 yrs ₦'millions	Over 5 years ₦'millions	Total ₦'millions
Financial liabilities								
Other liabilities	19,041	16,833	2,208	-	-	-	-	19,041
Total financial liabilities	19,041	16,833	2,208	-	-	-	-	19,041
Assets held for managing liquidity risk	23,482	5,040	4,962	7,291	4,426	2,124	6,010	29,853
31 December 2022								
Financial liabilities								
Other liabilities	17,269	15,024	2,245	-	-	-	-	17,269
Total financial liabilities	17,269	15,024	2,245	-	-	-	-	17,269
Assets held for managing liquidity risk		5,232	13,523	1,210	185	2,192	5,866	28,208

(b) Table B below presents the undiscounted cashflows payable by the Group based on their behavioral patterns. In managing its liquidity risk, the Group profiles its cashflows statistically using historical observations, to ensure that projections are in tune with demonstrated behavioral trends. The Group adopts a Behavioral run-off model in estimating Core and Volatile components of its non-maturing liabilities, complemented by qualitative factors e.g. changes in collection sweep cycles, effect of new fiscal or monetary policies etc. The objective is to determine the proportion of the non-contractual balances to be spread across the Group's maturity bands.

TABLE B - LIQUIDITY ANALYSIS ON A BEHAVIOURAL BASIS
GROUP

31 December 2023	Carrying Amount ₦'millions	0 - 30 days ₦'millions	31 - 90 days ₦'millions	91 - 180 days ₦'millions	181 - 365 days ₦'millions	Over 1 year but less than 5 yrs ₦'millions	Over 5 years ₦'millions	Total ₦'millions
Financial liabilities								
Deposits from banks	1,753,150	749,492	668,439	279,443	55,775	-	-	1,753,150
Deposits from customers	10,473,259	1,485,712	1,221,413	553,233	1,195,302	6,013,074	4,525	10,473,259
Borrowings	1,031,533	191,052	136,906	57,142	271,113	526,897	82,729	1,265,839
Debt Securities	50,862	10,402	399	8,976	33,833	-	-	53,610
Other liabilities	1,185,881	841,242	152,821	95,904	88,091	6,854	970	1,185,882
Investment contracts								-
Total financial liabilities	14,494,685	3,277,900	2,179,978	994,698	1,644,114	6,546,825	88,224	14,731,740
Loan commitments	179,277	43,692	38,217	29,734	52,342	8,986	6,306	179,277
Letters of credit and other credit related obligations	2,137,923	141,139	382,534	816,896	190,962	602,914	3,478	2,137,923
Total commitments	2,317,200	184,831	420,751	846,630	243,304	611,900	9,784	2,317,200
Assets held for managing liquidity risk	15,605,604	4,877,483	3,942,597	1,269,415	1,717,260	4,316,765	3,437,215	19,560,735

31 December 2022	0 - 30 days ₦'millions	31 - 90 days ₦'millions	91 - 180 days ₦'millions	181 - 365 days ₦'millions	Over 1 year but less than 5 yrs ₦'millions	Over 5 years ₦'millions	Total ₦'millions
Financial liabilities							
Deposits from banks	7,961	769,808	127,614	106,291	-	-	1,011,674
Deposits from customers	749,767	804,584	426,694	573,418	4,333,878	7,434	6,895,775
Borrowings	345,668	103,699	39,396	134,432	27,187	62,975	713,357
Other liabilities	396,645	82,582	46,356	48,490	2,844	743	577,660
Total financial liabilities	1,500,041	1,760,673	640,060	862,631	4,363,909	71,151	9,198,465
Loan commitments	46,360	17,634	9,115	27,356	5,014	-	105,478
Letters of credit and other credit related obligations	256,395	202,954	215,902	471,481	51,417	1,756	1,199,905
Total commitments	302,755	220,588	225,017	498,837	56,431	1,756	1,305,383
Assets held for managing liquidity risk	1,959,773	1,959,773	1,959,773	1,959,773	1,959,773	1,959,773	11,758,638

3.3.4 Assets held for managing liquidity risk

The Group holds a diversified portfolio of liquid assets - largely cash and government securities to support payment and funding obligations in normal and stressed market conditions across foreign and local currencies. The Group's liquid assets comprise

- Cash and balances with the Central Bank comprising reverse repos and Overnight deposits
- Short term and overnight placements in the interbank market
- Government bonds and T-bills that are readily accepted in repurchase agreements with the Central Bank and other market participants
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's trading portfolios.
- The ability to access incremental short term funding by interbank borrowing from the interbank market

First Bank Nigeria Limited, the commercial banking segment of the group, is most exposed to liquidity risk. The bank is largely deposit funded and thus, as is typical amongst Nigerian banks, has significant funding mismatches on a contractual basis, given that the deposits are largely demand and short tenured, whilst lending is longer term. On an actuarial basis, the bank's demand deposits exhibit much longer duration, with 80.83% of the bank's current account balances and 88.57% of savings account balances being deemed core.

To manage liquidity shocks in either foreign or local currency, largely as a result of episodic movements, the bank typically holds significant short term liquidity in currency placements or taps the repo markets to raise short term funding as is required. To grow local currency liquidity, the bank has also systematically worked towards reducing the duration of our securities portfolio in the last year, shifting the emphasis to holding more liquid shorter dated treasury bills over longer term bonds, to allow more flexibility in managing liquidity. Whilst on the foreign currency side, the bank has built up placement balances with our offshore correspondents.

3.3.5 Derivative liabilities

(a) Derivatives settled on a net basis

The out options and the foreign exchange (FX) contract will be settled on a net basis.

The table below analyses the Group's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP	Up to 1 month ₦'millions	1-3 months ₦'millions	3-6 months ₦'millions	6 - 12 months ₦'millions	1-5 years ₦'millions	Over 5 years ₦'millions	Total ₦'millions
At 31 December 2023							
Derivative liabilities							
FX Futures	-	2,238	63,167	-	9,325	-	74,730
FX Swap	1,238	773	-	4	-	-	2,015
Forward Contract	-	-	-	15,856	-	-	15,856
Put Option	-	7	-	-	-	-	7
	1,238	3,018	63,167	15,860	9,325	-	92,608
Derivative assets							
FX Futures	-	746	63,167	-	9,325	-	73,238
Put Option	-	7	-	-	-	-	7
FX Swap	248,434	240,470	-	30,818	-	-	519,722
Forward Contract	-	-	-	29,339	-	-	29,339
	248,434	241,223	63,167	60,157	9,325	-	622,306
	247,196	238,205	-	44,297	-	-	529,698

GROUP	Up to 1 month ₦'millions	1-3 months ₦'millions	3-6 months ₦'millions	6 - 12 months ₦'millions	1-5 years ₦'millions	Over 5 years ₦'millions	Total ₦'millions
At 31 December 2022							
Derivative liabilities							
FX Futures	-	-	-	145	-	-	145
FX Swap	290	201	-	-	-	-	491
Forward Contract	1,675	1,622	820	29	-	-	4,146
Put Option	-	-	193	12,855	-	-	13,048
	1,965	1,823	1,013	13,029	-	-	17,830
Derivative assets							
FX Futures	-	-	-	145	-	-	145
Put Option	-	-	227	-	-	-	227
FX Swap	22,219	19,200	-	6,060	-	-	47,479
Forward Contract	1,860	2,118	978	10,174	-	-	15,130
	24,079	21,318	1,205	16,379	-	-	62,981
	22,114	19,495	192	3,350	-	-	45,152

(b) Derivatives settled on a gross basis.

The Group's derivatives that will be settled on a gross basis are foreign exchange derivatives. The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. Contractual maturities are assessed to be essential for an understanding of the timing of the cashflows on all derivatives including derivatives classified as 'liabilities held for trading'. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP	Up to 1 month ₦'millions	1-3 months ₦'millions	3-6 months ₦'millions	6 - 12 months ₦'millions	1-5 years ₦'millions	Over 5 years ₦'millions	Total ₦'millions
At 31 December 2023							
Assets held for trading							
FX Swap - Payable	227,000	254,134	-	269,499	-	-	750,633
FX Swap - Receivable	475,505	495,125	-	303,829	-	-	1,274,459
Forward Contract - Payment	-	-	-	-	-	-	-
Forward Contract - Receipt	-	-	-	-	-	-	-
Put option	-	-	-	-	-	-	-
	702,505	749,259	-	573,328	-	-	2,025,092

GROUP	Up to 1 month ₦'millions	1-3 months ₦'millions	3-6 months ₦'millions	6 - 12 months ₦'millions	1-5 years ₦'millions	Over 5 years ₦'millions	Total ₦'millions
At 31 December 2023							
Liabilities held for trading							
FX Swap - Payable	33,756	35,502	-	99	-	-	69,357
FX Swap - Receivable	32,517	34,724	-	95	-	-	67,336
Forward Contract - Payment	-	-	-	-	-	-	-
Forward Contract - Receipt	-	-	-	-	-	-	-
	66,273	70,226	-	194	-	-	136,693

GROUP	Up to 1 month ₦'millions	1-3 months ₦'millions	3-6 months ₦'millions	6 - 12 months ₦'millions	1-5 years ₦'millions	Over 5 years ₦'millions	Total ₦'millions
At 31 December 2022							
Assets held for trading							
FX Swap - Payable	219,919	221,856	-	136,200	-	-	577,975
FX Swap - Receivable	242,157	241,119	-	142,792	-	-	626,068
Forward Contract - Payment	35,202	52,851	46,628	5,842	-	-	140,523
Forward Contract - Receipt	37,064	54,982	47,621	5,878	-	-	145,545
	534,342	570,808	94,249	290,712	-	-	1,490,111

GROUP	Up to 1 month ₦'millions	1-3 months ₦'millions	3-6 months ₦'millions	6 - 12 months ₦'millions	1-5 years ₦'millions	Over 5 years ₦'millions	Total ₦'millions
At 31 December 2022							
Liabilities held for trading							
FX Swap - Payable	8,881	11,891	-	-	-	-	20,772
FX Swap - Receivable	8,590	11,690	-	-	-	-	20,280
Forward Contract - Payment	39,288	46,567	44,209	5,878	-	-	135,942
Forward Contract - Receipt	37,611	44,936	43,377	5,849	-	-	131,773
	94,370	115,084	87,586	11,727	-	-	308,766

3.4 Market risk

Market risk is the potential for adverse changes in the value of a trading or an investment portfolio due to changes in market risk variables such as equity and commodity prices, interest rates, and foreign exchange rates.

Market risk arises from positions in currencies, interest rate and securities held in our trading portfolio and from our retail banking business, investment portfolio, and other non-trading activities. The movement in market risk variables may have a negative impact on the balance sheet and or income statement. Through the financial year, the Group was exposed to market risk in its trading, and non-trading activities mainly as a result of:

- Interest rate movements in reaction to monetary policy changes by the Central Banks in each juridisdiction, fiscal policies changes, and market forces;

- Foreign exchange fluctuations arising from demand and supply as well as government policies; and
- Equity price movements in response to market forces and changing market dynamics, such as market making on the Stock Exchange.

3.4.1 Management of market risk

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

- Formal definition of market risk management governance – recognised individual roles and committees, segregation of duties, avoidance of conflicts, etc.;
- Management is responsible for the establishment of appropriate procedures and processes in implementing the Board-approved market risk policy and strategy. The procedures are documented in a periodically reviewed market risk procedural manual that spells out the procedures for executing relevant market risk controls.;
- An independent market risk management function;
- A Group-wide market risk management process to which all risk-taking units are subjected;
- Alignment of market risk management standards with international best practice. Risk measurements are progressively based on modern techniques such as sensitivity, value-at-risk methodology (VaR), stress testing and scenario analysis;
- A robust market risk management infrastructure reinforced by a strong management information system (MIS) for controlling, monitoring and reporting market risk;
- Continual evaluation of risk appetite, communicated through risk limits and overall effectiveness of the market risk management process;
- The Group does not undertake any risk that cannot be managed, or risks that are not fully understood especially in new products and;
- Where the Group takes on any risk, full consideration is given to product maturity, financial market sophistication and regulatory pronouncement, guidelines or policies. The risk taken must be adequately compensated by the anticipated reward.

3.4.2 Market risk measurement techniques

The major measurement techniques used to measure and control market risk are outlined below:

(a) Value at risk (VAR)

VaR measures potential loss in fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level.

VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 99% and a 10-day holding period. The confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced three times per year in every 250 days. Only First Bank Nigeria Limited (The Bank) is subject to the VaR methodology. The Group measures interest rate risk and foreign exchange risk using sensitivity analysis, see note 3.4.6 and 3.4.3 respectively.

The Bank continues to use VaR to estimate the potential losses that could occur on its positions as a result of movements in market factors.

The Bank uses the parametric method as its VaR methodology with an observation period of two years obtained from published data from pre-approved sources. VaR is calculated on the Bank's positions at close of business daily.

The table below shows the trading VaR of the Bank. The major contributors to the trading VaR are Treasury Bills and Foreign Exchange due to volatility in those instruments impacting positions held by the Bank during the period.

The assets included in the VAR analaysis are the held for trading assets.

The Fixed Income portfolio (Interest Rate Risk) trading VaR is ₦1.67 billion as at 31 December 2023 and reflects the potential loss given assumptions of a 1-day holding period, volatility computed using 500-day return data, and a 99% statistical confidence level.

The foreign exchange trading VaR was ₦41.99 million as at 31 December 2023, reflecting the regulatory Trading Open Position of 0.5% of Shareholder's Fund stipulated by the CBN.

VAR summary

	12 months to 31 December 2023		
	Average	High	Low
Foreign exchange risk	14	384	-
Interest rate risk	**815**	**5,552**	**2**
Total VAR	**829**	**5,936**	**2**

VAR summary

	12 months to 31 December 2022		
	Average	High	Low
Foreign exchange risk	22	55	1
Interest rate risk	1,646	4,652	25
Total VAR	1,668	4,707	26

(b) Stress tests

Based on the reality of unpredictable market environment and the frequency of regulations that have had significant effect on market rates and prices, the Group augments other risk measures with stress testing to evaluate the potential impact of possible extreme movements in financial variables on portfolio values.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. A consistent stress-testing methodology is applied to trading and non-trading books. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

The Asset and Liability Committee (ALCO) of each subsidiary is responsible for reviewing stress exposures and where necessary, enforcing reductions in overall market risk exposure. The stress-testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. Regular stress-test scenarios are applied to interest rates, exchange rates and equity prices. This covers all asset classes in the financial markets banking and trading books. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Non-trading portfolio

The principal objective of market risk management of non-trading portfolios is to optimise net interest income. Due to the size of the Group's holdings in rate-sensitive assets and liabilities the Group is exposed to interest rate risk.

Non-trading interest rate risk results mainly from differences in the mismatches or re-pricing dates of assets and liabilities, both on- and off-balance sheet as interest rate changes.

The Group uses a variety of tools to measure non-tradable interest rate risk such as:

- Interest rate gap analysis (which allows the Group to maintain a positive or negative gap depending on the perceived interest rate direction). The size of the gap is then adjusted to either hedge net interest income against changing interest rates or to speculatively increase net interest income;
- Forecasting and simulating interest rate margins;
- Market value sensitivity;

- Calculating earnings at risk (EaR) using various interest rate forecasts; and
- Re-pricing risk in various portfolios and yield curve analysis.

See note 3.4.5 for interest rate sensitivity disclosures.

Hedged non-trading market risk exposures

The Group's books have some key market risk exposures, which have been identified and are being managed using swaps and options

3.4.3 Foreign exchange risk

The Group is exposed to foreign exchange risks due to fluctuations in foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December 2023 and 31 December 2022. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

GROUP 31 December 2023	Naira ₦'millions	USD ₦'millions	GBP ₦'millions	Euro ₦'millions	Others ₦'millions	Total ₦'millions
Financial assets						
Cash and balances with Central Banks	2,257,371	105,259	3,939	10,216	195,578	2,572,363
Loans and advances to banks	733,023	924,633	315,471	58,892	21,211	2,053,230
Loans and advances to customers - Retail portfolio	216,595	22,448	131,614	9,074	10,895	390,626
Loans and advances to customers - Corporate portfolio	1,928,970	3,669,483	31,963	35,784	302,468	5,968,668
Investment securities						
- FVOCI Investments	1,112,289	217,872	-	-	-	1,330,161
- Amortised cost investments	48,539	758,843	-	-	660,077	1,467,459
Asset pledged as collateral	1,493,204	-	-	-	25,890	1,519,094
Financial assets at fair value through profit or loss	707,821	1,552	35,252	-	4,160	748,785
Other assets	103,236	150,181	2,079	166	217,223	472,885
	8,601,048	5,850,271	520,318	114,132	1,437,502	16,523,271
Financial liabilities						
Customer deposits	5,693,588	3,349,893	1,213,761	121,353	284,751	10,663,346
Deposits from banks	484,847	1,278,386	11,443	24,288	4,218	1,803,182
Financial liabilities at FVTPL	127,614	-	15,856	-	-	143,470
Borrowings	93,271	1,157,556	-	-	-	1,250,827
Other liabilities	562,721	641,807	13,537	28,857	10,717	1,257,639
	6,962,041	6,427,642	1,254,597	174,498	299,686	15,118,464

GROUP 31 December 2022	Naira ₦'millions	USD ₦'millions	GBP ₦'millions	Euro ₦'millions	Others ₦'millions	Total ₦'millions
Financial assets						
Cash and balances with Central Banks	1,624,576	56,528	1,919	7,571	100,269	1,790,863
Loans and advances to banks	380,337	520,552	112,331	55,543	154,299	1,223,062
Loans and advances to customers - Retail portfolio	182,370	22,055	47,400	13	11,242	263,079
Loans and advances to customers - Corporate portfolio	1,612,625	1,752,939	7,149	4,015	149,255	3,525,983
Investment securities						-
- FVOCI Investments	934,726	87,421	-	-	1,543	1,023,690
- Amortised cost investments	122,237	802,726	-	-	373,233	1,298,196
Asset pledged as collateral	583,574	-	-	-	11,597	595,171
Financial assets at fair value through profit or loss	224,895	51,929	33	901	708	278,466
Other assets	222,999	32,935	413	11	16,490	272,848
	5,888,339	3,327,085	169,245	68,054	818,636	10,271,358
Financial liabilities						
Customer deposits	4,764,102	1,714,001	318,743	66,489	260,750	7,124,085
Deposits from banks	98,719	941,321	5,584	5,762	3,869	1,055,255
Derivative liabilities	355	16,726	54	438	613	18,185
Borrowings	86,034	567,216	-	-	22,191	675,440
Other liabilities	242,782	295,868	938	4,981	104,645	649,214
	5,191,992	3,535,132	325,318	77,670	392,068	9,522,179

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

COMPANY 31 December 2023	Naira ₦'millions	USD ₦'millions	GBP ₦'millions	Euro ₦'millions	Others ₦'millions	Total ₦'millions
Financial assets						
Loans and advances to banks	14,937	1,586	-	-	-	16,523
Loans and advances to customers: Retail portfolio						
- Term loans	269	-	-	-	-	269
Investment securities						
- FVOCI Investments	6,959	-	-	-	-	6,959
Financial assets at fair value through profit or loss	504	-	-	-	-	504
Other assets	17,144	-	-	-	-	17,144
	39,813	1,586	-	-	-	41,399
Financial liabilities						
Other liabilities	19,041					19,041
	19,041	-	-	-	-	19,041

COMPANY 31 December 2022	Naira ₦'millions	USD ₦'millions	GBP ₦'millions	Euro ₦'millions	Others ₦'millions	Total ₦'millions
Financial assets						
Loans and advances to banks	18,251	80	-	-	-	18,331
Loans and advances to customers: Retail portfolio						
- Term loans	39	-	-	-	-	39
Investment securities						
- FVOCI Investments	3,963	-	-	-	-	3,963
Financial assets at fair value through profit or loss	1,601	-	-	-	-	1,601
Other assets	18,772	-	-	-	-	18,772
	42,626	80	-	-	-	42,706
Financial liabilities						
Other liabilities	17,269					17,269
	17,269	-	-	-	-	17,269

The Company and Group's exposure to foreign currency risk is largely concentrated in the US Dollar. Movement in exchange rate between the US Dollar and the Nigerian Naira affects reported earnings through revaluation gain or loss and balance sheet size through increase or decrease in the revalue amounts of assets of assets and liabilities denominated in US Dollars.

The Group is exposed to the US dollar, EURO and GBP currencies. The Group's exposure to other foreign exchange movements is not material.

The following table details the Group's sensitivity to a 9% (2022 9%) increase and decrease in Naira against the US dollar, EURO and GBP. Management believe that a 9% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding US dollar, EURO and GBP denominated financial assets and liabilities. A positive number indicates an increase in profit where Naira weakens by 9% against the US dollar, EURO and GBP. For a 9% strengthening of Naira against the US dollar, EURO and GBP, there would be an equal and opposite impact on profit.

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Naira strengthens by 9% against the US dollar (2022: 9%)	**51,963**	18,724
Profit/(loss)		
Naira weakens by 9% against the US dollar (2022: 9%)	**(51,963)**	(18,724)
Profit/(loss)		
Naira strengthens by 9% against the EURO (2022: 9%)	**5,433**	866
Profit/(loss)		
Naira weakens by 9% against the EURO (2022: 9%)	**(5,433)**	(866)
Profit/(loss)		
Naira strengthens by 9% against the GBP (2022: 9%)	**66,085**	14,047
Profit/(loss)		
Naira weakens by 9% against the GBP (2022: 9%)	**(66,085)**	(14,047)
Profit/(loss)		

3.4.4 Interest rate risk

Interest rate risk is the risk of loss in income or portfolio value as a result of changes in market interest rates. The Group is exposed to interest rate risk in its fixed income securities portfolio, as well as on the interest sensitive assets and liabilities in the course of banking and or trading. The Board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by the Asset and Liability Committee.

