FBN Holdings Plc.
Unaudited Consolidated Financial Statements
for the period ended September 30 2020

FBN Holdings Plc.

DIRECTORS AND ADVISORS

DIRECTORS:

Dr. Oba A. Otudeko, CFR	Non-Executive Director (Group Chairman)
U. K. Eke, MFR	Group Managing Director
Oye Hassan-Odukale, MFR	Non-Executive Director
Chidi Anya	Non-Executive Director
Hamza Sule Wuro Bokki, Ph.D	Non-Executive Director
Debola Osibogun	Non-Executive Director
Omatseyin Ayida	Non-Executive Director
Dr. Adesola Adeduntan	Non-Executive Director
Oluwande Muoyo	Non-Executive Director (Resigned w.e.f. 30 April 2020)
Cecilia Akintomide, OON	Non-Executive Director

COMPANY SECRETARY:	Oluseye Kosoko
REGISTERED OFFICE:	Samuel Asabia House 35, Marina Lagos
AUDITOR:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island, Lagos
REGISTRAR:	First Registrars & Investor Services Limited Plot 2, Abebe Village Road, Iganmu, Lagos
BANKERS:	First Bank of Nigeria Limited 35 Marina, Lagos FBNQuest Merchant Bank Limited 10 Keffi Street, Ikoyi Lagos

Certification pursuant to section 60(2) of Investment and Securities Act No. 29 of 2007

We the undersigned hereby certify the following with regards to FBN Holdings Plc financial report for the period ended September 30, 2020 that:

(a) We have reviewed the report;

(b) To the best of our knowledge, the report does not:
(i) contain any untrue statement of a material fact, or
(ii) Omit to state a material fact, which could make the statements misleading in the light of the circumstances under which such statements were made;

(c) To the best of our knowledge, the financial statements and other financial information included in the report fairly represent in all material respects the financial condition and results of operations of the Company as of September 30, 2020 and the periods presented in the report.

(d) We:
(i) Are responsible for establishing and maintaining internal controls.
(ii) Have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared.
(iii) Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the reports.
(iv) Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date.

(e) We have disclosed to the auditors of the Company and the audit committee:
(i) All significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
(ii) Any fraud, whether or not material, that involve management or other employees who have significant role in the Company's internal controls;

(f) We have identified in the report whether or not there were significant changes in the internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regards to significant deficiencies and material weaknesses.

U. K. EKE, MFR	OYEWALE ARIYIBI
Group Managing Director	Chief Financial Officer
FRC/2013/ICAN/00000002352	FRC/2013/ICAN/00000001251

Shareholding Structure and Free Float Status

Company Name:	FBN Holdings Plc
Board Listed:	Premium Board
Year End:	December
Reporting Period:	Nine Months Ended September 30, 2020
Share Price at end of reporting period:	N5.20 (31 Dec 2019: N6.15)

Description	**30 September 2020**		**31 December 2019**	
	Unit	**Percentage**	**Unit**	**Percentage**
Issued Share Capital	35,895,292,791	100%	35,895,292,791	100%
Substantial Shareholdings (5% and above):				
NIL	-	0%	-	0%
NIL	-	0%	-	0%
Total Substantial Shareholdings	**-**	**0%**	**-**	**0%**
Directors' shareholdings (direct and indirect), excluding directors with substantial interests				
Dr. Oba A. Otudeko, CFR (Direct)	5,895,264	0.01%	5,895,264	0.01%
Dr. Oba A. Otudeko, CFR (Indirect)	532,075,839	1.48%	532,075,839	1.48%
Mr. U.K Eke, MFR (Direct)	85,268,414	0.23%	65,196,390	0.18%
Mr. Oye Hassan-Odukale, MFR (Direct)	8,854,003	0.02%	8,854,003	0.02%
Mr. Oye Hassan-Odukale, MFR (Indirect)	330,999,904	0.92%	310,961,091	0.86%
Mr. Chidi Anya (Indirect)	552,168	0.00%	552,168	0.00%
Dr. Hamza Sule Wuro Bokki (Direct)	6,707,005	0.01%	6,680,863	0.01%
Otunba (Mrs.) Adebola Osibogun (Direct)	4,127,659	0.01%	1,171,612	0.00%
Mr. Omatseyin Ayida (Direct)	1,100,000	0.00%	1,100,000	0.00%
Mr. Omatseyin Ayida (Indirect)	134,680,265	0.37%	134,680,565	0.37%
Dr. Adesola Adeduntan (Direct)	18,871,689	0.05%	18,871,689	0.05%
Ms. Cecilia Akintomide, OON (Direct)	1,005,500	0.00%	5,500	0.00%
Total Directors' Shareholdings	**1,130,137,710**	**3.14%**	**1,086,044,984**	**3.02%**
Other Influential Shareholdings:				
NIL	-	0%	-	0%
NIL	-	0%	-	0%
Total Other Influential Shareholdings	**-**	**0%**	**-**	**0%**
Free Floats in Units and Percentage	34,765,155,081	96.86%	34,809,247,807	96.98%
Free Floats in Value (N)	**180,778,806,421.20**		**214,076,874,013.05**	