The table below summarises the Group's interest rate gap position showing its exposure to interest rate risks. Value at risk exposure is disclosed in Note 3.4.2.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

GROUP 31 December 2023	Carrying amount ₦'millions	Variable interest ₦'millions	Fixed interest ₦'millions	Non interest-bearing ₦'millions
Financial assets				
Cash and balances with central banks	2,572,363	-	463,753	2,108,610
Loans and advances to banks	2,053,230	-	577,691	1,475,539
Loans and advances to customers - Retail portfolio	389,856	346,482	43,374	-
Loans and advances to customers - Corporate portfolio	5,884,959	5,629,236	235,315	20,408
Financial assets at fair value through profit or loss	748,785	-	75,946	672,839
Investment securities:				
- FVOCI Investments	1,330,161	-	959,948	370,213
- Amortised cost investments	1,467,459	14,739	1,452,720	-
Assets pledged as collateral	1,519,094	-	1,519,094	-
Other assets	472,885	-	13,149	459,736
	16,438,792	5,990,457	5,340,990	5,107,345
Financial liabilities				
Deposits from customers	10,663,346	2,856,491	3,448,100	4,358,755
Deposits from banks	1,803,182	-	1,803,182	-
Financial liabilities at FVTPL	143,470	-	50,862	92,608
Other liabilities	1,257,639	-	-	1,257,639
Borrowings	1,250,827	-	1,250,827	-
	15,118,464	2,856,491	6,552,971	5,709,002
Interest rate mismatch		3,133,966	(1,211,981)	(601,657)

GROUP 31 December 2022	Carrying amount ₦'millions	Variable interest ₦'millions	Fixed interest ₦'millions	Non interest-bearing ₦'millions
Financial assets				
Cash and balances with central banks	1,790,863	-	232,599	1,558,264
Loans and advances to banks	1,223,061	767,607	189,635	265,819
Loans and advances to customers - Retail portfolio	263,079	227,700	30,141	5,239
Loans and advances to customers - Corporate portfolio	3,525,982	3,261,657	234,941	29,384
Financial assets at fair value through profit or loss	278,466	-	229,663	48,803
Investment securities:				
- FVOCI Investments	1,023,690	-	839,891	183,799
- Amortised cost investments	1,298,195	110,538	1,187,657	-
Assets pledged as collateral	595,171	-	595,171	-
Other assets	272,849	-	-	272,849
	10,271,356	4,367,502	3,539,698	2,364,156
Financial liabilities				
Deposits from customers	7,124,086	2,878,800	2,583,713	1,661,573
Deposits from banks	1,055,254	561,365	493,889	-
Financial liabilities at fair value through profit or loss	38,384	-	38,384	-
Other liabilities	649,214	167,018	482,196	-
Borrowings	675,440	-	675,440	-
	9,542,378	3,607,183	4,273,622	1,661,573
Interest rate mismatch		760,319	(733,924)	702,583

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

COMPANY 31 December 2023	Carrying amount ₦'millions	Variable interest ₦'millions	Fixed interest ₦'millions	Non interest-bearing ₦'millions
Financial assets				
Loans and advances to banks	16,523	-	16,523	-
Loans and advances to customers: Retail portfolio				
- Term loans	269	-	269	
Financial assets at fair value through profit or loss	504	-		504
Investment securities:				
- FVOCI Investments	6,959	-	6,959	-
Other assets	87	-		87
	24,342	-	23,751	591
Financial liabilities				
Other liabilities	19,041			19,041
	19,041	-	-	19,041
Interest rate mismatch		-	23,751	(18,449)

COMPANY 31 December 2022	Carrying amount ₦'millions	Variable interest ₦'millions	Fixed interest ₦'millions	Non interest-bearing ₦'millions
Financial assets				
Loans and advances to banks	18,331		18,331	
Loans and advances to customers: Retail portfolio				
- Term loans	39		39	
Financial assets at fair value through profit or loss	1,601			1,601
Investment securities:				
- FVOCI Investments	3,963		3,963	
Other assets	87			87
	24,021	-	22,333	1,688
Financial liabilities				
Other liabilities	17,269			17,269
	17,269	-	-	17,269
Interest rate mismatch		-	22,333	(15,581)

3.4.5 Interest rate repricing profile

The tables below summarise the repricing profile of First Bank Nigeria Limited's non-trading book as at 31 December 2023 and 31 December 2022. Carrying amounts of items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date. The cash flows bucketing on non-maturing financial asset and financial liabilities were determined using their behavioural assumptions based in historical trend analysis. The interest rate exposure of the other subsidiaries' is considered insignificant to the Group. Thus, the repricing profile of the bank is deemed to be fairly representative of the Group.

31 December 2023	<=30 DAYS ₦'billions	31 - 90 DAYS ₦'billions	91 - 180 DAYS ₦'billions	181 - 365 DAYS ₦'billions	1 - 2 YEARS ₦'billions	2 YEARS & ABOVE ₦'billions	Rate Sensitive ₦'billions
Treasury Bills	472	510	292	233	-	-	1,508
Government Bonds	-	6	-	9	222	707	944
Corporate Bonds	-	-	4	-	6	5	15
Loans and advances to banks	1,238	45	152	113	-	-	1,549
Loans and advances to Customers-Retail							
- Overdrafts	11	10	10	6	5	0	43
- Term loans	4	10	9	18	32	99	172
- Credit Cards	1	0	0	0	2	0	3
- Mortgage	0	0	0	0	1	1	2
Loans and advances to Customers-Corporate							
- Overdrafts	290	50	7	358	6	3	713
- Term loans	828	1,321	144	465	244	1,035	4,036
- Project Finance	242	87	0	22	12	98	462
TOTAL ASSETS	3,086	2,039	618	1,224	530	1,949	9,447
Deposits from customers	6,672	684	262	211	-	-	7,829
Deposits from banks	618	741	327	85	-	-	1,771
Treasury Bills	10	0	9	31	-	-	51
Medium term loan	189	111	1	185	448	145	1,079
TOTAL LIABILITIES	7,489	1,536	599	512	448	145	10,730
INTEREST RATE REPRICING GAP	(4,404)	503	20	712	82	1,804	(1,283)

31 December 2022	<=30 DAYS ₦'billions	31 - 90 DAYS ₦'billions	91 - 180 DAYS ₦'billions	181 - 365 DAYS ₦'billions	1 - 2 YEARS ₦'billions	2 YEARS & ABOVE ₦'billions	Rate Sensitive ₦'billions
Treasury Bills	350	455	242	192	-	-	1,239
Government Bonds	-	0	2	0	4	288	294
Corporate Bonds	-	1	-	-	2	18	21
Loans and advances to banks	188	206	188	363	-	-	945
Loans and advances to Customers-Retail							
- Overdrafts	8	0	14	2	11	7	43
- Term loans	8	26	14	81	5	7	141
- Credit Cards	0	1	1	1	0	0	3
- Mortgage	0	0	0	2	0	0	2
Loans and advances to Customers-Corporate							
- Overdrafts	181	0	134	206	270	162	953
- Term loans	171	101	139	1,123	264	74	1,872
- Project Finance	36	38	36	92	81	5	288
TOTAL ASSETS	942	828	770	2,062	638	561	5,801
Deposits from customers	2,947	426	266	305	439	1,186	5,569
Deposits from banks	200	89	131	205	-	-	625
Medium term loan	53	14	25	143	432	10	678
TOTAL LIABILITIES	3,200	529	422	652	871	1,197	6,873
INTEREST RATE REPRICING GAP	(2,258)	299	348	1,410	(233)	(636)	(1,072)

3.4.6 Interest rate sensitivity showing fair value interest rate risk

The aggregate figures presented above are further segregated into their various components as shown below:

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Financial assets at fair value through profit or loss				
Treasury bills	**32,296**	154,239	**-**	-
Bonds	**16,335**	10,745	**-**	-
Total	**48,631**	164,984	**-**	-
Impact on income statement:				
Unfavourable change @ 2% reduction in interest rates	**(973)**	(3,300)	**-**	-
Favourable change @ 2% increase in interest rates	**973**	3,300	**-**	-
Investment securities - FVOCI				
Treasury bills	**545,914**	660,840	**3,864.00**	-
Bonds	**480,971**	211,932	**3,095**	3,963
Total	**1,026,885**	872,772	**6,959**	3,963
Impact on other comprehensive income statement:				
Unfavourable change @ 2% reduction in interest rates	**(20,538)**	(17,455)	**(139)**	(79)
Favourable change @ 2% increase in interest rates	**20,538**	17,455	**139**	79

3.5 Equity risk (Market risk)

The Group is exposed to equity price risk by holding investments quoted on the Nigerian Exchange Group (NGX) and other non-quoted investments. Equity securities quoted on the NGX is exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Group.

As at 31 December 2023, the market value of quoted securities held by the Group was ₦13.22 billion (2022: ₦15.42 billion). If the all share index of the NSE moves by 7477 (10%) basis points from the 74773.77 position at 31 December 2023, the effect on the fair value of these quoted securities and the other comprehensive income statement would have been ₦1.45 billion.

The Group holds a number of investments in unquoted securities with a market value of ₦369.71 billion (2022: ₦191 billion) of which investments in African Finance Corporation (AFC) is the significant holding (70.21%). AFC is a private sector led investment bank and development finance institution which has the Central Bank of Nigeria as a single major shareholder with other African financial institutions and investors holding the remaining shares. See fair value hierarchy of these investments and sensitivity analysis in note 3.6.

The Group does not deal in commodities and is therefore not exposed to any commodity price risk.

3.6 Fair value of financial assets and liabilities

3.6.1 Financial instruments measured at fair value – Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

GROUP

31 December 2023	Level 1 ₦'millions	Level 2 ₦'millions	Level 3 ₦'millions	Total ₦'millions
Financial assets				
Financial assets at fair value through profit or loss	-	-	-	-
Debt Securities	48,631	-	-	48,631
Equity	12,511	-	67,140	79,651
Derivatives	-	620,503	-	620,503
Assets pledged as collateral	-	-	-	-
FVOCI Investments				
Investment securities - debt	1,026,885	-	-	1,026,885
Investment securities - unlisted equity	-	285,974	16,597	302,571
Investment securities - listed equity	705	-	-	705
Assets pledged as collateral	1,456,183	-	-	1,456,183
Financial liabilities at fair value through profit or loss				
Debt Securities	50,862	-	-	50,862
Derivatives	-	92,608	-	92,608

31 December 2022	Level 1 ₦'millions	Level 2 ₦'millions	Level 3 ₦'millions	Total ₦'millions
Financial assets				
Financial assets at fair value through profit or loss				
Debt Securities	168,852	-	-	168,852
Equity	14,677	-	31,757	46,434
Derivatives	198	62,982	-	63,180
Assets pledged as collateral	-	-	-	
FVOCI Investments				
Investment securities - debt	872,771	-	-	872,771
Investment securities - unlisted debt	-	-	-	-
Investment securities - unlisted equity	-	114,621	35,543	150,164
Investment securities - listed equity	755	-	-	755
Assets pledged as collateral	495,913	-	-	495,913
Financial liabilities at fair value through profit or loss				
Derivatives	-	38,384	-	38,384

COMPANY

31 December 2023	Level 1 ₦'millions	Level 2 ₦'millions	Level 3 ₦'millions	Total ₦'millions
Financial assets				
Financial assets at FVTPL				
Investment securities - unlisted equity	**-**	**504**	**-**	**504**
FVOCI Investments				
Investment securities - debt	**6,959**	**-**	**-**	**6,959**

31 December 2022	Level 1 ₦'millions	Level 2 ₦'millions	Level 3 ₦'millions	Total ₦'millions
Financial assets				
Financial assets at FVTPL				
Investment securities - unlisted equity	-	-	1,601	1,601
FVOCI Investments				
Investment securities - debt	3,963	-	-	3,963

3.6.1 Financial instruments measured at fair value continued

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

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

Specific valuation techniques used to value financial instruments include:

a) Quoted market prices or dealer quotes for similar instruments;

b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;

c) Other techniques, such as discounted cash flow analysis, sales prices of comparable properties in close proximity , are used to determine fair value for the remaining financial instruments.

Note that all of the resulting fair value estimates are included in Level 2 except for certain unquoted equities and equity derivatives explained below.

(c) Financial instruments in level 3

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

Transfers in and out of level 3 instruments are recognised on the date of the event or change in circumstances that caused the transfer.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

GROUP	₦'millions
At 1 January 2022	75,261
Acquisitions	(6,700)
Matured/redeemed	(7,774)
Total gains recognised through profit/loss	5,226
Total gains recognised through OCI	1,287
Transfer into Level 2 due to change in observability of market data	-
At 31 December 2022	67,300
Acquisitions	**36,984**
Matured/redeemed	**(1,222)**
Total gains recognised through profit/loss	**(379)**
Total gains recognised through OCI	**(18,946)**
Transfer into Level 2 due to change in observability of market data	**-**
At 31 December 2023	**83,737**

During the year ended 31 December 2022, there was transfer between level 3 and 2 fair value measurements based on availability of observable inputs.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

COMPANY	₦'millions
At 1 January 2022	1,337
Total losses recognised through profit/loss	264
At 31 December 2022	1,601
Acquisitions	-
Disposal	(1,222)
Total losses recognised through profit/loss	(379)
At 31 December 2023	-

Total gains or losses for the period included in profit or loss are presented in 'Net gains/(losses) from investment securities.

Information about the fair value measurements using significant unobservable Inputs (Level 3)

The equity sensitivity measures the impact of a +/- 250bps movements in the comparative companies. The sensitivity of the fair values of investment in unlisted equites to changes in the P/E multiples, EBITDA, cost of capital, illiquidity discount and transaction price as at 31 December 2023 is as shown in the below table:

Description	Valuation technique	Assumption	
NIBSS PLC	P/E MULTIPLES	Base	13,804
		Sensitivity of +2.5%	14,149
		Sensitivity of -2.5%	13,459
AFREXIM BANK LIMITED	P/B MULTIPLES	Base	2,793
		Sensitivity of +2.5%	2,863
		Sensitivity of -2.5%	2,723
INDUSTRIAL DEVELOPMENT FUND	NET ASSET VALUATION	Base	5,950
		Sensitivity of +2.5%	6,099
		Sensitivity of -2.5%	5,801
ECHO VC PAN-AFRICAN	NET ASSET VALUATION	Base	3,812
		Sensitivity of +2.5%	3,907
		Sensitivity of -2.5%	3,717
TIDE AFRICAN FUND 1	CAPITAL ACCOUNT BALANCE	Base	2,772
		Sensitivity of +2.5%	2,841
		Sensitivity of -2.5%	2,703

EV/EBITDA, P/B valuation or P/E valuation multiple: The Group determines appropriate comparable public company/ies based on industry, size, developmental stage, revenue generation and strategy. The Group then calculates a trading multiple for each comparable company identified. The multiple is calculated by either dividing the enterprise value of the comparable company by its earning before interest, tax, depreciation and amortisation (EBITDA), or dividing the quoted price of the comparable company by its net income (P/E). The trading multiple is then adjusted for discounts/premiums with regards to such consideration as illiquidity and other differences, advantages and disadvantages between the Group's investee company and the comparable public companies based on company-specific facts and circumstances.

Income approach (discounted cashflow) - the Group determines the free cash flow of the investee company, and discounts these cashflows using the relevant cost of equity. The cost of equity is derived by adjusting the yield on the risk free securites (FGN Bonds) with the equity risk premium and company/sector specific premium. The present value derived from the calculation represents the investee company's enterprise value.

3.6.2 Group's valuation process

The Group's asset liability management (ALM) unit performs the valuation of financial assets required for financial reporting purposes. This team also engages external specialist valuers when the need arises, and reports directly to the Chief Risk Officer. Discussions on the valuation process and results are held between the ALM team and the Chief Risk Officer on a monthly basis in line with the group's management reporting dates.

3.6.3 Financial instruments not measured at fair value

(a) The carrying value of the following financial assets and liabilities for both the company and Group approximate their fair values:

- Cash and balances with Central banks
- Loans and advances to banks
- Other assets (excluding prepayments)
- Deposits from banks
- Deposits from customers
- Liability on investment contracts
- Other liabilities (excluding provisions and accruals)

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2023

(b) **Table below shows the carrying value of other financial assets not measured at fair value.**

GROUP 31 December 2023	Level 1 ₦'millions	Level 2 ₦'millions	Level 3 ₦'millions	Total Fair Value ₦'millions	Total Carrying Amount ₦'millions
Financial assets					
Cash and balances with central banks	-	2,572,363	-	2,572,363	2,572,363
Loans and advances to banks	-	2,053,230	-	2,053,230	2,053,230
Loans and advances to Customers: Retail Portfolio					
- Overdrafts	-	-	44,130	44,130	44,130
- Term loans	-	-	210,378	210,378	210,378
- Credit cards	-	-	3,027	3,027	3,027
- Mortgage	-	-	133,091	133,091	133,091
Loans and advances to Customers: Corporate Portfolio					
- Overdrafts	-	-	753,666	753,666	753,666
- Term loans	-	-	4,814,966	4,814,966	4,814,966
- Project finance	-	-	400,036	400,036	400,036
- Advances under finance lease	-	-	-	-	-
Investments at amortised cost	1,291,740	169,523	-	1,461,263	1,467,459
Asset pledged as collateral	62,911	-	-	62,911	62,911
Other assets	392,071	-	472,885	864,956	472,885
Financial liabilities					
Deposit from customers	-	10,663,346	-	10,663,346	10,663,346
Deposit from bank	-	1,803,182	-	1,803,182	1,803,182
Borrowing	-	1,250,827	-	1,250,827	1,250,827
Other liabilities		-	1,257,639	-	1,257,639

GROUP 31 December 2022	Level 1 ₦'millions	Level 2 ₦'millions	Level 3 ₦'millions	Total Fair Value ₦'millions	Total Carrying Amount ₦'millions
Financial assets					
Loans and advances to Customers: Retail Portfolio					
- Overdrafts	-	-	45,132	45,132	45,132
- Term loans	-	-	165,423	165,423	165,423
- Credit cards	-	-	2,790	2,790	2,790
- Mortgage	-	-	49,735	49,735	49,735
Loans and advances to Customers: Corporate Portfolio					
- Overdrafts	-	-	1,003,552	1,003,552	1,003,552
- Term loans	-	-	2,233,510	2,233,510	2,233,510
- Project finance	-	-	288,920	288,920	288,920
- Advances under finance lease	-	-	-	-	-
Amortised cost investments	-	1,298,195	-	1,298,195	1,298,195
Asset pledged as collateral	595,171	-	-	595,171	595,171
Financial liabilities					
Borrowing	-	675,440	-	675,440	675,440

COMPANY 31 December 2023	Level 1 ₦'millions	Level 2 ₦'millions	Level 3 ₦'millions	Total Fair Value ₦'millions	Total Carrying Amount ₦'millions
Financial assets					
Loans and advances to Customers: Retail Portfolio					
- Term loans	**-**	**-**	**269**	**269**	**269**

COMPANY 31 December 2022	Level 1 ₦'millions	Level 2 ₦'millions	Level 3 ₦'millions	Total Fair Value ₦'millions	Total Carrying Amount ₦'millions
Financial assets					
Loans and advances to Customers: Retail Portfolio					
- Term loans	-	-	39	39	39

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

(c) The fair value of loans and advances to customers (including loan commitments) and investment securities are as follows:

GROUP	31 December 2023		31 December 2022	
	Carrying value ₦'millions	Fair value ₦'millions	Carrying value ₦'millions	Fair value ₦'millions
Financial assets				
Loans and advances to customers				
Fixed rate loans	**256,895**	**256,895**	132,974	132,974
Variable rate loans	**5,996,087**	**5,996,050**	3,656,087	3,656,087
Investment securities (Amortised cost)	**1,297,936**	**1,291,740**	1,298,195	1,298,195
Asset pledged as collateral	**62,911**	**54,071**	99,258	99,258
Loan commitments	**179,217**	**179,217**	105,478	105,478
Financial liability				
Borrowings	**1,031,533**	**1,031,533**	675,440	675,440

Investment securities have been fair valued using the market prices and is within level 1 of the fair value hierarchy. Loans and advances to customers have been fair valued using average benchmarked lending rates which are adjusted to specific entity risks based on history of losses.

Borrowings which are listed on stock exchange are fair valued using market prices and are within level 1 of the fair value heirarchy while other borrowings are fair valued using valuation techniques and are within level 3 of the fair value heirarchy.

4. Capital management

The Group's objectives when managing capital are (i) to comply with the capital requirements set by the regulators (Central Bank of Nigeria, Securities and Exchange Commission, National Insurance Commission etc), (ii) to safeguard the Group's ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve the current regulatory capital requirement of FBN Holdings Plc. and its subsidiaries. The regulatory capital requirement for entities within the Group, as well as the internal target for capital management are as follows:

Name of Entity	Primary Regulator	Regulatory Requirement
FBN Holdings Plc.	Central Bank of Nigeria	Paid-up Capital in excess of aggregated minimum paid up capital of subsidiaries
First Bank Nigeria Limited	Central Bank of Nigeria	₦50billion Capital; and 15% Capital Adequacy Ratio
FBNQuest Merchant Bank Limited	Central Bank of Nigeria	₦15billion Capital; and 10% Capital Adequacy Ratio
FBNQuest Capital Limited	Securities and Exchange Commission	Issuing House: ₦150million; Broker-Dealer: ₦300million; Underwriter: ₦200million; and Fund Manager: ₦150million
FBNQuest Trustees Limited	Securities and Exchange Commission	Trustee: ₦300million
FBN Insurance Brokers Limited	National Insurance Commission	₦5million Capital

The Group's capital management approach is driven by its strategy and organisational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

Through its corporate governance processes, the Group maintains discipline over its investment decisions and where it allocates its capital, seeking to ensure that returns on investment are appropriate after taking account of capital costs.The Group's strategy is to allocate capital to businesses based on their economic profit generation and, within this process, regulatory and economic capital requirements and the cost of capital are key factors. The Group has an Internal Capital Adequacy Assessment Process which proactively evaluates capital needs vis-a-vis business growth and the operating environment. It also guides the capital allocation among the subsidiaries and the business units. The Group's internal capital adequacy assessment entails periodic review of risk management processes, monitoring of levels of risk and strategic business focus through a system of internal controls that provides assurance to those charged with governance on risk management models and processes.

The Group considers both equity and debt, subject to regulatory limits as capital.

The test of capital adequacy for FBN Holdings Plc. and its subsidiaries, in accordance with the requirements of paragraphs 7.1 and 7.3 of the Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria, as at 31 December 2023 and 2022 are as follows:

i. FBN Holdings Plc.

Subsidiary	Proportion of shares held		FBN Holdings Plc.'s share of minimum paid up capital	
	31 December 2023 (%)	31 December 2022 (%)	31 December 2023 ₦'millions	31 December 2022 ₦'millions
First Bank Nigeria Limited	**100**	100	**50,000**	50,000
FBNQuest Merchant Bank Limited	**100**	100	**15,000**	15,000
FBNQuest Capital Limited	**100**	100	**800**	800
FBNQuest Trustees Limited	**100**	100	**300**	300
FBN Insurance Brokers Limited	**100**	100	**5**	5
Rainbow Town Development Limited	**55**	55	**-**	-
Aggregated minimum paid up Capital of Subsidiaries			**66,105**	66,105
FBN Holdings Plc.'s Paid-up Capital			**251,340**	251,340

ii. First Bank Nigeria Limited & FBNQuest Merchant Bank Limited

The Banks' capital is divided into two tiers:

- **Tier 1 capital:** core equity tier one capital including ordinary shares, statutory reserve, share premium and general reserve. Non-controlling interests arising on consolidation from interests in permanent shareholders' equity. The book value of goodwill, unpublished losses and under provisions are deducted in arriving at qualifying Tier 1 capital; and

- **Tier 2 capital:** qualifying subordinated loan capital and unrealised gains arising from the fair valuation of financial instruments held as available for sale. Under the Basel II requirements as implemented in Nigeria, Tier 2 capital is restricted to Tier 1 capital based on CBN's guidelines.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

The Central Bank of Nigeria prescribed the minimum limit of total qualifying capital/total risk weighted assets as a measure of capital adequacy of banks in Nigeria. Total qualifying capital consists of tier 1 and 2 capital less investments in subsidiaries and other regulatory adjustments.

The table below summarises the Basel II capital adequacy ratio for 2022 and 2021. It shows the composition of regulatory capital and ratios for the years. During those years, First Bank Nigeria Limited and FBNQuest Merchant Bank complied with all the regulatory capital requirements to which they are subjected.

	FBNQUEST MERCHANT BANK LIMITED		First Bank Nigeria Limited	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Tier 1 capital				
Share capital	4,302	4,302	17,948	17,948
Share premium	3,905	3,905	212,609	212,609
Statutory reserve	9,129	9,160	165,159	134,120
SMEEIS reserves	-	-	6,076	6,076
Retained earnings	16,327	13,623	436,358	266,432
Less: Goodwill/Deferred Tax	(9,206)	(9,246)	-	-
Less: Investment in subsidiaries	(1,518)	(1,322)	(53,717)	(55,696)
Total qualifying for tier 1 capital	22,939	20,421	784,433	581,489
Tier 2 capital				
Fair value reserve	(2,863)	975	301,848	98,151
Other borrowings	8,021	8,020	37,041	35,903
Total tier 2 capital	5,158	8,996	338,889	134,054
Tier 2 Capital Restriction	5,158	7,248	279,383	134,054
Less: Investment in subsidiaries	-	-	(53,717)	(55,696)
Total qualifying for tier 2 capital	5,158	7,248	225,666	78,357
Total regulatory capital	28,097	27,669	1,010,099	659,847
Risk-weighted assets				
Credit Risk	157,412	145,120	4,409,302	3,152,407
Operational Risk	20,635	20,147	1,109,880	795,547
Market Risk	5,008	4,036	123,270	33,704
Total risk-weighted assets	183,055	169,304	5,642,452	3,981,658
Risk-weighted Capital Adequacy Ratio (CAR)	15.35%	16.34%	17.90%	16.57%
Tier 1 CAR	12.53%	12.06%	13.90%	14.60%

iii. **Other Regulated Subsidiaries**

	31 December 2023			31 December 2022	
	Regulatory Capital ₦'millions	Shareholders fund ₦'millions	Excess/ (Shortfall) ₦'millions	Shareholders fund ₦'millions	Excess/ (Shortfall) ₦'millions
FBNQuest Capital Limited	800	19,624	18,824	17,303	16,503
FBNQuest Trustees Limited	300	4,976	4,676	6,318	6,018
FBN Insurance Brokers Limited	5	232	227	167	162

All the regulated entities within the Group complied with all the regulatory capital requirements to which they were subjected.

5 Significant accounting judgements, estimates and assumptions

The Group's financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the consolidated financial statements. The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

a Impairment of financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and debt instruments measured at 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).

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

- Determining criteria for significant increase in credit risk;
- Generating the term structure of the probability of default;
- Determining whether credit risk has increased significantly;
- Incorporation of forward-looking information;
- Determination of definition of default
- Estimation of loss given default.

The detailed methodologies, areas of estimation and judgement applied in the calculation of the Group's impairment charge on financial assets are set out in the Financial risk management section of the annual report.

b Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly arm'slength transaction between market participants in the principal market under current market conditions (i.e., the exit price). Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the valuation inputs (Level 1, 2 or 3). Fair value is based on unadjusted quoted prices in an active market for the same instrument, where available

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

(Level 1). If active market prices or quotes are not available for an instrument, fair value is then based on valuation models in which the significant inputs are observable (Level 2) or in which one or more of the significant inputs are non-observable (Level 3). Estimating fair value requires the application of judgment. The type and level of judgment required is largely dependent on the amount of observable market information available. For instruments valued using internally developed models that use significant non-observable market inputs and are therefore classified within Level 3 of the hierarchy, the judgment used to estimate fair value is more significant than when estimating the fair value of instruments classified within Levels 1 and 2. To ensure that valuations are appropriate, a number of policies and controls are in place. Valuation inputs are verified to external sources such as exchange quotes, broker quotes or other management-approved independent pricing sources.

Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. All fair values are on a recurring basis. Refer to Note 3.6 for additional sensitivity information for financial instruments.

c Retirement benefit obligation

The Group recognises its obligations to its employees on the gratuity scheme at the period end, less the fair value of the plan assets after performing actuarial valuation of the obligation. The scheme's obligations are calculated using the projected unit credit method. Plan assets are stated at fair value as at the period end. Changes in pension scheme liabilities or assets (remeasurements) that do not arise from regular pension cost, net interest on net defined benefit liabilities or assets, past service costs, settlements or contributions to the scheme, are recognised in other comprehensive income. Remeasurements comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred), the effects of changes in actuarial assumptions, return on scheme assets (excluding amounts included in the interest on the assets) and any changes in the effect of the asset ceiling restriction (excluding amounts included in the interest on the restriction).

The measurement of the Group's benefit obligation and net periodic pension cost/(income) requires the use of certain assumptions, including, among others, estimates of discount rates and expected return on plan assets. See note 40, "Retirement benefits obligation," for a description of the defined benefit pension plans. An actuarial valuation is performed by actuarial valuation experts on an annual basis to determine the retirement benefit obligation of the Group.

d Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units (CGU) have been determined based on value-in-use calculations. These calculations require the use of significant amount of judgement and estimates of future cash flows. A number of factors affect the value of such cash flows, including discount rates, changes in the economic outlook, customer behavior and competition See note 32 for detailed information on impairment assessment performed on the CGU. There was no impairment charge during the year (2022: Nil)

e Determining the lease term : Extension and termination options

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

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

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

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

f Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future taxable profits based on expected revenues for the next five years. Details of the Group's recognised and unrecognised deferred tax assets and liabilities are as disclosed in note 32.

6 Segment information

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reports provided to the Board of Directors (the chief operating decision maker), which is responsible for allocating resources to the operating segments and assesses its performance.

The identifiable reportable business Groups of FBN Holdings Plc.

1. Commercial Banking Business Group
2. Merchant Banking and Asset Management Business Group
3. Others

Commercial Banking Business Group

This is the Group's core business, which provides both individual and corporate clients/ customers with financial intermediation services. This business segment includes the Group's local, international and representative offices offering commercial banking services.

Merchant Banking and Asset Management Business Group (MBAM)

This is the investment-banking arm of the Group, providing advisory, asset management, markets and private equity services to a large institutional (corporations and governments) clientele, as well as merchant banking services.

Others

Others, previously referred to as Other Financial Services, comprises of FBN Holdings Plc., the parent company, FBN Insurance Brokers Limited and Rainbow Town Development Limited.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses. This measurement basis excludes the effect of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring events.

As the Board of Directors reviews operating profit, the results of discontinued operations are not included in the measure of operating profit. The transactions between segments are carried out at arm's length, which is consistent with the basis of transacting with external parties.

The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the Board of Directors.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position.

Segment result of operations

Total revenue in the segment represents: Interest income, fee and commission income, foreign exchange income, net gains/ losses on sale of investment securities, net gains/losses from financial instruments at fair value through profit/loss, dividend income, other operating income and share of profit/loss of associates.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

The segment information provided to the Group Executive Committee for the reportable segments for the period ended 31 December 2023 is as follows:

	Commercial Banking Group ₦'millions	Merchant Bank and Asset Management Group ₦'millions	Others ₦'millions	Total ₦'millions
At 31 December 2023				
Total segment revenue	1,493,270	97,623	22,985	1,613,878
Inter-segment revenue	(451)	(250)	(17,922)	(18,623)
Revenue from external customers	1,492,819	97,373	5,063	1,595,255
Interest income	918,163	39,008	3,157	960,328
Interest expense	(377,916)	(33,493)	(6)	(411,415)
Profit/(loss) before tax	324,233	36,434	(1,792)	358,875
Income tax expense	(38,082)	(9,942)	(369)	(48,393)
Profit/(loss) for the year from continuing operations	286,151	26,492	(2,161)	310,482
Impairment charge on financial instruments	(218,144)	(9,274)	-	(227,418)
Loss for the year from discontinued operations	-	-	(112)	(112)
Depreciation	(28,522)	(586)	(372)	(29,480)
At 31 December 2023				
Total assets	16,230,843	655,347	51,494	16,937,684
Other measures of assets:				
Loans and advances to customers	6,252,975	106,031	288	6,359,294
Expenditure on non-current assets	156,879	3,408	1,390	161,677
Investment securities	2,537,342	253,319	6,959	2,797,620
Total liabilities	14,594,803	573,870	21,990	15,190,663
At 31 December 2022				
Total segment revenue	758,606	53,278	67,146	879,029
Inter-segment revenue	(1,632)	(375)	(61,857)	(63,864)
Revenue from external customers	756,974	52,903	5,289	815,166
Interest income	522,577	27,294	2,065	551,936
Interest expense	(167,010)	(21,675)	(3)	(188,688)
Profit/(loss) before tax	157,532	12,567	(12,196)	157,903
Income tax expense	(17,667)	(3,671)	(253)	(21,591)
Profit/(loss) for the year from continuing operations	139,865	8,896	(12,449)	136,312
Impairment charge for losses	(55,128)	(1,905)	(11,585)	(68,619)
Loss for the year from discontinued operations	-	-	(138)	(138)
Depreciation	(20,227)	(491)	(265)	(20,982)
At 31 December 2022				
Total assets	10,064,010	474,611	39,090	10,577,711
Other measures of assets:				
Loans and advances to customers	3,682,528	106,473	60	3,789,060
Expenditure on non-current assets	121,213	2,760	1,194	125,167
Investment securities	2,172,663	145,184	4,037	2,321,884
Total liabilities	9,164,158	397,836	19,975	9,581,969

Geographical information
Revenues

	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Nigeria	**1,328,019**	677,252
Outside Nigeria	**267,236**	137,914
Total	**1,595,255**	815,166

Non current asset
Property and equipment

	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Nigeria	**111,384**	96,772
Outside Nigeria	**50,293**	28,395
Total	**161,677**	125,167

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

7 Interest income

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Loans and advances to customers	**627,116**	403,616	**31**	7
Investment securities at FVOCI	**151,161**	47,883	**368**	274
Investment securities at amortised cost	**130,970**	28,409	**0**	-
Loans and advances to banks	**49,014**	56,438	**2,980**	1,806
Total interest income calculated using effective interest income	**958,261**	536,347	**3,379**	2,088
Investment securities at Fair value through profit or loss	**2,067**	15,590	**-**	-
	960,328	551,937	**3,379**	2,088

Included in interest income on loans and advances to banks is the sum of ₦1.65bn (2022: ₦1.29bn) income earned on unclaimed dividend fund.

8 Interest expense

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Deposit from customers	**268,925**	117,199	**-**	-
Deposit from banks	**55,183**	22,448	**-**	-
Borrowings	**86,411**	48,505	**-**	-
Lease liability	**896**	536	**6**	3
	411,415	188,688	**6**	3

9 Impairment charge on financial instruments

	Group 31 December 2023 ₦'millions	31 December 2022 ₦'millions
Loans and advances to banks (refer note 21)		
Stage 1 - 12- month ECL	36,105	1,789
Stage 2 - Lifetime ECL	-	-
Stage 3 - Lifetime ECL	-	-
	36,105	1,789
Investment securities (refer to note 24)		
Stage 1 - 12- month ECL	8,950	7,105
	8,950	7,105
Loans and advances to customers (refer to note 22)		
Stage 1 - 12- month ECL	3,822	(2,325)
Stage 2 - Lifetime ECL	84,627	24,841
Stage 3 - Lifetime ECL	86,406	37,128
	174,855	59,645
Write-off of loans	-	95
Other assets (refer to note 26)		
Other Assets ECL	8,186	909
	8,186	909
Off balance sheet (refer to note 35)		
Impairment reversal	(678)	(924)
Net impairment charge	227,418	68,619

10a Fee and commission income

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Credit related fees	18,442	16,019
Letters of credit commissions and fees	60,622	16,022
Electronic banking fees	66,343	55,099
Money transfer commission	954	760
Commission on bonds and guarantees	3,539	1,812
Funds transfer and intermediation fees	20,610	6,760
Account maintenance	22,322	19,883
Brokerage and intermediations	4,273	7,637
Custodian fees	11,828	8,935
Financial advisory fees	4,086	44
Fund management fees	8,074	6,625
Trust fee income	1,869	1,313
Other fees and commissions	3,492	3,071
	226,454	143,981
Timing of revenue recognition		
At a point in time	167,171	111,972
Over time	59,283	32,009
	226,454	143,981

10b Fees and commission expense

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Acceptance cost (Alternative channels)	14,759	11,965
SMS charge	11,023	7,596
Agent banking expenses	5,357	5,239
Internet/web expenses	2,117	1,212
	33,256	26,012

Fee and commission expense primarily relates to charges raised by switching platforms on holders of First Bank Nigeria Limited ATM cards, who make use of the other banks machines while transacting business,and SMS alert related expenses.

11 Foreign exchange gain/(loss)

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Revaluation (loss)/gain on foreign currency balances (unrealised)	(341,558)	9,105	787	38
Foreign exchange trading gain	8,771	23,325	-	-
	(332,787)	32,430	787	38

(i) Include in the Group's Revaluation (loss)/gain on foreign currency balances for 2023 is the loss on net monetary positions of ₦9.02Bn (2022: Nil) as a result of applying IAS 29 'Financial Reporting in Hyperinflationary Economies'.

12 Net gains on sale of investment securities

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Gain on sale of investment securities	34,848	22,425	(50)	-
	34,848	22,425	(50)	-

This relates to gain on sale of financial assets at fair value through other comprehensive income.

13 Net gains/(losses) from financial instruments at FVTPL

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Fair value gain on derivatives	642,233	14,224	-	-
Fair value (loss)/gain on equities	(377)	7,440	(379)	(379)
Fair value gain/(loss) on debt securities	40,721	(10,874)	-	-
Fair value gain/(loss) on financial instruments at FVTPL	682,577	10,790	(379)	(379)
Trading (loss)/ income on debt securities	(1,957)	27,857	-	-
Net gains/(losses) from financial instruments at FVTPL	680,620	38,648	(379)	(379)

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2023

14 Dividend income

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
First Bank Nigeria Limited	-	-	12,500	12,500
FBNQuest Capital Limited	-	-	2,000	3,550
FBNQuest Merchant Bank Limited	-	-	1,006	1,376
FBNQuest Trustees Limited	-	-	1,437	2,503
FBN Insurance Limited	-	-	-	-
FBN Insurance Brokers Limited	-	-	450	350
Entities outside the Group*	5,742	3,166	-	-
Withholding tax on dividend	-	-	(233)	(408)
	5,742	3,166	17,160	19,871

*This represents dividend income earned on equity investments held by subsidiaries of FBN Holdings Plc.

15 Other operating income

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Profit/(loss) on sale of property and equipment	7	1,249	7	6
Other income (i)	11,032	7,459	116	2,018
Recoveries	8,191	13,695	-	-
	19,230	22,404	123	2,024

(i) Other income largely comprises income made by the Group from private banking services,and gain on disposal of repossessed collateral.

16 Personnel expenses

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Wages and salaries	135,891	97,586	1,929	1,840
Pension costs:				
- Defined contribution plans	7,293	4,983	93	38
- Defined benefit cost (refer note 37)	1,194	3	-	-
Post employment benefit	541	901	166	-
Other staff benefits	34,171	13,903	6	6
	179,090	117,376	2,194	1,884

Staff received some loans at below the market interest rate. These loans are measured at fair value at initial recognition. The difference between the present value (PV) of cash flows discounted at the contractual rate and PV of cash flows discounted at market rate has been recognised as prepaid employee benefit (in prepayments) which is amortised to personnel expenses over the life of the loan.

The average number of persons employed by the Group during the period was as follows:

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Executive directors	2	2	2	2
Management	331	304	8	7
Non-management	8,440	7,666	31	29
	8,773	7,972	41	38

The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Below ₦2,000,000	215	325	1	6
₦2,000,001 - ₦2,800,000	65	157	4	-
₦2,800,001 - ₦3,500,000	330	149	-	-
₦3,500,001 - ₦4,000,000	139	1,181	1	-
₦4,000,001 - ₦5,500,000	691	200	2	1
₦5,500,001 - ₦6,500,000	1,509	996	3	2
₦6,500,001 - ₦N7,800,000	387	1,408	3	4
₦7,800,001 - ₦9,000,000	1,075	113	1	4
₦9,000,001 and above	4,360	3,443	24	21
	8,771	7,972	39	38

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2023

17 Operating expenses

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Auditors' remuneration[1]	1,544	1,058	40	30
Directors' emoluments	3,743	3,070	1,035	965
Loss on sale of property and equipment	228	-	-	-
AMCON resolution cost	51,121	39,764	-	-
Deposit insurance premium	28,757	26,765	-	-
Maintenance	70,833	42,961	88	80
Insurance premium	3,857	2,679	130	70
Rent and rates	3,226	3,605	-	-
Advert and corporate promotions	32,333	12,133	401	329
Legal and other professional fees	18,282	13,780	549	369
Donations & subscriptions	1,740	741	32	18
Stationery & printing	3,045	1,952	11	27
Communication, light and power	23,256	15,618	16	15
Cash handling charges	3,602	1,877	-	-
Administrative and other charges[2]	40,916	21,720	-	-
Passages and travels	10,883	6,071	647	380
Outsourced cost	22,703	17,006	17	29
Statutory fees	69	52	50	51
WHT on retained dividend	233	408	-	-
Fines and penalties	40	26	14	12
Other operating expenses[3]	21,441	17,230	272	315
	341,852	228,519	3,302	2,690

[1]Auditors' remuneration for the group represents the aggregate of the fees paid by the various entities in the group to their respective auditors.

[2]Administrative expense and Other Charges comprise operational losses, judgement debts, and tax back duties.

[3]Other operating expenses includes debt recovery expenses.

18 Taxation

a Tax expense

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
a(i) Minimum Tax	8,282	3,362	21	22

a(ii) **Income tax expense**

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Education tax	28,547	12,080	-	-
Technology tax	1,310	5,598	-	-
Police trust fund levy	4,968	2,021	-	-
National agency for science and engineering infrastructure levy	14	7	1	1
Over provision in prior years	559	254	-	-
	46	51	-	-
	35,444	20,011	1	1
Origination and reversal of temporary deferred tax differences (see note 32)				
Income tax expense	4,667	(1,782)	-	-
	40,111	18,229	1	1
Total tax expense				
	48,393	21,591	22	23

GROUP
Effective tax reconciliation

	2023		2022	
Profit before income tax and minimum tax	350,593		154,540	
Tax calculated using the domestic corporation tax rate of 30% (2022: 30%)	105,178	30%	46,362	30%
Effect of tax rates in foreign jurisdictions	(2,331)	-1%	(1,673)	-1%
Tax exempt income	(261,755)	-75%	(322,455)	-209%
Non-deductible expenses	202,828	58%	312,703	202%
Effect of education tax levy	1,310	0%	5,598	4%
Effect of Information technology	4,968	1%	2,021	1%
Current year temporary differences for which no deferred tax was recognised	-	0%	7,179	5%
Tax incentives	(2,424)	-1%	(28,456)	-18%
Over/(under) provision in prior years	46	0%	51	0%
NASENI Levy	559	0%	254	0%
Effect of police trust fund Levy	14	0%	7	0%
Total income tax expense in income statement	48,393	14%	21,591	14%
Income tax expense	48,393	14%	21,591	14%

COMPANY
Effective tax reconciliation

	2023		2022	
Profit before income tax	**15,171**		19,461	
Tax calculated using the domestic corporation tax rate of 30% (2020: 30%)	**4,551**	**30%**	5,845	30%
Tax exempt income	**(4,586)**	**-30%**	(5,927)	-30%
Non-deductible expenses	**56**	**0%**	105	1%
Effect of police trust fund levy	**1**	**0%**	1	0%
Total income tax expense in income statement	**22**	**0%**	23	0%
Income tax expense	**22**	**0%**	23	0%

b Current income tax liability

The movement in the current income tax liability is as follows:

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
At start of the period	**27,901**	17,741	**29**	7
Tax paid	**(31,458)**	(13,053)	**-**	-
Withholding tax credit utilised	**(1,861)**	(937)	**(22)**	(1)
Minimum tax charge	**8,282**	3,362	**21**	22
Income tax charge	**35,444**	20,011	**1**	1
Effect of changes in exchange rate	**14,354**	778	**-**	-
At 31 December	**52,662**	27,901	**29**	29
Current	**52,662**	27,901	**29**	29

19 Cash and balances with central banks

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Cash	**169,653**	126,177	**-**	-
Balances with central banks excluding mandatory reserve deposits	**304,387**	105,696	**-**	-
Effect of exchange rate fluctuation	**(10,148)**	727	**-**	-
	463,892	232,599	**-**	-
Mandatory reserve deposits with Central Banks	**2,108,471**	1,558,263	**-**	-
	2,572,363	1,790,863	**-**	-

Restricted deposits with central banks are not available for use in Group's day to day operations. First Bank Nigeria Limited and FBNQuest Merchant Bank Limited had restricted balances of ₦2,037billion and ₦73.82 billion respectively with Central Bank of Nigeria (CBN) as at 31 December 2023 (December 2022: ₦1,478.55 billion and ₦59.28 billion). This balance includes CBN cash reserve requirement and Special Intervention Reserve. First Bank Ghana and FirstBank Guinea also had restricted balances of ₦29.15 billion and ₦16.23 billion (December 2022: ₦10.00 billion and ₦5.41 billion) respectively with their respective central banks. The balance of ₦7.40 billion (December 2022: ₦5.01 billion) relates to restricted balances of other commercial banking group subsidiaries with their respective central banks.

20 Cash and cash equivalents

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

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Cash (Note 19)	**169,653**	126,177	**-**	-
Balances with central banks other than mandatory reserve deposits (Note 19)	**304,387**	105,696	**-**	-
Loans and advances to banks excluding long term placements (Note 21)	**1,817,328**	941,732	**16,166**	18,293
Treasury bills included in financial assets at FVTPL (Note 23)	**4,202**	4,428	**-**	-
Treasury bills and eligible bills excluding pledged treasury bills (Note 24.1&24.2)	**377,611**	677,960	**-**	-
Effect of exchange rate fluctuations (Note 19 & 21)	**9,405**	6,457	**357**	38
	2,682,586	1,862,451	**16,523**	18,331

21 Loans and advances to banks

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Current balances with banks within Nigeria (i)	**735,077**	540,727	**2,060**	566
Current balances with banks outside Nigeria (ii)	**805,817**	357,036	**-**	-
Placements with banks and discount houses (iii)	**276,434**	43,970	**14,106**	17,727
	1,817,328	941,732	**16,166**	18,293
Exchange rate fluctuation	**19,553**	5,730	**357**	38
	1,836,881	947,463	**16,523**	18,331
Long term placement/Cash collateral balance (iv)	**257,660**	280,054	**-**	-
Stage 1 : 12 month ECL on placements	**(41,311)**	(4,456)	**-**	-
Carrying amount	**2,053,230**	1,223,061	**16,523**	18,331

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

(i) The balances includes clearing balance with other deposit money banks. The FirstBank provides clearing services for some banks in Nigeria. The current balances with banks within Nigeria comprise clearing exposures to banks as at 31 December 2023. The Central Bank of Nigeria has undertaken that the Bank will suffer no financial loss on the outstanding balance.

(ii) These balances includes the sum of ₦253.3bn (2022: ₦166.4bn) in respect of trade finance and other short term financing advanced to banks on the back of their letters of credit/trade related transactions. All other loans to banks within these balances are due within 3 months.

(iii) These are short term placements with banks and discount houses. These balances also includes the sum of ₦9.28bn (2022: ₦10.7bn) relating to unclaimed dividend fund.

(iv) These are long term placement/cash collateral balance which do not qualify as cash and cash equivalent.

Reconciliation of impairment account

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
At start of year	(4,456)	(3,226)	-	-
Impairment (charge)/writeback	(36,105)	(1,789)	-	-
Write off	-	-		
Exchange difference	(750)	559		
At end of year	(41,311)	(4,456)	-	-

22 Loans and advances to customers

GROUP

Corporate 31 December 2023	Gross Amount ₦'millions	Stage 1 12 months ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Total Impairment ₦'millions	Carrying Amount ₦'millions
Overdrafts	817,712	(779)	(59,991)	(3,276)	(64,046)	753,666
Term loans	4,952,996	(12,526)	(71,654)	(53,850)	(138,030)	4,814,966
Project finance	468,124	(82)	-	(68,006)	(68,088)	400,036
	6,238,832	(13,387)	(131,645)	(125,132)	(270,164)	5,968,668

Retail 31 December 2023	Gross Amount ₦'millions	Stage 1 12 months ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Total Impairment ₦'millions	Carrying Amount ₦'millions
Overdrafts	45,228	(229)	(57)	(812)	(1,098)	44,130
Term loans	212,937	(1,336)	(95)	(1,128)	(2,559)	210,378
Credit cards	3,073	(12)	-	(34)	(46)	3,027
Mortgage	133,763	(489)	(38)	(145)	(672)	133,091
	395,001	(2,066)	(190)	(2,119)	(4,375)	390,626
Total Loans and advances to customers	6,633,833	(15,453)	(131,835)	(127,251)	(274,539)	6,359,294

GROUP

Corporate 31 December 2022	Gross Amount ₦'millions	Stage 1 12 months ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Total Impairment ₦'millions	Carrying Amount ₦'millions
Overdrafts	1,039,688	(1,393)	(21,742)	(13,001)	(36,136)	1,003,552
Term loans	2,292,801	(7,778)	(26,165)	(25,348)	(59,291)	2,233,510
Project finance	330,171	(283)	(4)	(40,964)	(41,251)	288,920
	3,662,660	(9,454)	(47,911)	(79,313)	(136,678)	3,525,982

Retail 31 December 2022	Gross Amount ₦'millions	Stage 1 12 months ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Total Impairment ₦'millions	Carrying Amount ₦'millions
Overdrafts	46,859	(820)	(1)	(906)	(1,727)	45,132
Term loans	166,766	(611)	(49)	(683)	(1,343)	165,423
Credit cards	2,816	(2)	(8)	(16)	(26)	2,790
Mortgage	50,109	(222)	(12)	(140)	(374)	49,735
	266,549	(1,655)	(70)	(1,745)	(3,470)	263,079
Total Loans and advances to customers	3,929,209	(11,109)	(47,981)	(81,058)	(140,148)	3,789,061

COMPANY

31 December 2023	Gross Amount ₦'millions	Stage 1 12 months ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Total Impairment ₦'millions	Carrying Amount ₦'millions
Term loans	**269**	-	-	-	-	**269**
	269	-	-	-	-	**269**

31 December 2023	Gross Amount ₦'millions	Stage 1 12 months ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Total Impairment ₦'millions	Carrying Amount ₦'millions
Term loans	39	-	-	-	-	39
	39	-	-	-	-	39

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Current	**4,236,169**	1,932,497	**12**	6
Non-current	**2,123,125**	1,856,564	**257**	33
	6,359,294	3,789,061	**269**	39

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

Reconciliation of impairment allowance on loans and advances to customers:
GROUP

	Corporate ₦'millions	Retail ₦'millions	Total ₦'millions
At 1 January 2023			
12 months ECL- Stage 1	9,454	1,655	11,109
Life time ECL not credit impaired - Stage 2	47,911	70	47,981
Life time ECL credit impaired - Stage 3	79,313	1,745	81,058
	136,678	3,470	140,148
Additional allowance			
12 months ECL- Stage 1	3,821	1	3,822
Life time ECL not credit impaired - Stage 2	84,499	128	84,627
Life time ECL credit impaired - Stage 3	84,996	1,410	86,406
	173,316	1,539	174,855
Transfer between stages			
12 months ECL- Stage 1	(9,000)	(138)	(9,138)
Life time ECL not credit impaired - Stage 2	2,768	-	2,768
Life time ECL credit impaired - Stage 3	6,232	138	6,370
Exchange difference			
12 months ECL- Stage 1	9,112	548	9,660
Life time ECL not credit impaired - Stage 2	(3,533)	(8)	(3,541)
Life time ECL credit impaired - Stage 3	6,805	(265)	6,540
Loan write off			
12 months ECL- Stage 1	-	-	-
Life time ECL not credit impaired - Stage 2	-	-	-
Life time ECL credit impaired - Stage 3	(52,214)	(909)	(53,123)
At 31 December 2023	270,164	4,375	274,539
12 months ECL- Stage 1	13,387	2,066	15,453
Life time ECL not credit impaired - Stage 2	131,645	190	131,835
Life time ECL credit impaired - Stage 3	125,132	2,119	127,251
At 31 December 2023	270,164	4,375	274,539

Reconciliation of impairment allowance on loans and advances to customers:
GROUP

	Corporate ₦'millions	Retail ₦'millions	Total ₦'millions
At 1 January 2022			
12 months ECL- Stage 1	4,498	8,942	13,440
Life time ECL not credit impaired - Stage 2	25,461	638	26,099
Life time ECL credit impaired - Stage 3	77,937	4,785	82,722
	107,896	14,365	122,261
Additional allowance			
12 months ECL- Stage 1	4,982	(7,306)	(2,324)
Life time ECL not credit impaired - Stage 2	25,425	(584)	24,841
Life time ECL credit impaired - Stage 3	34,422	2,706	37,128
	64,829	(5,184)	59,645
Transfer between stages			
12 months ECL- Stage 1	-	-	-
Life time ECL not credit impaired - Stage 2	(2,969)	-	(2,969)
Life time ECL credit impaired - Stage 3	2,969	-	2,969
Exchange difference			
12 months ECL- Stage 1	(26)	19	(7)
Life time ECL not credit impaired - Stage 2	(6)	17	10
Life time ECL credit impaired - Stage 3	(184)	380	196
Loan write off			
12 months ECL- Stage 1	-	-	-
Life time ECL not credit impaired - Stage 2	-	-	-
Life time ECL credit impaired - Stage 3	(35,831)	(6,127)	(41,958)
At 31 December 2022	136,677	3,470	140,146
12 months ECL- Stage 1	9,454	1,655	11,108
Life time ECL not credit impaired - Stage 2	47,911	70	47,981
Life time ECL credit impaired - Stage 3	79,313	1,745	81,057
At 31 December 2022	136,677	3,470	140,146

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2023

Nature of security in respect of loans and advances:

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Legal Mortgage/Debenture On Business Premises, Factory Assets Or Real Estates	**4,061,438**	1,971,807	**-**	-
Guarantee/Receivables Of Investment Grade Banks & State Govt.	**596,335**	518,818	**-**	-
Domiciliation of receivables	**831,530**	641,153	**-**	-
Clean/Negative Pledge	**117,998**	418,539	**-**	-
Marketable Securities/Shares	**14,064**	-	**-**	-
Otherwise Secured	**90,639**	1,601	**269**	39
Cash/Government Securities	**921,821**	376,237	**-**	-
Unsecured	**8**	1,054		
	6,633,833	3,929,209	**269**	39

The Group is not permitted to sell or repledge the collateral in the absence of default by the owner of the collateral.

23 Financial assets and liabilities at fair value through profit or loss

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Treasury bills with maturity of less than 90 days	**4,202**	4,428	**-**	-
Treasury bills with maturity over 90 days	**28,094**	149,810	**-**	-
Commercial papers	**-**	3,869	**-**	-
Bonds	**16,335**	10,745	**-**	-
Total debt securities	**48,631**	168,853	**-**	-
Listed equity securities	**12,511**	14,677	**-**	-
Unlisted equity securities	**67,140**	31,757	**504**	1,601
Total equity securities	**79,651**	46,434	**504**	1,601
Derivative assets (refer note 23b)	**620,503**	63,180	**-**	-
Total assets at fair value through profit or loss	**748,785**	278,466	**504**	1,601
Current	**671,322**	269,991	**504**	-
Non Current	**77,463**	8,475	**-**	1,601
	748,785	278,466	**504**	1,601

Derivatives are only used for economic hedging purposes and not as speculative investments. However, existing derivatives do not meet the hedge accounting criteria, and are therefore classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

a Financial liabilities at FVTPL

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Debt securities				
Treasury bills with maturity of less than 90 days	-	-	-	-
Treasury bills with maturity over 90 days	50,862	-	-	-
Commercial papers	-			
Total debt securities	50,862	-	-	-
Derivative liabilities (Note 23b(i)	92,608	38,384		
Total liabilities at FVTPL	143,470	38,384	-	-

b(i) Derivatives

Group	31 December 2023		
	Notional contract amount ₦'millions	Fair values Asset ₦'millions	Liability ₦'millions
Foreign exchange derivatives			
Forward FX contract	622,453	27,536	17,348
FX Futures	307,656	73,239	73,239
Currency swap	1,327,456	519,721	2,014
Put options	28,554	7	7
	2,286,119	620,503	92,608
Current	2,286,119	620,503	92,608
Non Current	-	-	-
	2,286,119	620,503	92,608

Group	31 December 2022		
	Notional contract amount ₦'millions	Fair values Asset ₦'millions	Liability ₦'millions
Foreign exchange derivatives			
Forward FX contract	629,690	15,327	18,269
FX Futures	9,222	145	-
Currency swap	642,161	47,479	20,115
Put options	23,811	228	-
	1,304,884	63,180	38,384
Current	1,304,884	63,180	38,384
Non Current	-	-	-
	1,304,884	63,180	38,384

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

24 Investment Securities

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Investment securities at FVOCI (Note 24.1)	1,330,161	1,023,690	6,959	3,963
Investment securities at amortised (Note 24.3)	1,467,459	1,298,195	-	-
	2,797,620	2,321,885	6,959	3,963

24.1 Investment securities at FVOCI

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Debt securities – at fair value:				
– Treasury bills with maturity of less than 90 days	233,707	431,694	-	-
– Treasury bills with maturity of more than 90 days	312,207	229,145	3,864	-
– Government bonds	480,561	203,284	3,095	3,963
– Other bonds	410	8,648	-	
Total debt securities classified as FVOCI	1,026,885	872,771	6,959	3,963
Equity securities:				
– Listed	705	755	-	-
– Unlisted (Note 24.2)	302,571	150,164	-	-
Total equity securities classified as FVOCI	303,276	150,918	-	-
Total securities classified as FVOCI	1,330,161	1,023,690	6,959	3,963
Current	842,089	353,816	3,928	-
Non current	488,072	669,873	3,031	3,963
	1,330,161	1,023,690	6,959	3,963

Reconciliation of impairment on investment securities at FVOCI

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
At start of year	1,881	568	-	-
Charge/(writeback)	9,195	1,313	-	-
Reclassification to retained earnings	(1,087)	-	-	-
At end of year	9,989	1,881	-	-

24.2 Analysis of Unlisted Equity Investments:

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Unlisted Equity Investments:				
NIBSS Plc	13,808	13,549	-	-
AFREXIM Bank Limited	2,793	1,423	-	-
Africa Finance Corporation	259,589	98,902	-	-
Unified Payment Systems Limited	11,877	10,671	-	-
CRC Credit Bureau Limited	1,222	1,464	-	-
FMDQ OTC Securities Exchange	3,584	1,635	-	-
Anchorage Leisures Limited	140	133	-	-
JDI Investments Company Limited (JDI)	286	118	-	-
Capital Alliance Private Equity Fund (CAPE)	3,507	1,292	-	-
FBN Heritage Fund	137	100	-	-
ARADEL	643	114		
Food Concept	97	47		
NASD PLc	28	31		
Mutual Funds	4,860	617	-	-
	302,571	130,096	-	-
Other Unlisted Equity Investments:				
SANEF Investment Scheme	-	50	-	-
Deposit for Investment in AGSMEIS (See note (i) below)	-	20,018	-	-
Total Unlisted Equities	302,571	150,164	-	-

(i) This represents contribution to Agri-Business/Small and Medium Enterprises Investment Scheme aimed at supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. It is an initiative of the Bankers' Committee in which Banks are required to set aside 5% of their Profit After Tax for investment in qualified players. The fund is domiciled with the Central Bank of Nigeria. This balances have been reclassified as other assets in the current year.

24.3 Investment securities at amortised cost

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Debt securities – at amortised cost:				
– Treasury bills with maturity of less than 90 days	**143,904**	246,266	**-**	-
– Treasury bills with maturity of more than 90 days	**382,575**	383,916	**-**	-
– Bonds	**955,790**	655,700	**-**	-
– Unlisted debt	**-**	19,762		
Impairment on Amortised Cost securities				
- Stage 1: 12- month ECL	**(14,810)**	(7,449)	**-**	-
Total securities at amortised cost	**1,467,459**	1,298,195	**-**	-
Current	**544,935**	103,800	**-**	-
Non Current	**922,524**	1,194,395	**-**	-
	1,467,459	1,298,195	**-**	-
Total investment securities	**2,797,620**	2,321,885	**6,959**	3,963

Reconciliation of impairment on investment securities at amortised cost

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
At start of year	**7,449**	1,613	**-**	-
Impairment (writeback)/ charge	**(245)**	5,792	**-**	-
Exchange difference	**7,606**	44	**-**	-
At end of year	**14,810**	7,449	**-**	-

25 Asset pledged as collateral

The assets pledged by the group are strictly for the purpose of providing collateral to the counterparty. To the extent that the counterparty is not permitted to sell and/or repledge the assets in the absence of default, they are classified in the statement of financial position as pledged assets. These transactions are conducted under terms that are usual and customary to standard securities borrowing and lending activities.

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

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Debt securities at FVOCI (note 25.1)	**1,456,183**	495,913
Debt securities at amortised cost (note 25.2)	**62,911**	99,258
Debt securities at FVTPL (note 25.3)	**-**	-
	1,519,094	595,171

25.1 Debt securities at FVOCI

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
– Treasury bills	976,879	444,859
– Bonds	479,304	51,054
	1,456,183	495,913

25.2 Debt securities at amortised cost

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
– Treasury bills	-	23,585
– Bonds	62,911	75,673
	62,911	99,258

25.3 Debt securities at FVTPL

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
– Treasury bills	-	-
	-	-

The related liability for assets held as collateral include:

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Bank of Industry	12,819	15,675
Central Bank of Nigeria/Commercial Agriculture Credit Scheme Intervention fund	19,354	25,306
Due to Other Banks	1,005,742	325,566

The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above.

Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies of ₦57 billion for the Group in December 2023 (2022: ₦58.0 billion) for which there is no related liability.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Current	**976,879**	444,859
Non current	**542,215**	150,312
	1,519,094	595,171

All assets pledged as collateral are Stage 1 assets

26 Other assets

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Financial assets:				
Other receivables	**6,918**	1,363	**-**	2
Accounts receivable	**481,904**	293,124	**17,144**	18,770
	488,822	294,486	**17,144**	18,772
Impairment on other assets - Simplified Approach	**(15,937)**	(21,638)	**-**	-
	472,885	272,849	**17,144**	18,772
Non financial assets:				
Stock of consumables	**17,467**	10,484	**20**	14
Inventory- repossessed collateral	**73,931**	72,039	**-**	-
Prepayments	**24,849**	16,260	**186**	246
WHT receivable		1,569	**-**	-
Deferred expenses	**13,110**	11,512.00	**311**	-
Impairment on non financial other assets	**(1,315)**	(11,583)	**-**	-
	128,042	100,281	**517**	260
Net other assets balance	**600,927**	373,130	**17,661**	19,032

Inventory (repossessed collateral) of ₦73.9bn (2022: ₦60.46bn) comprises assets recovered from default loan customers.

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Impairment on other assets - Simplified Approach	**15,937**	21,638	**-**	-
Impairment on non financial other assets	**1,315**	11,583	**-**	-
At end of year	**17,252**	33,220	**-**	-

Reconciliation of impairment account

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
At start of year	**33,220**	22,592	-	-
Recoveries	**(678)**	(924)	-	-
(Write off)/ write off	**(24,457)**	11,105	-	-
Impairment charge	**8,186**	909	-	-
Exchange difference	**981**	(461)		
At end of year	**17,252**	33,220	-	-

All other assets on the statement of financial position of the Group had a remaining period to contractual maturity of less than 12 months.

The information of the professional engaged by the entities within the Group for valuation of repossessed collateral are as follows:

Name of Professional Firm	FRCN Number	Type of Service provided	Name of Principal Partner
Bode Adediji Partnership	FRC/2012/0000000000279	Valuation of repossessed assets	Bode Adediji
Udoetuk & Associates Estate Surveyors & Valuers	FRC/2013/NIESV/00000002389	Valuation of repossessed assets	Ime Udoetuk
Boye Komolafe & Co	FRC/2013/0000000000613	Valuation of repossessed assets	Adeboye Komolafe
Jide Taiwo & Co	FRC/2012/0000000000254	Valuation of repossessed assets	Ige Beatrice Abosede
Ubosi Eleh & Co	FRC/2014/NIESV/00000003997	Valuation of repossessed assets	Emeka Eleh
Ernst & Young	FRC/2012/NAS/00000000738	Actuarial Valuation	Rotimi Okpaise

27 Investment in associates (equity method)

i Seawolf Oilfield Services Limited (SOSL)

FBN Holdings Plc. holds 42% shareholding in Seawolf Oilfields Services Limited (SOSL). SOSL is a company incorporated in Nigeria and is involved in the oil and gas sector. SOSL has share capital consisting only of ordinary share capital which are held directly by the Group; the country of incorporation or registration is also their principal place of business. SOSL is not publicly traded and there is no published price information.

In 2014, Asset Management Corporation of Nigeria (AMCON), a major creditor of SOSL, appointed a receiver manager to take over the business. The investment has been fully impaired.

ii FBN Balanced Fund

FBN Holdings Plc. sold 15million units of its interest in FBN Heritage Fund in 2016. This sale reduced the Group's interest in the fund to 37.9%, indicating a loss of control as at 31 December 2016.

FBN Balanced Fund (Formerly FBN Heritage Fund) is an open-ended Securities and Exchange Commission (SEC) registered mutual fund that invests in stocks, bonds, money market instruments, real estate and other securities in the Nigerian Capital Markets. The fund manager publishes daily unit price of the fund on the memorandum listing section of the Nigerian Stock

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

Exchange. The unit price of FBN Balanced Fund as at reporting date ₦269.37 (Cost: ₦100). FBN Balanced Fund's principal place of business is Nigeria while its principal activity is Fund management. The Group's ownership interest in the Fund is 28.23%.

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
FBN Balanced Fund		
Balance at beginning of year	1,185	1,009
Share of profit/ (loss)	820	175
Share of other comprehensive income	-	1
At end of year	2,005	1,185

28 Investment in subsidiaries

28.1 Principal subsidiary undertakings

	Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
DIRECT SUBSIDIARIES OF FBN HOLDINGS PLC.		
First Bank Nigeria Limited (Note 28 (i))	230,557	230,557
FBNQuest Capital Limited (Note 28 (ii))	5,812	5,812
FBN Insurance Brokers Limited (Note 28 (iii))	25	25
FBNQuest Merchant Bank Limited (Note 28 (v))	17,206	17,206
FBNQuest Trustees Limited (Note 28 (vi))	4,521	4,521
	258,121	258,121
INDIRECT SUBSIDIARIES OF FBN HOLDINGS PLC.		
FBNQuest Funds Limited (Note 28 (vii))	4,550	4,550
	4,550	4,550
	262,671	262,671

All shares in subsidiary undertakings are ordinary shares. For the year ended 31 December 2023, the Group owned the total issued shares in all its subsidiary undertakings except New Villa Limited (Rainbow Town Development Limited) in which it owned 55%. There are no significant restrictions on any of the subsidiaries. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company and the Group do not differ from the proportion of ordinary shares held. The total non-controlling interest as at the end of the year ₦28.44 billion (2022: ₦12.11 billion).

Subsidiary	Principal activity	Country of incorporation	Proportion of shares held directly by the parent/Group (%)	Statutory year end
First Bank Nigeria Limited (Note 28 (i))	Banking	Nigeria	100	31 December
FBNQuest Capital Limited (Note 28 (ii))	Investment Banking & Funds Management	Nigeria	100	31 December
FBN Insurance Brokers Limited (Note 28 (iii))	Insurance Brokerage	Nigeria	100	31 December
New Villa Limited (Rainbow Town Development Limited) (Note 28 (iv))	Investment and General Trading	Nigeria	55	31 December
FBNQuest Merchant Bank Limited (Note 28 (v)	Merchant Banking & Asset Management	Nigeria	100	31 December
FBNQuest Trustees Limited (Note 28 (vi))	Trusteeship	Nigeria	100	31 December
FBNQuest Funds Limited (Note 28 (vii))	Investment Banking & Funds Management	Nigeria	100	31 December

i First Bank Nigeria Limited

The bank commenced operations in Nigeria in 1894 as a branch of Bank of British West Africa (BBWA), and was incorporated as a private limited liability company in Nigeria in 1969. The Bank was the parent company of the Group until 30 November 2012, when a business restructuring was effected in accordance with the directives of the Central Bank of Nigeria and FBN Holdings Plc became the parent company of the Group.

ii FBNQuest Capital Limited

FBNQuest Capital Limited (formerly FBN Capital Limited) is a private limited liability company incorporated in Nigeria and commenced operations on 1 April 2005. It is registered with the Securities and Exchange Commission (SEC) to undertake issuing house business. It is also involved in the business of financial advisory.

iii FBN Insurance Brokers Limited

The company was incorporated under the Companies and Allied Matters Act, as a limited liability company on 31 March 1994 with the name 'Trust Link Insurance Brokers Limited'. The company prepared financial statements up to 31 March 1998 after which it became dormant. The company was resuscitated on 1 April 2000 as FBN Insurance Brokers Limited. The principal activity of the company is insurance brokerage business.

iv New Villa Limited (Rainbow Town Development Limited)

New Villa Limited is a special purpose vehicle incorporated on 28 November 2008. Its principal activities include real estate investments and general trading.

As at 31 December 2023, the recoverable amount of investment in Rainbow Town Development Limited was lower than the carrying amount. (Cost: ₦5billion; Total Impairment: ₦5billion).

v FBNQuest Merchant Bank Limited

FBNQuest Merchant Bank Limited (formerly FBN Merchant Bank Limited) was incorporated in Nigeria as a limited liability company on 14 February 1995 originally known as Kakawa Discount House Limited.

The Company was granted a licensed to carry on the business of a discount house and commenced operations on 16 November 1995. FBN Holdings Plc. acquired the shares of the Company and converted the business to a merchant bank having obtained the Central Bank of Nigeria for merchant banking operations in May 2015.

vi FBNQuest Trustees Limited

FBNQuest Trustees Limited (formerly FBN Trustees Limited) was incorporated in Nigeria as a limited liability company on 8 August 1979 and commenced business on 3 September 1979. The company was established to engage in the business of trusteeship as well as portfolio management, and financial/ investment advisory services.

vii FBNQuest Funds Limited

FBNQuest Funds Limited (formerly FBN Funds Limited) was incorporated on 14 November 2002. It commenced operations on 1 April 2003. Its principal activities are to carry on venture capital and private equity business.

28.2 Condensed results of consolidated entities from continuing operations

31 December 2023	FBN Holdings Plc. ₦'millions	First Bank Nigeria Limited ₦'millions	FBNQuest Capital Limited ₦'millions	FBNQuest Trustees Limited ₦'millions	FBNQuest Merchant Bank Limited ₦'millions	FBN Insurance Brokers Limited ₦'millions	FBN Insurance Brokers Limited ₦'millions	Total ₦'millions	Adjustments ₦'millions	Group ₦'millions
Summarized Income Statement										
Operating income	21,014	1,082,460	24,257	11,798	26,250	1,835	(89)	1,167,525	(17,761)	1,149,764
Operating expenses	(5,822)	(540,016)	(2,012)	(3,068)	(12,910)	(832)	(112)	(564,772)	481	(564,291)
Impairment charge for credit losses	-	(225,271)	(6,573)	(75)	(2,626)	-	-	(234,545)	7,127	(227,418)
Operating profit	15,192	317,173	15,672	8,655	10,714	1,003	(201)	368,208	(10,153)	358,055
Associate	-	-	820	-	-	-	-	820	-	820
Profit before tax	15,192	317,173	16,492	8,655	10,714	1,003	(201)	369,028	(10,153)	358,875
Tax	(22)	(38,082)	(3,541)	(2,888)	(3,513)	(347)	-	(48,393)	-	(48,393)
Profit/(Loss) for the year from continuing operations	15,170	279,091	12,951	5,767	7,201	656	(201)	320,635	(10,153)	310,482
Loss for the year from discontinued operations	-	-	-	-	-	-	-	-	(112)	(112)
Other comprehensive income	185	457,369	580	3,986	(3,281)	18	-	458,857	-	458,857
Total comprehensive income	15,355	736,460	13,531	9,753	3,920	674	(201)	779,492	(10,265)	769,227
Total comprehensive income allocated to non controlling interest	-	-	-	-	-	-	(51)	(51)	16,382	16,331
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-
Summarized Financial Position										
Assets										
Cash and balances with Central Bank	-	2,498,411	-	-	73,952	-	-	2,572,363	-	2,572,363
Loans and advances to banks	16,523	1,987,344	25,036	4,649	45,577	1,639	3	2,080,771	(27,541)	2,053,230
Loans and advances to customers	269	6,274,493	43	10	105,978	19	-	6,380,812	(21,519)	6,359,294
Financial assets at fair value through profit or loss	504	664,807	75,946	-	7,528	-	-	748,785	-	748,785
Investment securities	6,959	2,537,342	173,165	13,100	67,054	-	-	2,797,620	-	2,797,620
Assets pledged as collateral	-	1,478,494	-	-	40,600	-	-	1,519,094	-	1,519,094
Other assets	17,661	563,285	10,594	1,874	7,585	62	42,767	643,828	(42,901)	600,927
Investment in associates accounted for using the equity method	-	-	2,149	-	-	-	-	2,149	(144)	2,005
Investment in subsidiaries	262,671	-	-	-	-	-	-	262,671	(262,671)	-
Property, plant and equipment	948	156,879	96	198	3,114	93	4	161,332	345	161,677
Intangible assets	-	33,338	8	37	165	9	5	33,562	(5)	33,557
Deferred tax assets	-	45,175	1,265	-	9,455	-	-	55,895	-	55,895
Assets held for sale	-	856	-	-	-	-	-	856	32,381	33,237
	305,535	16,240,424	288,302	19,868	361,008	1,822	42,779	17,259,738	(322,054)	16,937,684
Financed by										
Deposits from banks	-	1,753,150	-	-	50,032	-	-	1,803,182	-	1,803,182
Deposits from customers	-	10,473,258	-	-	217,626	-	-	10,690,884	(27,538)	10,663,346
Financial liabilities at fair value through profit or loss	-	141,978	1,492	-	-	-	-	143,470	-	143,470
Current income tax liability	29	46,091	1,822	1,622	2,791	307	6	52,668	(6)	52,662
Other liabilities	19,041	1,170,708	59,332	4,115	24,797	1,074	1,776	1,280,843	(19,010)	1,261,833
Borrowings	-	1,031,533	194,530	-	24,764	-	28,638	1,279,465	(28,638)	1,250,827
Retirement benefit obligations	-	8,036	-	-	-	-	-	8,036	-	8,036
Deferred tax liabilities	-	-	3,106	1,543	821	54	-	5,524	-	5,524
Liabilities held for sale	-	-	-	-	-	-	-	-	1,783	1,783
	19,070	14,624,754	260,282	7,280	320,831	1,435	30,420	15,264,072	(73,409)	15,190,663
Equity and reserves	286,465	1,615,670	28,020	12,588	40,177	387	12,359	1,995,666	(248,645)	1,747,021
Summarized Cash Flows										
Operating activities										
Interest received	3,447	1,229,040	10,191	3,560	24,498	103	-	1,270,839	(491)	1,270,348
Interest paid	-	(312,052)	(12,576)	(9,012)	(16,556)	-	-	(350,196)	21,076	(329,120)
Income tax paid	-	(28,466)	(638)	(702)	(1,457)	(194)	-	(31,457)	0	(31,458)
Cash flow generated from operations	(3,397)	355,629	15,492	7,728	49,651	774	-	425,877	(172,504)	253,373
Net cash generated from operating activities	50	1,244,152	12,470	1,573	56,136	683	-	1,315,063	(151,920)	1,163,143
Net cash used in investing activities	15,732	(257,565)	6,420	(2,302)	(44,659)	33	-	(282,340)	(34,732)	(317,072)
Net cash used in financing activities	(17,947)	(126,781)	(34,573)	(1,552)	(27,917)	(450)	-	(209,220)	173,879	(35,341)
Increase in cash and cash equivalents	(2,165)	859,806	(15,683)	(2,281)	(16,440)	266	-	823,503	(12,773)	810,730
Cash and cash equivalents at start of year	18,331	1,190,167	17,974	(7,966)	(44,483)	2,089	(192)	1,175,920	686,531	1,862,451
Effect of exchange rate fluctuations on cash held	357	(10,148)	12,664	1,968	4,313	-	-	9,154	251	9,405
Cash and cash equivalents at end of year	16,523	2,039,825	14,955	(8,279)	(56,610)	2,355	(192)	2,008,576	674,010	2,682,586

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

28.2 Condensed results of consolidated entities from continuing operations

31 December 2022	FBN Holdings Plc. ₦'millions	First Bank Nigeria Limited ₦'millions	FBNQuest Capital Limited ₦'millions	FBNQuest Trustees Limited ₦'millions	FBNQuest Merchant Bank Limited ₦'millions	FBN Insurance Brokers Limited ₦'millions	FBN Insurance Brokers Limited ₦'millions	Total ₦'millions	Adjustments ₦'millions	Group ₦'millions
Summarized Income Statement										
Operating income	24,284	565,702	7,790	5,126	17,800	1,217	40,149	662,069	(61,778)	600,291
Operating expenses	(4,799)	(351,741)	(3,575)	(1,555)	(11,415)	(588)	(138)	(373,810)	(135)	(373,945)
Impairment charge for credit losses	-	(66,710)	(484)	(248)	(1,173)	(3)	(1,184)	(69,803)	1,184	(68,619)
Operating profit	19,485	147,251	3,731	3,323	5,212	626	38,827	218,456	(60,729)	157,727
Associate	-	-	176	-	-	-	-	176	-	175
Profit before tax	19,485	147,251	3,907	3,323	5,212	626	38,827	218,632	(60,730)	157,902
Tax	(23)	(17,667)	(1,310)	(1,033)	(1,328)	(230)	-	(21,591)	(0)	(21,591)
Profit/(Loss) for the year from continuing operations	19,462	129,584	2,597	2,291	3,884	397	38,827	197,041	(60,730)	136,311
Loss for the year from discontinued operations	-	-	-	-	-	-	-	-	(138)	(138)
Other comprehensive income	(125)	(7,738)	1,800	(1,130)	(524)	(8)	-	(7,725)	(0)	(7,725)
Total comprehensive income	19,337	121,845	4,397	1,161	3,360	389	38,827	189,316	(60,869)	128,448
Total comprehensive income allocated to non controlling interest	-	1,770	-	-	-	-	(63)	1,707	-	1,707
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-
Summarized Financial Position										
Assets										
Cash and balances with Central Bank	-	1,731,584	-	-	59,278	-	-	1,790,863	-	1,790,863
Loans and advances to banks	18,331	1,153,216	28,038	2,795	57,578	1,122	13	1,261,093	(38,032)	1,223,061
Loans and advances to customers	38	3,699,495	-	21	106,452	22	-	3,806,027	(16,967)	3,789,061
Financial assets at fair value through profit or loss	1,601	229,663	44,014	-	3,188	-	-	278,466	(0)	278,466
Investment securities	3,963	2,172,664	109,393	5,449	30,343	74	-	2,321,885	(0)	2,321,885
Assets pledged as collateral	-	571,122	-	-	24,049	-	-	595,171	1	595,171
Other assets	19,032	374,716	26	829	8,861	60	44,052	447,577	(74,447)	373,130
Investment in associates accounted for using the equity method	-	-	1,329	-	-	-	-	1,329	(144)	1,185
Investment in subsidiaries	262,672	-	-	-	-	-	-	262,672	(262,672)	-
Property, plant and equipment	718	121,213	58	178	2,524	128	4	124,823	345	125,167
Intangible assets	-	15,457	15	-	375	13	5	15,864	(5)	15,859
Deferred tax assets	-	20,320	1,265	-	9,314	9	-	30,908	1	30,909
Assets held for sale	-	461	-	-	-	-	-	461	32,492	32,953
	306,355	10,089,910	184,137	9,274	301,961	1,428	44,074	10,937,139	(359,429)	10,577,710
Financed by										
Deposits from banks	-	1,011,674	-	-	43,580	-	-	1,055,254	-	1,055,254
Deposits from customers	-	6,895,774	132,959	-	133,366	-	-	7,162,099	(38,012)	7,124,086
Financial liabilities at fair value through profit or loss	-	37,945	246	-	192	-	-	38,384	-	38,384
Current income tax liability	29	23,804	1,188	1,246	1,416	218	6	27,907	(6)	27,901
Other liabilities	17,269	580,978	29,330	3,020	37,113	1,004	1,776	670,491	(17,937)	652,554
Borrowings	-	630,387	-	-	47,552	-	28,549	706,489	(31,049)	675,440
Retirement benefit obligations	-	5,698	-	-	-	-	-	5,698	1	5,699
Deferred tax liabilities	-	-	837	30	-	-	-	868	0	868
Liabilities held for sale	-	-	-	-	-	-	-	-	1,783	1,783
	17,298	9,186,261	164,561	4,297	263,219	1,222	30,331	9,667,189	(85,220)	9,581,969
Equity and reserves	289,057	903,650	19,577	4,976	38,742	206	13,743	1,269,951	(274,210)	995,741
Summarized Cash Flows										
Operating activities										
Interest received	2,209	284,833	4,228	2,285	10,944	45	-	304,544	109,724	414,267
Interest paid	-	(88,324)	(4,348)	-	(8,220)	-	-	(100,892)	(60,815)	(161,707)
Income tax paid	-	(6,558)	(20)	(552)	(670)	(147)	-	(7,947)	(5,105)	(13,053)
Cash flow generated from operations	(1,821)	283,209	(3,906)	(2,408)	(2,000)	593	(197)	273,470	(45,202)	228,268
Net cash generated from operating activities	388	473,160	(4,046)	(675)	54	491	(197)	469,174	(1,399)	467,775
Net cash used in investing activities	13,991	(708,161)	(19,802)	(2,275)	(32,786)	15	-	(749,018)	455,872	(293,146)
Net cash used in financing activities	(12,563)	(21,358)	16,272	(1,426)	(1,094)	(61)	(0)	(20,231)	247,135	226,904
Increase in cash and cash equivalents	1,816	(256,359)	(7,576)	(4,376)	(33,826)	444	(197)	(300,074)	701,607	401,533
Cash and cash equivalents at start of year	16,477	1,445,890	23,020	(3,619)	(10,580)	1,645	5	1,472,837	(18,376)	1,454,461
Effect of exchange rate fluctuations on cash held	38	636	2,530	29	(77)	-	-	3,156	3,301	6,457
Cash and cash equivalents at end of year	18,331	1,190,167	17,974	(7,966)	(44,483)	2,089	(192)	1,175,920	686,531	1,862,451

29 Asset Held for Sale

Discontinued operations:

The assets classified as held for sale is Rainbow Town Development Limited.

(i) Rainbow Town Development Limited

The assets and liabilities of Rainbow Town Development Limited (RTDL) were classified as held for sale following the decision and resolution of the Board of Directors of FBN Holdings Plc. in October 2016 to dispose the Group's interest in RTDL. The carrying amount of the investment is expected to the recovered principally by a sale rather than through continuing use.

The operating results and net cash flows are separately presented in the income statement and statement of cash flows respectively because the disposal group represents a separate line of buisness within the Group, and as such meets the definition of discontinued operation.

29.1 The carrying amount of the assets and liabilties of the disposal group classified as held for sale are as listed below.

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Assets classified as held for sale		
Inventory	32,371	32,482
Property, plant and equipment	5	5
Intangible assets	5	5
	32,381	32,492
Liabilities classified as held for sale		
Current income tax liabilities	6	6
Other liabilities	1,777	1,777
	1,783	1,783
Net Asset	30,598	30,709

29.2 The operating results of the discontinued operations are as follows.

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Revenue	-	-
Expenses	(112)	(138)
Loss before tax from discontinuing operations	(112)	(138)
Income tax expense	-	-
Loss from discontinued operations after tax	(112)	(138)
Gain on disposal of investment in subsidiary (see note 29.3)	-	-
Loss from discontinued operations	(112)	(138)
Loss from discontinued operations is attributable to:		
Owners of the parent	(62)	(76)
Non-controlling interests	(50)	(62)
	(112)	(138)

The cash flows of the discontinued operations are as follows.

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Net cash flow used in operating activities	-	903
Net cash flow generated from/(used in) investing activities	(284)	3,723
	(284)	4,626

29.3 Non current asset held for sale

FBNBank Senegal has classified a building from its property and equipment as Asset held for sale. This is following management's decision to dispose the asset.

The Board of Directors is commited to the sale in line with the requirements of IFRS 5 and as such the sales is expected to be completed within the next 12 months. The entity is recognised as a cash generating unit (CGU) and forms part of the segment shown as "commercial banking group".

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Property, plant and equipment	856	461
Total Assets classified as held for sale	33,237	32,953

30 Property and equipment

GROUP	Improvement & buildings ₦'millions	Land ₦'millions	Motor vehicles ₦'millions	Office equipment ₦'millions	Computer equipment ₦'millions	Furniture & fittings ₦'millions	Machinery ₦'millions	Work in progress* ₦'millions	Right of Use Asset ₦'millions	Total ₦'millions
Cost										
At 1 January 2023	48,346	26,549	19,958	57,730	48,633	9,895	439	13,294	22,031	246,877
Additions	2,420	33	6,072	10,013	12,563	324	316	8,557	3,339	43,637
Reclassifications	4,861	423	54	101	1,827	158	28	(6,775)	-	677
Transfers	-	-	-	-	1,661	-	-	(1,661)	-	-
Disposals	(61)	(721)	(2,495)	(269)	(2,227)	(40)	-	(75)	(203)	(6,091)
Write Offs	(25)	-	-	-	(857)	(524)	-	-	-	(1,406)
Exchange difference	10,863	7,754	8,403	3,095	3,156	1,754	357	1,523	7,506	44,411
At 31 December 2023	66,404	34,038	31,992	70,670	64,756	11,567	1,140	14,863	32,673	328,105
Accumulated depreciation										
At 1 January 2023	15,254	836	10,969	41,347	34,386	8,255	295	-	10,370	121,711
Charge for the year	1,805	24	4,929	6,734	9,602	938	166	-	5,282	29,480
Disposals	(12)	(182)	(1,791)	(268)	(2,221)	(37)	-	-	(180)	(4,691)
Write Offs	(25)	-	-	-	(857)	(524)	-	-	-	(1,406)
Exchange differences	6,948	2,071	6,260	3,019	427	269	209	-	2,131	21,334
At 31 December 2023	23,970	2,749	20,367	50,832	41,337	8,901	670	-	17,603	166,428
Net book amount at 31 December 2023	42,435	31,289	11,625	19,838	23,420	2,666	471	14,863	15,071	161,677
Cost										
At 1 January 2022	49,064	25,112	17,896	53,127	37,756	9,514	121	9,044	21,909	223,543
Additions	1,226	105	4,394	5,797	11,428	699	332	5,557	1,221	30,758
Reclassifications	289	(72)	15	173	1,002	(89)	5	(720)	-	603
Transfers	(1,445)	1,431	-	191	402	-	-	(579)	-	-
Disposals	(212)	(301)	(1,550)	(1,376)	(39)	(60)	-	(5)	(35)	(3,578)
Write Offs	(652)	-	(726)	(379)	(1,853)	(163)	-	-	(114)	(3,887)
Exchange difference	76	274	(71)	197	(63)	(7)	(19)	(1)	(949)	(562)
At 31 December 2022	48,346	26,549	19,958	57,730	48,633	9,895	439	13,294	22,031	246,877
Accumulated depreciation										
At 1 January 2022	14,672	491	9,558	37,349	28,648	7,989	106	-	8,741	107,554
Charge for the year	1,245	38	3,399	5,669	7,506	577	48	-	2,501	20,982
Reclassifications	(108)	167	(48)	(9)	49	(78)	28	-	-	-
Disposals	(92)	-	(1,222)	(1,342)	(37)	(48)	-	-	(29)	(2,769)
Write Offs	(652)	-	(726)	(379)	(1,853)	(163)	-	-	(114)	(3,887)
Exchange differences	189	140	8	59	73	(22)	113	-	(730)	(170)
At 31 December 2022	15,254	836	10,969	41,347	34,386	8,255	295	-	10,370	121,710
Net book amount at 31 December 2022	33,093	25,713	8,989	16,383	14,247	1,640	145	13,294	11,662	125,167

* Work in progress refers to capital expenditures incurred on items of property and equipment which are however not ready for use and as such are not being depreciated.

No capitalised borrowing cost relates to the acquisition of property, plant and equipment during the year.

Right of Use Asset

See note 30b for additional disclosure on right of use assets

i These exchange difference on PPE occured as a result of translation of balances relating to the foreign entities of the Group as at reporting date.

ii There were no impairment losses on any class of property and equipment during the year. (31 December 2022: Nil)

iii There were no capitalized borrowing cost related to acquisition of property and equipment during the year. (31 December 2022: Nil)

iv There were no liens or encumbrances on assets as at the year end. No assets have been pledged as security for borrowing. (31 December 2022: Nil)

v There were no capital commitments as at year end. (31 December 2022: Nil)

30 Property and equipment

COMPANY	Improvement & buildings ₦'millions	Land ₦'millions	Motor vehicles ₦'millions	Office equipment ₦'millions	Computer equipment ₦'millions	Furniture & fittings ₦'millions	Machinery ₦'millions	Work in progress* ₦'millions	Right of Use Asset ₦'millions	Total ₦'millions
Cost										
At 1 January 2023	615	-	995	457	54	422	64	-	264	2,871
Additions	-	-	558	1	14	-	11	-	-	584
Disposal	-	-	(85)	-	(3)	-	-	-	(156)	(244)
At 31 December 2023	615	-	1,468	458	65	422	75	-	108	3,211
Accumulated depreciation										
At 1 January 2023	615	-	410	453	33	421	52	-	169	2,153
Charge for the year	-	-	277	2	12	1	7	-	27	326
Disposal	-	-	(58)	-	(2)	-	-	-	(156)	(216)
At 31 December 2023	615	-	629	455	43	422	59	-	40	2,263
Net book amount at 31 December 2023	-	-	839	3	22	-	16	-	68	948
Cost										
At 1 January 2022	615	-	662	455	39	421	57		156	2,405
Additions	-		507	2	17	1	7		108	643
Disposal	-		(174)	-	(2)	-	-		-	(176)
At 31 December 2022	615	-	995	457	54	422	64	-	264	2,872
Accumulated depreciation										
At 1 January 2022	615	-	307	451	25	420	48		142	2,007
Charge for the year	-		181	2	10	1	4		27	225
Disposal	-		(77)	-	(1)	-	-		-	(79)
At 31 December 2022	615	-	410	453	33	421	52	-	169	2,154
Net book amount at 31 December 2022	-	-	584	4	21	1	12	-	95	718

i These exchange difference on PPE occured as a result of translation of balances relating to the foreign entities of the Group as at reporting date.

ii There were no impairment losses on any class of property and equipment during the year. (31 December 2022: Nil)

iii There were no capitalized borrowing cost related to acquisition of property and equipment during the year. (31 December 2022: Nil)

iv There were no liens or encumbrances on assets as at the year end. No assets have been pledged as security for borrowing. (31 December 2022: Nil)

v There were no capital commitments as at year end. (31 December 2022: Nil)

30b) Leases

This note provides information for leases where the Group is a lessee.

(i) Right-of-use assets

	Group			Company	
	Buildings ₦'millions	Land ₦'millions	Total ₦'millions	Buildings ₦'millions	Total ₦'millions
Opening balance at 1 January 2023	21,742	289	22,031	264	264
Additions for the year	3,339	-	3,339	-	-
Derecognition	(203)	-	(203)	(156)	(156)
Exchange difference	7,506	-	7,506	-	-
Closing balance as at 31 December 2023	32,384	289	32,673	108	108
Depreciation					
Opening balance at 1 January 2023	10,294	76	10,370	169	169
Charge for the year	5,282	-	5,282	27	27
Exchange difference	2,131	-	2,131	-	-
Derecognition	(180)	-	(180)	(156)	(156)
Closing balance as at 31 December 2023	17,527	76	17,603	40	40
Net book value as at 31 December 2023	14,857	213	15,070	68	68

	Group			Company	
	Buildings ₦'millions	Land ₦'millions	Total ₦'millions	Buildings ₦'millions	Total ₦'millions
Opening balance at 1 January 2022	21,620	289	21,909	156	156
Additions for the year	1,221	-	1,221	108	108
Derecognition	(149)	-	(149)	-	-
Exchange difference	(949)	-	-949	-	-
Closing balance as at 31 December 2022	21,742	289	22,031	264	264
Depreciation					
Opening balance at 1 January 2022	8,665	76	8,741	142	142
Charge for the year	2,501	-	2,501	27	27
Exchange difference	(730)	-	(730)	-	-
Derecognition	(142)	-	(142)	-	-
Closing balance as at 31 December 2022	10,294	76	10,370	169	169
Net book value as at 31 December 2022	11,449	213	11,662	95	95

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

(ii) Lease liabilities

	Group ₦'millions	Company ₦'millions
Opening balance at 1 January 2023	8,297	125
Additions	7,113	-
Interest expense	896	6
Principal paid	(2,827)	-
Interest expense paid	(1,106)	-
Reversal	(97)	(74)
Exchange difference	2,103	-
Closing balance as at 31 December 2023	14,379	57
Current lease liabilities	1,398	57
Non-current lease liabilities	12,981	-
	14,379	57

	Group ₦'millions	Company ₦'millions
Opening balance at 1 January 2022	10,353	75
Additions	1,056	48
Interest expense	536	3
Principal paid	(3,241)	-
Reversal	(15)	-
Exchange difference	(392)	-
Closing balance as at 31 December 2022	8,297	125
Current lease liabilities	2,038	125
Non-current lease liabilities	6,259	-
	8,297	125

(iii) Amounts recognised in the statement of profit or loss

	Group ₦'millions	Company ₦'millions
31 December 2023		
Depreciation charge of right-of-use assets	5,282	27
Interest expense	896	6

	Group ₦'millions	Company ₦'millions
31 December 2022		
Depreciation charge of right-of-use assets	2,501	27
Interest expense	536	3

(iv) **Amounts recognised in the statement of cashflow**

	Group ₦'millions	Company ₦'millions
31 December 2023		
Principal paid	2,827	-
Interest expense paid	1,106	-
	3,933	-

	Group ₦'millions	Company ₦'millions
31 December 2022		
Principal paid	3,241	-
Interest expense paid	-	-
Principal element of lease payments	3,241	-

Liquidity risk (maturity analysis of lease liabilities)

GROUP

	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year but less than 5 years	Over 5 years	Total
Lease liability	82	260	350	620	6,149	6,918	14,379

	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year but less than 5 years	Over 5 years	Total
Lease liability	114	406	349	996	1,787	4,645	8,297

COMPANY

	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year but less than 5 years	Over 5 years	Total
Lease liability	-	-	-	-	57	-	57

	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year but less than 5 years	Over 5 years	Total
Lease liability	75	-	-	-	50	-	125

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

31 Intangible assets

	Group			
	Goodwill ₦'millions	Computer Software ₦'millions	Work in Progress ₦'millions	Total ₦'millions
Cost				
At 1 January 2022	6,195	50,751	1,927	58,873
Additions	-	3,304	3,372	6,676
Reclassification	-	138	(1,032)	(894)
Transfers	-	1,485	(1,485)	-
Exchange difference	(499)	(1,421)	-	(1,920)
At 31 December 2022	5,696	54,257	2,782	62,735
Additions	**-**	**32,081**		**32,081**
Reclassification	**-**	**(440)**	**(237)**	**(677)**
Write off	**-**	**(3,645)**	**(226)**	**(3,871)**
Transfers	**-**	**3,980**	**(3,980)**	**-**
Exchange difference	**3,245**	**3,286**	**2,703**	**9,234**
At 31 December 2023	**8,941**	**89,519**	**1,042**	**99,502**
Amortisation and impairment				
At 1 January 2022	1,925	37,930	-	39,855
Amortisation charge	-	7,068	-	7,068
Exchange difference	-	(47)	-	(47)
At 31 December 2022	1,925	44,951	-	46,876
Amortisation charge	**-**	**13,869**	**-**	**13,869**
Exchange difference	**1,097**	**4,103**	**-**	**5,200**
At 31 December 2023	**3,022**	**62,923**	**-**	**65,945**
Net book value				
At 31 December 2023	**5,919**	**26,596**	**1,042**	**33,557**
At 31 December 2022	3,771	9,305	2,782	15,859

The amortisation charge for the year is included in the income statement.

The software is not internally generated.

Impairment tests for goodwill

Goodwill is monitored on the operating segment level. The entity to which the goodwill relates is recognised as a cash generating unit (CGU) and segmented as part of the Commercial Banking Business, see analysis by segment below. Each CGU to which goodwill is allocated for impairment testing purposes reflects the lowest level at which goodwill is monitored for internal management purposes.The carrying value of goodwill is determined in accordance with IFRS 3 Business Combinations and IAS 36 Impairment of Assets.

Goodwill is reviewed annually for impairment, or more fequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of goodwill with the recoverable amount, which is the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks of the cash-generating unit to which the goodwill relates or the CGU's fair value if this is higher.

There was no impairment identified in the year ended 31 December 2023.

The recoverable amount of each CGU has been based on value in use and the weighted average cost of capital (WACC). These calculations use pre-tax cash flow projection covering five years. The cash flow projections for each CGU are based on forecasts approved by senior management. The nominal growth rate reflects GDP and inflation for the countries within which the CGU operates or derives revenue from. The rates are based on IMF forecast growth rates as they represent an objective estimate of likely future trends.

The discount rate used to discount the cash flows is based on the cost of capital assigned to each CGU, which is derived using a Capital Asset Pricing Model (CAPM). The CAPM depends on inputs reflecting a number of financial and economic variables including the risk free rate and a premium to reflect the inherent risk of the business being evaluated. These variables are based on the market's assessment of the economic variables and management's judgement. The discount rates for each CGU are refined to reflect the rates of inflation for the countries within which the CGU operates.

Impairment testing on cash generating units containing goodwill
Analysis of Goodwill balances

	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Commercial banking Group segment		
FirstBank DRC	1,387	2,401
First Bank Ghana	3,578	869
FirstBank Sierra Leone	338	204
FirstBank Guinea	616	297
	5,919	3,771

The cash generating unit (CGUs) with material goodwill balances relates to FirstBank DRC and First Bank Ghana and the key assumptions used in the value-in-use calculation are as follows:

	2023		2022	
	FirstBank DRC	First Bank Ghana	FirstBank DRC	First Bank Ghana
Terminal growth rate: %	5.5%	9.0%	12.6%	14.1%
Discount rate: %	47%	62%	38%	48%
Deposit growth rate: %	64%	44%	16%	37%
Recoverable amount of the CGU: (N' million)	286,153	134,877	192,598	80,568

The discount rate has been determined based on the Capital Asset Pricing Model and comprise a risk-free interest rate, the market risk premium and a factor covering the systematic market risk (beta factor). The values for the risk-free interest rate, the market risk premium and the beta factor are determined using external sources of information.

Terminal growth rates reflect the expected long-term gross domestic product growth and inflation for the countries within which the CGU operates. Cash flows in the terminal period reflect net earnings (dividend) in the preceding year growing at a constant rate.

Management determined deposits to be the key value driver in each of the entities. Deposits are considered by Management as the most important source of funds for the banks' subsidiaries to finance their assets. Deposit growth rate was determined using historical trend of deposit growth in the last 5 years.

Sensitivity analysis was performed by flexing two key inputs (WACC and Terminal Growth Rate) in the DCF valuation models.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

For the two material CGUs, First Bank Ghana and FirstBank DRC, if the weighted average cost of capital (WACC) rate had been higher by 0.5%, the recoverable amount (VIU) would have been higher than the carrying amount by ₦46.46bn and ₦184bn respectively, while if it had been lower by 0.5% the recoverable amount (VIU) would have been higher than the carrying amount by N67.46bn and N240.26bn respectively.

If the terminal growth rate had been higher by 0.5% the recoverable amount would have been higher than the carrying amount by ₦57.16bn and ₦213.05bn respectively, while if lower by 0.5% the recoverable amount wouldhave been higher by ₦54.98bn and ₦206.94bn rexpectively.

For the above scenarios, at no point was the recoverable amount (VIU) lower than the carrying amount to result in impairment of Goodwill.

Goodwill Sensitivity Analysis

	% Change	Recoverable amount	Excess of recoverable amount over carrying amount
FirstBank DRC			
Terminal growth rate:	+0.5%	289,236	213,055
	-0.5%	283,123	206,941
WACC	+0.5%	260,185	184,003
	-0.5%	316,444	240,262
First Bank Ghana			
Terminal growth rate:	+0.5%	135,972	57,161
	-0.5%	133,787	54,975
WACC	+0.5%	125,267	46,456
	-0.5%	146,268	67,456

Management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the respective CGUs to exceed their recoverable amounts.

	2023		2022	
	FirstBank DRC	First Bank Ghana	FirstBank DRC	First Bank Ghana
Goodwill (₦' million)	1,387	3,578	869	2,401
Net Asset (₦' million)	74,794	75,233	31,195	35,283
Total carrying amount (₦' million)	76,181	78,811	32,064	37,684
Excess of recoverable amount over carrying amount	209,971	56,066	160,534	42,883

32 Deferred tax

(a) Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2022: 30%).

In recognising the deferred tax asset of ₦55.89 billion (2022: ₦30.91billion), the Group has evaluated that the it would have sufficient assessible profit in the nearest future to enable utilization of recognised deferred tax assets

	Total deferred tax assets ₦'millions	Recognised deferred tax assets ₦'millions	Unrecognised deferred tax assets ₦'millions
Group	81,048	55,895	25,153
Company	8,805	-	8,805

Group

	Gross Amount ₦'millions	Tax Effect ₦'millions	Recognised ₦'millions	Unrecognised ₦'millions
Analysis of unrecognised deferred tax assets:				
Property and equipment	87,813	30,010	26,599	3,411
Allowance for loan losses	165,983	54,603	54,603	-
Tax losses carried forward	116,209	35,118	31,187	3,931
Other assets	694	486	486	-
Other liabilities	13,295	4,359	387	3,972
Defined benefit obligation	9,206	2,992	3,402	(410)
Prior year adjustment			-	-
Effect of changes in exchange rate	394,218	128,117	114,027	14,090
Fair value adjustment	(11,819)	(3,794)	(3,953)	159
Derivatives	(517,706)	(170,843)	(170,843)	-
	257,893	81,048	55,895	25,153

Company

	Gross Amount ₦'millions	Tax Effect ₦'millions	Recognised ₦'millions	Unrecognised ₦'millions
Analysis of unrecognised deferred tax assets:				
Property and equipment	3,142	943	-	943
Allowance for loan losses	-	-	-	-
Tax losses carried forward	25,576	7,673	-	7,673
Other assets	(68)	(22)	-	(22)
Other liabilities	57	19	-	19
Defined benefit obligation	-	-	-	-
Prior year adjustment	(889)	(293)	-	(293)
Effect of changes in exchange rate	1,346	485	-	485
	29,164	8,805	-	8,805

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

(b) Deferred income tax assets and (liabilities) are attributable to the following items:

(i) Deferred tax assets

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Property and equipment	26,599	4,012
Allowance for loan losses	54,603	4,589
Tax losses carried forward	31,187	21,084
Other assets	486	489
Other liabilities	387	17
Defined benefit obligation	3,402	884
Prior year adjustment	-	-
Effect of changes in exchange rate	114,027	(492)
Fair value adjustment	(3,953)	326
Derivatives	(170,843)	-
	55,895	30,909

(ii) Deferred tax liabilities

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Property and equipment	3,922	82
Other assets	1,602	786
	5,524	868
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	55,895	30,909
- Deferred tax asset to be recovered within 12 months	-	-
	55,895	30,909
Deferred tax liabilities		
- Deferred tax liability to be recovered after more than 12 months	5,524	868
- Deferred tax liability to be recovered within 12 months	-	-
	5,524	868

GROUP	1 Jan 2023 ₦'millions	Recognised in P&L ₦'millions	Recognised in Equity ₦'millions	Recognised in OCI ₦'millions	31 December 2023 ₦'millions
Movements in Deferred tax assets during the year:					
Property and equipment	4,012	17,990	4,597	-	26,599
Allowance for loan losses	4,589	48,968	1,046	-	54,603
Tax losses carried forward	21,084	(4,738)	14,841	-	31,187
Other assets	489	(39)	36	-	486
Other liabilities	17	(683)	1,053	-	387
Defined benefit obligation	884	(6)	(887)	3,411	3,402
Prior year adjustment	-	-	-	-	-
Effect of changes in exchange rate	(492)	113,617	902	-	114,027
Fair value adjustment	326	(4,279)	-	-	(3,953)
Derivatives	-	(170,843)	-	-	(170,843)
	30,909	(13)	21,588	3,411	55,895

GROUP	1 Jan 2022 ₦'millions	Recognised in P&L ₦'millions	Recognised in Equity ₦'millions	Recognised in OCI ₦'millions	31 December 2022 ₦'millions
Movements in Deferred tax assets during the year:					
Property and equipment	1,634	2,378	-	-	4,012
Allowance for loan losses	6,458	(1,868)	-	-	4,589
Tax losses carried forward	19,917	1,167	-	-	21,084
Other assets	258	231	-	-	489
Other liabilities	790	(772)	-	-	17
Defined benefit obligation	1,192	(309)	-	-	884
Prior year adjustment	-	-	-	-	-
Effect of changes in exchange rate	740	(1,232)	-	-	(492)
Fair value adjustment	(2,278)	2,604			326
			-	-	-
	28,710	2,199	-	-	30,909

(c) Reconciliation of recognised deferred tax assets and liabilities to the amounts disclosed in the statement of financial position

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

(i) **Deferred tax assets**

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Recognised deferred tax assets	230,691	31,401	-	-
Amounts offset*:				
- Other liabilities	-	-	-	-
- Effect of changes in exchange rate	-	(492)		
- Fair value adjustment	(3,953)	-	-	-
- Derivatives	(170,843)	-	-	-
Deferred tax assets in the statement of financial position	55,895	30,909	-	-

(ii) **Deferred tax liabilities**

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Deferred tax liabilities that are not offset:				
Property and equipment	3,922	82	-	-
Other assets	1,602	786	-	-
Deferred tax liabilities in the statement of financial position	5,524	868	-	-

GROUP	1 Jan 2023 ₦'millions	Recognised in P&L ₦'millions	Effect of discontinued operations ₦'millions	31 December 2023 ₦'millions
Movements in Deferred tax liabilities during the year:				
Property and equipment	82	3,840	-	3,922
Other assets	786	816	-	1,602
	868	4,656	-	5,524

GROUP	1 Jan 2022 ₦'millions	Recognised in P&L ₦'millions	Effect of discontinued operations ₦'millions	31 December 2022 ₦'millions
Movements in Deferred tax liabilities during the year:				
Property and equipment	82	-	-	82
Other assets	284	502	-	786
	366	502	-	868

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group did not recognise deferred income tax assets of ₦25.15 billion (2022: ₦45.88 billion).

As the Group exercises control over the subsidiaries, it has power to control the timing of the reversals of the temporary difference arising from its investments in them. The Group has determined that the subsidiaries will not be disposed of. Hence, the deferred tax arising from temporary differences above will not be recognised.

The Group has assessed that based on the Group's profit forecast, it is probable that there will be future taxable profits against which the tax losses, from which deferred tax asset has been recognised, can be utilised.

(d) Analysis of Group Deferred Tax Assets by Subsidiaries:

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
First Bank Nigeria Limited	45,175	20,320
FBNQuest Capital Limited	1,265	1,265
FBNQuest Trustees Limted	-	-
FBNQuest Merchant Bank Limted	9,455	9,314
FBN Insurance Brokers Limited	-	9
	55,895	30,909

33 Deposits from banks

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Due to banks within Nigeria	802,683	662,539
Due to banks outside Nigeria	1,000,499	392,715
	1,803,182	1,055,254
Current	1,803,182	1,055,254
Non-current	-	-
	1,803,182	1,055,254

Deposits from banks only include financial instruments classified as liabilities at amortised cost.

34 Deposits from customers

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Current	3,011,852	2,369,237
Savings	2,856,490	2,163,567
Term	2,003,205	1,080,190
Domiciliary	2,754,415	1,490,668
Electronic purse	37,384	20,424
	10,663,346	7,124,086
Current	10,069,358	7,124,086
Non-current	593,988	-
	10,663,346	7,124,086

Deposits from customers only include financial instruments classified as liabilities at amortised cost.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2023

35 Other liabilities

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Financial liabilities:	**591,984**	**352,994**	**-**	**-**
Customer deposits for letters of credit	**351,788**	127,403	**-**	-
Accounts payable	**14,379**	8,297	**57**	125
Lease liability	**27,659**	9,086	**149**	276
Creditors	**40,259**	25,554	**-**	-
Bank cheques	**38,300**	20,045	**-**	-
Collection on behalf of third parties	**16,627**	14,623	**16,627**	14,623
Unclaimed dividend	**176,643**	91,212	**2,208**	2,245
Other credit balance	**1,257,639**	649,214	**19,041**	17,269
Non financial liabilities:				
Allowance for credit losses on off-balance sheet items	**1,501**	1,775	**-**	-
Provisions	**2,693**	1,565	**-**	-
	4,194	3,340	**-**	-
Other liabilities balance	**1,261,833**	652,554	**19,041**	17,269
Current	**1,246,742**	644,429	**19,041**	17,269
Non-current	**15,091**	8,125	**-**	-
	1,261,833	652,554	**19,041**	17,269

(i) The provision for litigations is recognised in income statement within 'other operating expenses'. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2023.

(ii) The unclaimed dividend balance represents the aggregate amounts of dividends that remained unclaimed after 15months or more which the Registrars returned to the Company in line with current regulations. In 2023, an additional sum of N2 billion was returned to FBN Holdings Plc. by the Registrars.

(iii) Other Credit balances include transactional taxes and other accrued expenses.

(iv) Reconciliation of impairment on Off Balance Sheet account

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Opening balance at 1 January	1,775	2,713
Impairment writeback	(678)	(924)
Exchange difference	404	(15)
Closing balance at 31 December	1,501	1,775

(v) The movement in provision during the year is as follows:

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Opening balance at 1 January	1,565	1,720
Additions/ (reversals)	1,128	(155)
Closing balance at 31 December	2,693	1,565
Analysis of total provisions:		
Current	2,693	1,565
Non Current	-	-
	2,693	1,565

35a Long service awards

Included in other credit balances is long service award. Long service award amounted to ₦2.61bn (December 2022: ₦2.21bn). The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Remeasurments are recognised in profit or loss in the period in which they arise.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

The movement in the long service awards over the year is as follows:

GROUP	Present value of the obligation ₦'millions	Fair value of plan assets ₦'millions	Total ₦'millions
Defined benefit pension obligations at 1 January 2022	2,671	-	2,671
Current service cost	269	-	269
Interest cost on defined benefit obligation	312	-	312
Curtailment gains			
Employer Contribution made within the year	-	-	-
Benefit paid by employer	(544)	-	(544)
Acturial (Gains)/Losses due to change in:	-	-	
- Financial assumption	(57)	-	(57)
- Experience adjustments	(441)	-	(441)
Defined benefit pension obligations at 31 December 2022	2,211	-	2,211
Current service cost	**219**	-	**219**
Interest cost on defined benefit obligation	**276**	-	**276**
Curtailment gains	-	-	-
Employer Contribution made within the year	-	-	-
Benefit paid by employer	**(337)**	-	**(337)**
Acturial (Gains)/Losses due to change in:	-	-	-
- Financial assumption	**(258)**	-	**(258)**
- Experience adjustments	**497**	-	**497**
Defined benefit pension obligations at 31 December 2023	**2,608**	-	**2,608**

The table below shows the funded status of the Group's long service award;

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Defined Benefit Obligation (DBO)	**2,608**	2,211
Fair value of plan assets	-	-
Funded Status	**2,608**	2,211

36 Borrowings

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Long term borrowing comprise:		
FBN EuroBond (i)	334,915	161,513
Subordinated Debt (ii)	185,156	89,700
Proparco (iii)	75,472	41,085
British International Investment (iv)	62,347	40,550
International Finance Corporation (v)	-	57,640
African Export-Import Bank (vi)	87,980	68,827
On-lending facilities from financial institutions (vii)	32,795	40,981
Borrowing from correspondence banks (viii)	252,868	130,092
Surbodinated unsecured debt (ix)	202,332	45,052
Other secured borrowing (x)	16,962	-
	1,250,827	675,440
Current	648,780	219,551
Non-current	602,047	455,889
	1,250,827	675,440
At start of the year	675,440	405,304
Proceeds of new borrowings	661,908	266,837
Finance cost	86,411	48,505
Foreign exchange losses	540,160	2,398
Repayment of principal	(676,475)	(24,129)
Interest paid	(36,617)	(23,475)
At end of year	1,250,827	675,440

(i) Facility represent Senior Note Participation Notes due 2025 issued by FBN Finance Company B.V, Netherlands on 27 October 2020 for a period of 5 years. The notes has interest at 8.625% per annum with coupon payable every six month. This facility is unsecured.

(ii) The amount of ₦185.2 billion relates to subordinated debt of $194.5 million from several counterparties. Interest is payable at the rate of 9% (Fixed) per annum. The tenor of the debt is for a period of 5 years to mature in December 2024. Interest on the Subordinated debt is payable semiannually. This facility is unsecured.

(iii) The amount represents:

(i) ₦4.8bn relating to the outstanding balance of the credit facility of US $65 million granted by Promotion et Participation pour la Coopération économique (PROPARCO) in February 2016. The facility is priced at 5.78%(Fixed) per annum and will mature in May 2024. Interest on this facility is payable semiannually and there is 2 year moratorium on principal repayment. This facility is unsecured.

(ii) Additional credit facility in respect of PROPARCO of ₦47.1 billion (USD 50 million) and ₦23.6 billion (USD 25 million) in respect of DEG were availed to the Bank in 2022. These facilities are priced at 9.43% (Fixed) per annum and will mature in September 2027.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

(iv) Facility represents senior unsecured loan from the British International Investment company. The principal balance of ₦62.3bn (USD66.9m) is payable in equal semi annual instalments after a grace period of one year. Interest is at the rate of 6-month Libor +4.85% per annum

(v) This facility in the amount of (USD125mn) was paid off in 2023.

(vi) The amount of ₦87.98bn (USD92mn) represents the balance of the credit facility of USD150 million granted by AfreximBank in March 2022. Interest is payable quarterly at the rate of LIBOR +4.5% per annum and will the facility will mature in March 2025. There is a one year moratorium on principal repayment with quarterly principal repayment after the moratorium period.

(vii) Included in on-lending facilities from financial institutions are disbursements from other banks and Financial Institutions which are guaranteed by the Commercial banking subsidiary for specific customers. These facilities include the BOI funds and CACS intervention funds. See further notes below.

a. CBN/BOI facilities

The Central Bank of Nigeria (CBN), in a bid to unlock the credit market, approved the investment of ₦200 billion debenture stock to be issued by the Bank of Industry (BOI), which would be applied to the re-financing/restructuring of bank's loans to the manufacturing sector. During the year, there was no additional disbursement (2022: Nil) to First Bank Nigeria Limited. The related pledged assets are disclosed in Note 24.

b. CBN/CACS Intervention funds

The Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established the Commercial Agricultural Credit Scheme (CACS). During the year, First Bank Nigeria Limited did not receive any additional disbursement (2022: ₦2.3 billion) for on-lending to customers as specified by the guidelines. Loans granted under the scheme are for a seven year period at an interest rate of 9% p.a.

During the year, the CBN revised the reduction in interest rate earlier granted on all its intervention funds back to 9% p.a. The related pledged assets are disclosed in Note 24.

(viii) Borrowings from correspondent banks include loans from foreign banks utilised in funding letters of credits for international trade.

(ix) Included in Surbodinated unsecured debts are unsecured bonds and commercial papers issued. See further notes below.

a. **Corporate bonds Issued:** This represents series 1 and 2 fixed rate unsecured bonds of ₦5 billion (series 1) and ₦8 billion (series 2) with tenors of 3 years and 10 years and with interest rates of 10.5% and 6.25%. The series 1 bond matured on 5 February 2023 while the series 2 bond will mature on 16 December 2030. Subject to any purchase and cancellation early redemption, the bonds shall be redeemed on redemption date at 100% of their nominal amount. The bonds were raised through FBNQ MB Funding SPV Plc which was established for the sole purpose of issuing bonds or debt instruments to fund the Bank's working capital, enhance liquidity and capital base. The SPV is 99% owned by FBNQuest Merchant Bank and has been consolidated in these financial statements.

Series number	Amount ₦'millions	Tenor (years)	Interest rate	Maturity date
Series 2	8,000	10	6.25	16 December 2030

b. Commercial Paper

This represents the amortised cost of the Group's unsecured Commercial Papers (CP) which were in issue as at 31 December 2023, under its Commercial Paper Issuance Programme. Subject to any purchase and cancellation early redemption, the commercial papers shall be redeemed on redemption date at 100% of their nominal amount.

(x) Other secured borrowing

The amount of ₦16.96 billion (USD 17.5million) relates to secured on-lending facility from Goldman Sachs renewable upon maturity. Interest is payable at SoFR plus 2.15%. The tenor of the debt is for a period of 6 months.

Compliance with covenants

Proparco

The Group had two loans with a carrying amount of ₦51.89 billion at 31 December 2023 (31 December 2022: ₦29.69 billion) which were obtained in 2016 (repayable in May 2024) and 2022 (repayable in September 2027). The credit facility agreement ("Agreement") contains seven financial covenants that, among other things, require the Group to maintain ratios within defined thresholds. These covenants relate to capital adequacy, open assets exposure ratio, aggregate large exposures ratio, related party lending ratio, liquidity coverage ratio, individual and aggregate unhedged open foreign currency. During the period, there were no defaults on principal, interest or redemption terms of loan payable.

As at 31 December 2023, the Group was in breach of Aggregate Large Exposure Ratio. The Group has notified the lender of the breach and obtained a waiver of event of default for the period covering 31 December 2022 – 31 December 2023.

DEG- Deutsche Investitions – Und Entwicklungsgesellschaft mbH

The Group had a loan with a carrying amount of ₦23.60 billion at 31 December 2023 (31 December 2022: ₦11.39 billion). This loan was obtained in 2022 and is repayable in September 2027. The credit facility agreement ("Agreement") contains eight financial covenants that, among other things, require the Bank to maintain ratios within defined thresholds. These covenants relate to capital adequacy, open assets exposure ratio, single group exposure ratio, related party lending ratio, cost to income ratio, liquidity coverage ratio, USD liquidity coverage ratio and aggregate un-hedged open foreign currency ratio. During the period, there were no defaults on principal, interest or redemption terms of loan payable.

As at 31 December 2023, the Group was in breach of two of the eight financial covenants comprising the single group exposure ratio and the USD liquidity coverage ratio. The Group has notified the lender of the breach and obtained a waiver of event of default for the period covering 31 December 2022 – 31 December 2023.

African Export-Import Bank

The Group had a loan with a carrying amount of ₦87.98 billion at 31 December 2023 (31 December 2022: ₦68.827 billion). This loan was obtained in 2022 and is repayable in March 2025. The credit facility agreement ("Agreement") contains five financial covenants that, among other things, require the Bank to maintain ratios within defined thresholds. These covenants relate to tangible networth, capital adequacy, gross non-performing loans ratio, liquidity coverage ratio, and foreign currency borrowings. During the period, there were no defaults on principal, interest or redemption terms of loan payable.

As at 31 December 2023, the Group was in breach of foreign currency borrowings. The Group has notified the lender of the breach and obtained a waiver of event from Central Bank of Nigeria.

British International Investment

The Group had a loan with a carrying amount of ₦62.35 billion at 31 December 2023 (31 December 2022: ₦40.55 billion). This loan was obtained in 2022 and is repayable in June 2027. The credit facility agreement ("Agreement") contains seven financial covenants that, among other things, require the Bank to maintain ratios within defined thresholds. These covenants relate to capital adequacy, tier 1 equity ratio, economic group exposures ratio, related party exposure ratio, liquidity coverage ratio, open credit exposure ratio and net open position ratio. During the period, there were no defaults on principal, interest or redemption terms of loan payable.

As at 31 December 2023, the Group was in breach of economic group exposures. The Group has notified the lender of the breach.

37 Retirement benefit obligations

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Defined Contribution Plan	-	1
Gratuity Scheme (i)	6,595	426
Defined Benefits - Pension (ii)	1,441	5,272
	8,036	5,699

Plan liabilities are based upon independent actuarial valuation performed by Ernst & Young using the projected unit credit basis. This valuation was carried out as at 31 December 2023 and 31 December 2022.

Gratuity scheme (i)

This relates to the schemes operated by FBN Insurance Brokers as a non-contributory defined gratuity scheme whereby on separation, staff who have spent a minimum number of 3 years are paid a sum based on their qualifying emoluments and the number of periods spent in service of the entity. The directors of the company however decided to discontinue the defined benefit scheme effective 31 December 2016. The gratuity balances of members were transferred to member's bank accounts during the year.

Defined benefit - Pension (ii)

First Bank Nigeria Limited has an old Defined Benefit scheme, discontinued in March 2001. The funds are placed with fund managers and the Bank is under obligation to fund the deficit.

In addition, First Pension Custodian Nigeria Limited (FPCNL), a direct subsidiary of First Bank Nigeria Limited, has a non-contributory defined gratuity scheme for directors. Directors are paid a sum based on an approved scale and the number of years of service subject to a maximum of nine years.

The movement in the defined benefit pension (i) over the year is as follows:

GROUP	Present value of the obligation ₦'millions	Fair value of plan assets ₦'millions	Total ₦'millions
Defined benefit pension obligations at 1 January 2022	10,525	(5,948)	4,577
Interest expense/(income)	1,347	(970)	377
Return on plan asset excluding interest income	-	669	669
Past service cost	-	-	
Acturial (Gains)/Losses due to change in:			
- Financial Assumptions	(285)	-	(285)
- Experience Adjustment	(66)	-	(66)
Payments:			
- Benefit payment	(1,055)	1,055	-
Defined benefit pension obligations at 31 December 2022	10,466	(5,194)	5,272
Interest expense/(income)	**1,384**	**(965)**	**419**
Return on plan asset excluding interest income	**7**	**(166)**	**(159)**
Past service cost	**-**	**-**	**-**
- Financial Assumptions	**1,093**	**-**	**1,093**
- Experience Adjustment	**(9)**	**-**	**(9)**
- Demographic Assumptions	**16**	**(7)**	**9**
Contributions:			**-**
- Employer		**(29)**	**(29)**
Payments:		**-**	**-**
- Benefit payment	**(1,280)**	**1,280**	**-**
Defined benefit pension obligations at 31 December 2023	**11,676**	**(5,080)**	**6,595**

The actual return on plan assets was ₦166 million (2022: ₦669 million)

Composition of Plan assets

GROUP	2023			2022		
	Quoted ₦'millions	Unquoted ₦'millions	Total ₦'millions	Quoted ₦'millions	Unquoted ₦'millions	Total ₦'millions
Equity Instruments						
Banking	**796**	**-**	**796**	564	-	564
Debt Instruments						
Government	**2,602**	**-**	**2,602**	1,063	-	1,063
Corporate Bond	55	-	55	21	-	21
Money market investments	**1,533**	**87**	**1,620**	3,365	-	3,365
Money on call	**38**	**-**	**38**	181	-	181
Others	**-**	**-**	**-**	-	-	-
Total	**5,023**	**87**	**5,110**	5,194	-	5,194

The fair value of plan assets is calculated with reference to quoted prices and are within level 1 and 2 of the fair value hierachy

Gratuity scheme (ii)

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

This relates to the schemes operated by the subsidiaries of First Bank Nigeria Limited as follows:

FirstBank DRC has a scheme whereby on separation, staff who have spent a minimum of 3 years are paid a sum based on their qualifying emoluments and the number of periods spent in service of the Bank. FirstBank Guinea and FirstBank Sierra Leone each have a graduated gratuity scheme for staff on separation where staff receives a lump sum based on their qualifying basic salaries on the number of year spent.

The movement in the defined benefit Gratuity Scheme (ii) over the year is as follows:

GROUP	Present value of the obligation ₦'millions	Fair value of plan assets ₦'millions	Total ₦'millions
Defined benefit pension obligations at 1 January 2022	853	(36)	818
Foreign exchange difference	(590)	21	(569)
Interest expense	76	-	76
Service cost	119	-	119
Remeasurement:			
- Return on plan asset not included in net interest cost on pension scheme	-	(5)	(5)
Net actuarial gain or loss	254	(2)	252
Contributions:			
- Employer	-	256	256
Payments:			
- Benefit payment	(260)	(260)	(520)
Defined benefit pension obligations at 31 December 2022	452	(26)	427
Foreign exchange difference	**584**	**(15)**	**569**
Interest expense	**119**	**-**	**119**
Service cost	**88**	**-**	**88**
Remeasurement:	**-**	**-**	
- Return on plan asset not included in net interest cost on pension scheme	**-**	**-**	**-**
Net actuarial gain or loss	**240**	**-**	**240**
Contributions:	**-**	**-**	
- Employer	**-**	**-**	**-**
Payments:	**-**	**-**	
- Benefit payment	**(41)**	**41**	**-**
Defined benefit pension obligations at 31 December 2023	**1,441**	**-**	**1,441**

Arising from the defined benefit pension plan, the Group is exposed to a number of risk, the most significant of which are detailed below:

Asset Volatility: The plan liabilities are calculated using a discount rate set with reference to Federal Government Bond yields. If the plan assets underperform this yield, this will create a deficit. As the plans mature, the Group intends to reduce the level of investment risk by investing more in asset such that changes in the value of the assets closely match the movement in the fund's liabilities. There remains the residual risk that the selected portfolio does not match the liabilities closely enough or that as it matures there is a risk of not being able to reinvest the assets at the assumed rates. The scheme's trustees review the structure of the portfolio on a regular basis to minimize these risks.

Changes In Bond Yields: A decrease in Federal bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation.

Inflation Risk: The plan benefit obligations are linked to inflation, and higher inflation lead to higher liabilities. However, majority of the plan assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life Expectancy: The majority of the plans' obligations are to provide benefits for the members, so increases in the life expectancy will result in an increase in the plan's liabilities. This risk is significantly curtailed by the weighted average liability duration of the plan which is currently 6.09 years and retirement age of 60 years.

Under the funded plan, the Legacy scheme, the groups ensures that the investment positions are managed within the Asset-liability matching (ALM) framework that has been developed to achieve long-term investment that are in line with the obligations under the pension schemes. Within this ALM framework, the objective is to match assets to the pension obligation by investing in long term fixed interest securities with maturities that match the benefit payments as they fall due. The group actively monitors how the duration and the expected yield of the investment are matching the expected cash outflows arising from the pension obligation. There is no regulatory framework guiding the operation of the plan assets.

The principal actuarial assumptions were as follows:

	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Discount rate on pension plan	**15.2%**	13.6%
Inflation rate	**15%**	13.0%
Life expectancy	**25yrs**	25yrs

The sensitivity of the pension liability to changes in the weighted principal assumptions is shown in table below:

	Assumption	Defined Benefit Obligation ₦'millions	Impact on Liability
Discount rate	15.2%	11,467	0.0%
	16.2%	10,886	-5.1%
	14.2%	12,125	5.7%
Mortality experience	Base	11,467	0.0%
	Improved by 1 year	11,437	-0.3%
	Decreased by 1 year	11,496	0.3%

The above sensitivity analysis is for First Bank Nigeria Limited and deemed to be representative of the Group. It is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The below table shows the maturity profile of the defined obligation.

Maturity Profile on Defined Benefit Obligation

Years	Amount ₦'millions
2024	1,556,209
2025	1,553,441
2026	1,550,175
2027	1,546,575
2028	1,542,600
2029 - 2033	7,637,028

Defined benefit cost, charged to income statement (refer note 16)

	Group	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Defined Benefits - Pension (i)	**1,194**	3
Defined benefit cost, charged to other comprehensive income		
Defined Benefits - Pension (i)	**(924)**	(318)
Gratuity Scheme (ii)	**(240)**	(252)
Long service award	**-**	498
	(1,164)	(72)

38 Share capital

	31 December 2023	31 December 2022
Authorised, Issued and fully paid		
35 billion ordinary shares of 50k each (2022: 35 billion)	**17,948**	17,948

Movements during the period:

	Number of shares In millions	Ordinary shares ₦'millions
At 31 December 2022	**35,895**	17,948
At 31 December 2023	**35,895**	17,948

39 Share premium and reserves

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

Share premium: Premiums (i.e. excess over nominal value) from the issue of shares are reported in share premium.

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

Statutory reserve: Nigerian banking regulations require banks to make an annual appropriation to a statutory reserve. As stipulated by S16(1) of the Bank and Other Financial Institutions Act of 2020 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

Capital reserve: Reserve arising from business restructuring within the group, eliminated during consolidation of group numbers

Fair value reserve: The fair value reserve shows the effects from the fair value measurement of financial instruments elected to be presented in other comprehensive income on initial recognition after deduction of deferred taxes. No gains or losses are recognised in the consolidated income statement.

Small Scale Investment reserve: This reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investments in qualifying small and medium-scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first five years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium-scale industries equity investment scheme reserves are non-distributable.

Contingency reserve: As required by insurance regulations, a contingency reserve is maintained for both the non-life insurance and life assurance contracts underwritten by the Group. The appropriation to contingency reserve for non-life underwriting contracts is calculated in accordance with section 21(2) and 22(1)(b) of the Insurance Act 2003. The reserve is calculated at the higher of 3% of gross premiums and 20% of net profits of the business for the year. The appropriation to contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriations are charged to the Life Fund.

Regulatory risk reserve: The Group determines its loan loss provisions based on the requirements of IFRS. The difference between the loan loss provision as determined under IFRS and the provision as determined under Nigerian Prudential guideline (as prescribed by the Central Bank of Nigeria) is recorded in this reserve. This reserve is non distributable.

Foreign currency translation reserve (FCTR): Records exchange movements on the Group's net investment in foreign subsidiaries.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

40 Non-controlling interests

The movement in non-controlling interest for the year is shown below.

	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Opening balance	12,112	10,405
Share of profit	2,167	1,770
Share of other comprehensive income	14,164	(63)
	28,443	12,112

41 Cashflow workings

a Reconciliation of profit before tax to cash generated from operations

		Group		Company	
	Notes	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Profit before tax from continuing operations		358,055	157,727	15,192	19,483
(Loss)/profit before tax from discontinued operations	29.2	(112)	(138)	-	-
Profit before tax including discontinued operations		357,943	157,589	15,192	19,483
Adjustments for:					
– Depreciation	30	29,480	20,982	326	225
– Amortisation	31	13,869	7,068	-	-
– (Profit)/Loss from disposal of property and equipment	15	(7)	(1,249)	(7)	(6)
– Foreign exchange losses/(gains)	11	341,558	(9,105)	(787)	(38)
– Profit from investment securities	12	(34,848)	(22,425)	50	-
– Net (gains)/losses from financial assets at fair value through profit or loss	13	(682,577)	(10,790)	379	(264)
– Impairment on loans and advances	9	210,960	61,434	-	-
– Impairment on other financial assets	9	8,272	6,181	-	-
– Impairment on other assets	9	8,186	909	-	-
– Share of (loss)/profit from associates	27	-	(175)	-	-
– Dividend income	14	(5,742)	(3,166)	(17,160)	(19,871)
– Interest income	7	(960,328)	(551,937)	(3,379)	(2,088)
– Interest expense	8	411,415	188,688	6	3
(Increase)/decrease in operating assets:					
– Cash and balances with the Central Bank (restricted cash)	(i)	(550,208)	(210,177)	-	-
– Loans and advances to banks	(ii)	1,045,702	(132,825)	-	-
– Loans and advances to customers	(iii)	(2,744,796)	(692,169)	(230)	10
– Financial assets at fair value through profit or loss	(iv)	237,626	83,218	718	-
– Other assets	(vii)	(32,768)	(144,446)	(271)	(350)
– Asset pledged as collateral	(vi)	(923,923)	123,491	-	-
– Assets held for sale		(284)	4,626	-	-
Increase/(decrease) in operating liabilities:					
– Deposits from banks	(viii)	(719,914)	(12,166)	-	-
– Financial liabilities at fair value through profit or loss	(xvi)	105,086	18,736	-	-
– Deposits from customers	(ix)	4,267,509	1,324,999	-	-
– Other liabilities	(x)	(130,033)	21,245	1,766	1,074
– Change in retirement benefit obligations	(xviii)	1,194	(266)	-	-
Cash flow (used itn)/generated from operations		253,373	228,268	(3,397)	(1,821)

b Cashflow workings

(i) Cash and balances with the Central Bank (restricted cash)

	Notes	Group 31 December 2023 ₦'millions	Group 31 December 2022 ₦'millions	Company 31 December 2023 ₦'millions	Company 31 December 2022 ₦'millions
Opening balance	19	1,558,263	1,348,086	-	-
Movement during the year		550,208	210,177	-	-
Closing balance	19	2,108,471	1,558,263	-	-

(ii) Loans and advances to banks (Long term placement)

	Notes	Group 31 December 2023 ₦'millions	Group 31 December 2022 ₦'millions	Company 31 December 2023 ₦'millions	Company 31 December 2022 ₦'millions
Opening balance	21	280,054	111,604	-	-
Interest income	7	49,014	56,438		
Interest received		(49,014)	(56,438)		
Foreign exchange difference		1,023,308	35,626		
Movement during the year		(1,045,702)	132,825	-	-
Closing balance	21	257,660	280,054	-	-

(iii) Loans and advances to customers

	Notes	Group 31 December 2023 ₦'millions	Group 31 December 2022 ₦'millions	Company 31 December 2023 ₦'millions	Company 31 December 2022 ₦'millions
Opening balance		(3,789,061)	(2,881,916)	(39)	(49)
Closing balance		6,359,294	3,789,061	269	39
Changes during the year		2,570,233	907,145	230	(10)

Changes explained by:

	Notes	Group 31 December 2023 ₦'millions	Group 31 December 2022 ₦'millions	Company 31 December 2023 ₦'millions	Company 31 December 2022 ₦'millions
ECL allowance on loan and advances to customers	9	(174,855)	(59,645)	-	-
Interest income	7	627,116	403,616	31	7
Interest received		(937,795)	(237,229)	(31)	(7)
Foreign exchange difference		310,971	108,234		
Movement during the year		2,744,796	692,169	230	(10)
Changes during the year		2,570,233	907,145	230	(10)

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2023

(iv) Financial assets at fair value through profit or loss

	Notes	Group 31 December 2023 ₦'millions	Group 31 December 2022 ₦'millions	Company 31 December 2023 ₦'millions	Company 31 December 2022 ₦'millions
Opening balance		278,466	351,146	1,601	1,337
Movement in Treasury bills included in cash and cash equivalents	20	(226)	(4,530)	-	-
Interest income	7	2,067	15,590	-	-
Interest received		(2,067)	(15,590)	-	-
Fair value changes at FVTPL	13	682,577	10,790	(379)	264
Foreign exchange difference		25,594	4,278	-	-
Movement during the year		(237,626)	(83,218)	(718)	-
Closing balance	23	748,785	278,466	504	1,601

(v) Investment securities

	Notes	Group 31 December 2023 ₦'millions	Group 31 December 2022 ₦'millions	Company 31 December 2023 ₦'millions	Company 31 December 2022 ₦'millions
Opening balance		2,321,885	1,957,478	3,963	4,210
Purchase of investment securities		1,462,185	1,528,187	3,602	-
Disposal of investment securities		(1,178,834)	(1,244,825)	(1,153)	0
Movement in Treasury bills included in cash and cash equivalent	20	(300,349)	77,808	-	-
Interest income on FVOCI investments	7	151,161	47,883	368	274
Interest income on amortised cost investments	7	130,970	28,409	-	-
Interest received		(281,472)	(105,011)	(436)	(396)
Fair value changes in FVOCI		201,338	11,101	185	(126)
Foreign exchange difference		299,686	27,959	430	-
Impairment on amortised cost investments		(8,950)	(7,105)	-	-
Closing balance		2,797,620	2,321,885	6,959	3,963

(vi) Asset pledged as collateral

	Notes	Group 31 December 2023 ₦'millions	Group 31 December 2022 ₦'millions	Company 31 December 2023 ₦'millions	Company 31 December 2022 ₦'millions
Opening balance	25	595,171	718,662	-	-
Movement during the year		923,923	(123,491)	-	-
Closing balance	25	1,519,094	595,171	-	-

(vii) **Other assets**

	Notes	Group		Company	
		31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Opening balance	26	**373,130**	218,638	**19,032**	13,344
WHT credit note used	18b	**(1,861)**	(937)	**(22)**	(1)
Dividend receivable - current year	(xiv)	**-**	-	**16,956**	18,576
Dividend receivable - prior year	(xiv)	**-**	-	**(18,576)**	(13,236)
Impairment charge for the year	9	**(8,186)**	(909)	**-**	-
Foreign exchange difference		**205,076**	1,854	**-**	-
Movement during the year		**32,768**	154,484	**271**	350
Closing balance	26	**600,927**	373,130	**17,661**	19,032

(viii) **Deposit from banks**

	Notes	Group		Company	
		31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Opening balance	33	**1,055,254**	1,098,107	**-**	-
Interest expense	8	**55,183**	22,448	**-**	-
Interest paid		**(52,305)**	(21,034)	**-**	-
Foreign exchange difference		**1,464,964**	(32,101)	**-**	-
Movement during the year		**(719,914)**	(12,166)	**-**	-
Closing balance	33	**1,803,182**	1,055,254	**-**	-

(ix) **Deposit from customers**

	Notes	Group		Company	
		31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Opening balance		**7,124,086**	5,849,487	**-**	-
Interest expense	8	**268,925**	117,199	**-**	-
Interest paid		**(239,092)**	(117,199)	**-**	-
Foreign exchange difference		**(758,082)**	(50,399)	**-**	-
Movement during the year		**4,267,509**	1,324,999	**-**	-
Closing balance	34	**10,663,346**	7,124,086	**-**	-

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

(x) Other liabilities

	Notes	Group 31 December 2023 ₦'millions	Group 31 December 2022 ₦'millions	Company 31 December 2023 ₦'millions	Company 31 December 2022 ₦'millions
Opening balance	35	652,554	654,350	17,269	16,192
Impairment writeback on off balance sheet	9	(678)	(924)	-	-
Lease payments	30	(2,827)	(3,241)	-	-
Interest expense on lease	8	896	536	6	3
Interest paid on Lease liabilities	30(ii)	(1,106)	-	-	-
Actuarial loss on long service award	35	239	(498)	-	-
Reclassification from PPE		-	(291)		
Foreign exchange difference		742,788	(18,624)	-	-
Movement during the year		(130,033)	21,245	1,766	1,074
Closing balance	35	1,261,833	652,554	19,041	17,269

(xi) Disposal of property and equipment

	Notes	Group 31 December 2023 ₦'millions	Group 31 December 2022 ₦'millions	Company 31 December 2023 ₦'millions	Company 31 December 2022 ₦'millions
Cost	30	6,091	3,578	244	176
Accumulated depreciation	30	(4,691)	(2,769)	(216)	(79)
Net book value of disposed properties		1,400	809	28	97
Gain or (loss) on disposed properties	15	7	1,249	7	6
Sales proceed		1,407	2,059	35	103

(xii) Interest received

	Notes	Group 31 December 2023 ₦'millions	Group 31 December 2022 ₦'millions	Company 31 December 2023 ₦'millions	Company 31 December 2022 ₦'millions
Interest received on loans	(iii)	937,795	237,229	31	7
Interest received on placement		49,014	56,438	2,980	1,806
Interest received on investment	(v)	283,539	120,601	436	396
		1,270,348	414,267	3,447	2,209

(xiii) Interest paid

	Notes	Group		Company	
		31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Interest paid on deposit from customers	(ix)	**239,092**	117,199	**-**	-
Interest paid on deposit from banks	(viii)	**52,305**	21,034	**-**	-
		291,397	138,233		
Interest paid on borrowings	36	**36,617**	23,475	**-**	-
Interest paid on Lease liabilities		**1,106**			
		329,120	161,707	**-**	-

(xiv) Dividend received

	Notes	Group		Company	
		31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Opening dividend receivable		**-**	-	**18,576**	13,236
Dividend income	14	**5,742**	3,166	**17,160**	19,871
Dividend received		**(5,742)**	(3,166)	**(18,780)**	(14,531)
Closing dividend receivable		**-**	-	**16,956**	18,576

(xv) Investment in subsidiary

	Notes	Group		Company	
		31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Opening balance	28	**-**	-	**262,671**	262,671
Additional investment		**-**	-	**-**	-
Disposal		**-**	-	**-**	-
Reclassification from accounts receivable		**-**	-	**-**	-
Closing balance	28	**-**	-	**262,671**	262,671

(xvi) Financial liabilities at fair value through profit or loss

	Notes	Group		Company	
		31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Opening balance		**38,384**	19,648	**-**	-
Movement during the year		**105,086**	18,736	**-**	-
Closing balance		**143,470**	38,384	**-**	-

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2023

(xvii) Proceeds from the sale of investment securities

	Notes	Group		Company	
		31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Value of investment disposed		1,178,834	1,244,825	1,153	(0)
profit on disposal of investment securities		34,848	22,425	(50)	-
		1,213,682	1,267,250	1,103	(0)

(xviii) Retirement benefit obligations

	Notes	Group		Company	
		31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Opening balance		5,699	5,394	-	-
Interest expense		1,194	3	-	-
Return on plan asset excluding interest income		(188)	670	-	-
Movement in Gratuity scheme		-	(269)	-	-
Actuarial Gains/(Losses)		1,331	(99)	-	-
Closing balance		8,036	5,699	-	-

42 Commitments and Contingencies

42.1 Capital commitments

The Group's capital commitment in respect of authorised and contracted capital projects are disclosed below.

Authorised and contracted

	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Property and equipment	5,691	608
Intangible assets	9,094	12,034
	14,785	12,642

42.2 Legal proceedings

The Group is a party to a number of legal actions arising out of its normal business operations. The directors having sought the advice of the professional legal counsel are of the opinion that no significant liability will crystalise from these cases beyond the provision made in the financial statements

	31 December 2023 ₦'millions	31 December 2022 ₦'millions
At start of the year	1,376	1,376
Provisions	-	-
Writeback	-	-
At end of year	1,376	1,376

42.3 Other contingent commitments

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

	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Performance bonds and guarantees	553,003	486,522
Letters of credit	1,584,920	715,224
	2,137,923	1,201,746

42.4 Loan Commitments

	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Undrawn irrevocable loan commitments	179,277	105,521
	179,277	105,521

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. The fair value of credit related commitments is disclosed in Note 3.6

The Group cannot separately identify the expected credit loss on the undrawn commitment. Thus, the expected credit loss on the undrawn commitments have been recognised together with the loss allowance for the loan. See Note 22 on expected credit loss on Loans and advances to customers.

43 Offsetting Financial Assets and Financial Liabilities

The information shown for 31 December 2023 relates to First Bank Nigeria Limited, as no other entity within the Group has an offsetting arrangement.

Financial instruments subject to offsetting, enforceable master netting and similar arrangement are as follows:

Group 31 December 2023	Gross amounts before offsetting in the statement of financial position (a) ₦'millions	Gross amounts set off in the statement of financial position (b) ₦'millions	Net amounts after offsetting in the statement of financial position (c)= (a) - (b) ₦'millions	Amounts subject to master netting and similar arrangements not set off in the statement of financial position (d) ₦'millions	 (e) ₦'millions	Net amounts of exposure (f) =(c) - (e) ₦'millions
ASSETS						
Financial assets at fair value through profit or loss	592,966	-	592,966	-	879	592,088
Total Assets subject to offsetting, master netting and similar arrangements	592,966	-	592,966	-	879	592,088
LIABILITIES						
Financial derivatives	75,260		75,260	-	-	75,260
Total Liabilities subject to offsetting, master netting and similar arrangements	75,260	-	75,260	-	-	75,260

Group 31 December 2022	Gross amounts before offsetting in the statement of financial position (a) ₦'millions	Gross amounts set off in the statement of financial position (b) ₦'millions	Net amounts after offsetting in the statement of financial position (c)= (a) - (b) ₦'millions	Amounts subject to master netting and similar arrangements not set off in the statement of financial position (d) ₦'millions	 (e) ₦'millions	Net amounts of exposure (f) =(c) - (e) ₦'millions
ASSETS						
Financial assets at fair value through profit or loss	52,843	-	52,843	-	2,300	50,543
Total Assets subject to offsetting, master netting and similar arrangements	52,843	-	52,843	-	2,300	50,543
LIABILITIES						
Financial derivatives	4,975		4,975	-	-	4,975
Total Liabilities subject to offsetting, master netting and similar arrangements	4,975	-	4,975	-	-	4,975

The amount set off in the statement of financial position reported in column (b) is the lower of (i) the gross amount before offsetting reported in column (a) and (ii) the amount of the related instrument that is eligible for offsetting. Similarly, the amounts in columns (d) and (e) are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

The Group has master netting arrangements with counterparty banks, which are enforceable in case of default. In addition, applicable legislation allows an entity to unilaterally set off trade receivables and payables that are due for payment, denominated in the same currency and outstanding with the same counterparty. These fall in the scope of the disclosure. The Group received and provided margin deposits as collateral for outstanding derivative positions. The Group or the counterparty may set off the Group's asset or liabilities with the margin deposit in case of default.

The disclosure does not apply to loans and advances to customers and related customer deposits unless they are set off in the statement of financial position.

44 Related party transaction

The Group is controlled by FBN Holdings Plc. which is the parent company, whose shares are widely held. FBN Holdings Plc, is a non-operating financial holding company licensed by the Central Bank of Nigeria. (See note 28 for the list of all subsidiaries of the Group).

A number of transactions are entered into with related parties in the normal course of business. The volumes of related-party transactions, outstanding balances at the year-end, and related expense and income for the year are as follows:

44.1 Transactions with related parties

Name of entity	Nature of relationship	Nature of transactions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
First Bank Nigeria Limited	Subsidiary	Placement	-	-
First Bank Nigeria Limited	Subsidiary	Current account balance	2,059	557
First Bank Nigeria Limited	Subsidiary	Bank charges	7	7
First Bank Nigeria Limited	Subsidiary	Interest income	-	-
FBNQuest Merchant Bank Limited	Subsidiary	Current account balance	1	9
FBNQuest Merchant Bank Limited	Subsidiary	Placement	5,177	7,016
FBNQuest Merchant Bank Limited	Subsidiary	Interest income	222	24

Placements with related parties have maturities ranging from 30 days to 90 days and interest rates between 11% to 13.25%. Current account balances are balances in transactional operating accounts with related parties as at 31 December 2023.

44.2 Key management compensation

Key management includes Executive Directors and members of the Management Committee. The compensation paid or payable to key management for employee services excluding certain benefits is shown below:

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Salaries and other short-term employee benefits	3,482	2,789	487	450
Post-employment benefits	284	74	241	19
	3,766	2,863	728	469

44.3 Insider related credits

In compliance with the Central Bank of Nigeria Circular BSD/1/2004 on insider related credits, the company had no insider related credits during the year. Insider related credits relating to the banking subsidiaries have been appropriately disclosed in the respective financial statements of the subsidiaries.

45 Directors' emoluments

Remuneration paid to the directors was:

	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Fees	433	415
Sitting allowances	75	51
Executive compensation	180	126
Other directors' costs and expenses	347	373
	1,035	965
Included in the fees above are amounts paid to:		
Chairman	64	64
Highest paid director	107	98

The number of directors who received fees and other emoluments in the following ranges was:

	Number	
	31 December 2023	31 December 2022
₦10,000,000 - ₦40,000,000	1	-
₦40,000,001 and above	8	8
	9	8

46 Compliance with regulations

During the year, the entities within the group paid penalties to the Central Bank of Nigeria as below:

(a) First Bank Nigeria Limited

Description	₦'millions
(i) CBN penalty for infractions noted during the risk based examination of December 2020	10.0
(ii) CBN penalty for infractions raised during the 2020 AML/CFT examination	6.3
(iii) CBN penalty for bank's appointment of Chief Audit Executive without prior approval of CBN	2.0
	18.3

(c) FBNQuest Merchant Bank Limited

Description	₦'millions
(i) CBN: Non Disclosure of Diversity in Employment in Banks and Discount Houses	2.0
(ii) CBN: Contravention of CBN Risk Based Cybersecurity Framework and Guidelines	2.0
	4.0

47 Events after statement of financial position date

The Company has no events after the financial position date that will materially affect the financial position shown in these consolidated and separate financial statements.

48 Dividend

(i) Dividend paid

A cash dividend of ₦17.95 billion at ₦0.50 per share (2021: ₦12.56 billion) that related to the year 31 December 2022 was paid in August 2023.

(ii) Dividend proposed

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 426 of the Companies and Allied Matters Act (CAMA) 2020, has recommended a dividend of 40 Kobo per ordinary share, amounting to ₦14,358,117,116.40 (2022: ₦17,947,646,398 (50 Kobo per share)). Withholding tax will be deducted at the time of payment.

49 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the members of the group and held as treasury shares.

The company does not have potential ordinary shares with convertible options and therefore there is no dilutive impact on the profit attributable to the equity holders of the parent.

	Group		Company	
	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2023 ₦'millions	31 December 2022 ₦'millions
Profit from continuing operations attributable to owners of the parent (₦'million)	**308,315**	134,541	**15,170**	19,460
Loss from discontinued operations attributable to owners of the parent (₦'million)	**(112)**	(138)	**-**	-
Weighted average number of ordinary shares in issue (in million)	**35,895**	35,895	**35,895**	35,895
Basic/diluted earnings per share (expressed in Naira per share)				
- from continuing operations	**859**	375	**42**	54
- from discontinued operations	**-**	-	**-**	-
	859	375	**42**	54

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the number of basic weighted average number of shares.

50 Non audit services

The external auditors of FBNHoldings ("Company"), KPMG Professional Services rendered the following non audit services to the Company for the year.

Description of service	₦'millions
Limited assurance on internal control over financial reporting	**25**

51 Comparative

Certain disclosures and some prior year figures have been presented to conform with current year presentation

GROUP

Statement of profit or loss

For the year ended 31 December 2022	As previously reported ₦'millions	Reclassification ₦'millions	As restated ₦'millions
(i) Foreign exchange (loss)/gain	22,392	10,038	32,430
(ii) Operating expenses	(218,481)	(10,038)	(228,519)
Specific line items in operating expenses			
- Administrative and other charges	(11,682)	(10,038)	(21,720)
- Regulatory cost	(39,764)	39,764	-
- AMCON resolution cost	-	(39,764)	(39,764)
- Deposit insurance premium	-	(26,765)	(26,765)
- Insurance premium	(29,444)	26,765	(2,679)
(iii) Income tax expense	(21,591)	3,362	(18,229)
(iv) Minimum tax	-	(3,362)	(3,362)

Statement of cashflows

For the year ended 31 December 2022	As previously reported ₦'millions	Reclassification ₦'millions	As restated ₦'millions
(i) Non cash adjusting item : Revaluation loss/(gain) on foreign currency balances	933	(10,038)	(9,105)
(Increase)/decrease in operating assets:			
– Other assets	(154,484)	10,038	(144,446)
(ii) Cash flow from/(used in) operations	228,268	-	228,268
(iii) Net cashflows generated from/(used in) operating activities	467,775	-	467,775

COMPANY

Statement of profit or loss

For the year ended 31 December 2022	As previously reported ₦'millions	Reclassification ₦'millions	As restated ₦'millions
(i) Income tax expense	(23)	22	(1)
(ii) Minimum tax	-	**(22)**	**(22)**

52 Inline with the amendment to Rule 2b & Rule 3 (paragraph 4) and the issuance of new Rule 10 by the Financial Reporting Council of Nigeria (FRC), reporting entities are required to disclose the details of any professional providing any form of assurance services to the entity. In compliance, the Company did not enagage any professionals to provide assurance services during the year.

Other National Disclosures and Other Information

Other National Disclosures
Statement of Value Added - Group

	31 December 2023 ₦'000	%	31 December 2022 ₦'000	%
Gross income	1,595,255		815,166	
Interest and fee expense	(444,671)		(214,700)	
	1,150,584		600,466	
Administrative overheads	(341,853)		(228,520)	
Value added	808,732	100	371,946	100
Distribution				
Employees				
- Salaries and benefits	179,090	22	117,376	32
Government				
- Taxation	48,393	6	21,591	6
The future				
- Asset replacement (depreciation)	29,480	4	20,982	6
- Asset replacement (amortisation)	13,869	2	7,068	2
- Asset replacement (provision for losses)	227,418	28	68,619	18
- Expansion (transfers to reserves)	310,482	38	136,311	37
	808,732	100	371,946	100

Other National Disclosures
Statement of Value Added - Company

	31 December 2023 ₦'000	%	31 December 2022 ₦'000	%
Gross income	21,020		24,285	
Interest and fee expense	(6)		(3)	
	21,014		24,282	
Administrative overheads	(3,302)		(2,690)	
Value added	17,712	100	21,592	100
Distribution				
Employees				
- Salaries and benefits	2,194	12	1,884	9
Government				
- Company income tax	22	0	23	0
The future				
- Asset replacement (depreciation)	326	2	225	1
- Asset replacement (amortisation)	-	-	-	-
- Asset replacement (provision for losses)	-	-	-	-
- Expansion (transfers to reserves)	15,170	86	19,460	90
	17,712	100	21,592	100

Other National Disclosures

Five Year Financial Summary - Group
Statement of Financial Position

GROUP	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2020 ₦'millions	31 December 2019 ₦'millions
Assets:					
Cash and balances with Central Bank	**2,572,363**	1,790,863	1,586,769	1,631,730	1,025,325
Loans and advances to banks	**2,053,230**	1,223,061	1,015,122	1,016,823	754,910
Loans and advances to customers	**6,359,294**	3,789,061	2,881,916	2,217,268	1,852,411
Financial assets at fair value through profit or loss	**748,785**	278,466	351,146	126,354	282,660
Investment securities	**2,797,620**	2,321,885	1,957,478	1,549,290	1,414,530
Assets pledged as collateral	**1,519,094**	595,171	718,662	635,913	464,922
Other assets	**600,927**	373,130	218,638	315,501	212,092
Investment in associates	**2,005**	1,185	1,009	1,163	711
Investment properties	**-**	-	-	-	100
Property, plant and equipment	**161,677**	125,167	115,987	114,034	112,939
Intangible assets	**33,557**	15,859	19,018	15,340	18,961
Deferred tax	**55,895**	30,909	28,710	27,619	25,009
Assets held for sale	**33,237**	32,953	37,918	37,993	38,956
Total assets	**16,937,684**	10,577,710	8,932,373	7,689,028	6,203,526
Financed by:					
Share capital	**17,948**	17,948	17,948	17,948	17,948
Share premium	**233,392**	233,392	233,392	233,392	233,392
Reserves	**1,467,238**	732,289	618,111	504,746	394,269
Non controlling interest	**28,443**	12,112	10,405	9,085	15,516
Deposits from banks	**1,803,182**	1,055,254	1,098,107	1,039,220	860,486
Deposits from customers	**10,663,346**	7,124,086	5,849,487	4,894,715	4,019,836
Derivative liabilities	**143,470**	38,384	19,648	7,464	6,046
Liabilities on investment contracts	**-**	-	-	-	24,676
Liabilities on insurance contracts	**-**	-	-	-	63,748
Borrowings	**1,250,827**	675,440	405,304	379,484	250,596
Retirement benefit obligations	**8,036**	5,699	5,392	7,527	3,352
Current income tax	**52,662**	27,901	17,741	11,247	13,778
Other liabilities	**1,261,833**	652,554	654,350	581,720	297,140
Deferred income tax liabilities	**5,524**	868	366	101	250
Liabilities held for sale	**1,783**	1,783	2,122	2,379	2,493
	16,937,684	10,577,710	8,932,373	7,689,028	6,203,526

Other National Disclosures

Five Year Financial Summary - Group

Income Statement

	12 months ended 2023 ₦'millions	12 months ended 2022 ₦'millions	12 months ended 2021 ₦'millions	12 months ended 2020 ₦'millions	12 months ended 2019 ₦'millions
Gross Earnings	**1,595,255**	815,166	757,296	590,663	627,008
Net operating income	**1,149,764**	600,291	592,813	531,328	449,301
Insurance claims	**-**	-	-	-	(10,106)
Operating expenses	**(564,291)**	(373,945)	(334,182)	(292,501)	(304,556)
Group's share of associate's results	**820**	175	(258)	482	87
Impairment charge for credit losses	**(227,418)**	(68,619)	(91,711)	(61,830)	(51,133)
Profit before taxation	**358,875**	157,902	166,662	83,703	83,595
Taxation	**(48,393)**	(21,591)	(15,515)	(8,111)	(9,783)
Profit from continuing operations	**310,482**	136,311	151,147	75,592	73,812
Profit/(loss) from discontinuing operations	**(112)**	(138)	(68)	14,138	(147)
Profit for the year	**310,370**	136,173	151,079	89,730	73,665
Profit attributable to:					
Owners of the parent	**308,203**	134,403	149,709	87,986	69,918
Non controlling interest	**2,167**	1,770	1,370	1,744	3,747
	310,370	136,173	151,079	89,730	73,665
Earnings per share in kobo (basic/diluted)	**859**	375	417	245	195

Other National Disclosures

Five Year Financial Summary - Company Statement of Financial Position

COMPANY	31 December 2023 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2020 ₦'millions	31 December 2019 ₦'millions
Assets:					
Loans and advances to banks	**16,523**	18,331	16,477	11,240	5,706
Loans and advances to customers	**269**	39	49	61	94
Financial assets at fair value through profit or loss	**504**	1,601	1,337	2,116	3,057
Investment securities	**6,959**	3,963	4,210	9,863	11,393
Investment in associates	**-**	-	-	-	-
Investment in subsidiaries	**262,671**	262,671	262,671	262,671	239,514
Other assets	**17,661**	19,032	13,344	14,360	15,922
Property, plant and equipment	**948**	718	397	312	490
	305,535	306,355	298,485	300,623	276,176
Financed by:					
Share capital	**17,948**	17,948	17,948	17,948	17,948
Share premium	**233,392**	233,392	233,392	233,392	233,392
Reserves	**35,125**	37,717	30,946	35,525	15,503
Current income tax	**29**	29	7	214	12
Other liabilities	**19,041**	17,269	16,192	13,544	9,321
	305,535	306,355	298,485	300,623	276,176

Other National Disclosures

Five Year Financial Summary - Company

Income Statement

	12 months ended 2023 ₦'millions	12 months ended 2022 ₦'millions	12 months ended 2021 ₦'millions	12 months ended 2020 ₦'millions	12 months ended 2019 ₦'millions
Gross Earnings	**21,020**	24,285	17,135	38,602	18,396
Net operating income	**21,014**	24,281	17,134	18,699	18,382
Gain from disposal of subsidiary/associate	**-**	-	-	19,890	-
Operating expenses	**(5,822)**	(4,799)	(4,081)	(4,515)	(4,508)
Profit before taxation	**15,192**	19,483	13,053	34,073	13,874
Taxation	**(22)**	(23)	(5)	(213)	(12)
Profit after taxation	**15,170**	19,460	13,048	33,860	13,862
Earnings per share in kobo (basic)	**42**	54	36	94	39

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