Declaration:

FBN Holdings Plc with a free float value of N180,778,806,421.20 (96.86%) as at September 30, 2020 (31 Dec 2019: N214,076,874,013.05 (96.98%)) is compliant with the Nigerian Stock Exchange's free float requirements for companies listed on the Premium Board.

OLUSEYE KOSOKO
Company Secretary
FRC/2013/NBA/00000002006

INCOME STATEMENT

	Note	GROUP Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Q3 ended 30 September 2019 N 'million	Year to date 30 September 2019 N 'million
Continuing operations					
Interest income	4	90,297	297,713	102,804	319,561
Interest expense	5	(28,834)	(104,976)	(40,968)	(116,031)
Net interest income		**61,463**	**192,737**	**61,836**	**203,530**
Impairment charge for losses	6	(16,017)	(46,675)	(6,353)	(28,460)
Net interest income after impairment charge for losses		**45,446**	**146,062**	**55,483**	**175,070**
Fee and commission income	7a	31,810	87,592	26,988	76,050
Fee and commission expense	7b	(5,574)	(14,604)	(4,715)	(13,616)
Foreign exchange income/(loss)		2,963	(624)	916	5,695
Net gains on sale investment securities	8	14,861	41,182	3,706	7,459
Net gains from financial instruments at FVTPL	9	413	7,719	1,392	3,474
Dividend income	10	1,601	3,634	251	2,326
Other operating income		807	2,083	1,541	3,271
Personnel expenses		(24,637)	(74,175)	(22,434)	(69,209)
Depreciation, amortisation and impairment		(6,926)	(18,562)	(5,293)	(14,651)
Operating expenses	11	(39,026)	(117,027)	(39,612)	(121,417)
Operating profit		21,738	63,280	18,223	54,452
Share of profit of associates		172	33	-	17
Profit before tax		**21,910**	**63,313**	**18,223**	**54,469**
Income tax expense	12	(3,187)	(8,958)	240	(7,223)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**18,723**	**54,355**	**18,463**	**47,246**
Discontinued operations					
(Loss)/profit for the period from discontinued operations	26.3	(18)	13,801	1,643	4,501
PROFIT FOR THE PERIOD		**18,705**	**68,156**	**20,106**	**51,747**
Profit attributable to:					
Owners of the parent		18,522	66,995	19,354	49,594
Non-controlling interests		183	1,161	752	2,153
		18,705	**68,156**	**20,106**	**51,747**
Earnings per share attributable to owners of the parent					
Basic/diluted earnings per share (expressed in naira per share):	37				
From continuing operations			1.51		1.30
From discontinued operations			0.35		0.08
From profit for the period			1.87		1.39

FBN Holdings Plc.

INCOME STATEMENT

	Note	COMPANY Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Q3 ended 30 September 2019 N 'million	Year to date 30 September 2019 N 'million
Continuing operations					
Interest income	4	302	1,123	478	1,761
Interest expense	5	(2)	(10)	-	-
Net interest income		**300**	**1,113**	**478**	**1,761**
Impairment charge for losses	6	-	-	-	-
Net interest income after impairment charge for losses		**300**	**1,113**	**478**	**1,761**
Fee and commission income	7a	-	-	-	-
Fee and commission expense	7b	-	-	-	-
Foreign exchange income		(2)	20	2	3
Net gains on sale of investment securities	8	-	-	2	8
Net losses from financial instruments at FVTPL	9	(333)	(647)	-	-
Dividend income	10	1,474	2,273	-	177
Gain on disposal of subsidiary	26.5	-	19,901	-	-
Personnel expenses		(177)	(508)	(173)	(480)
Depreciation, amortisation and impairment		(55)	(167)	(26)	(211)
Operating expenses	11	(873)	(1,767)	(858)	(2,062)
Profit/(loss) before tax		**334**	**20,218**	**(575)**	**(804)**
Income tax expense	12	(1)	(6)	(23)	(50)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**333**	**20,212**	**(598)**	**(854)**
Discontinued operations					
Profit for the year from discontinued operations			-		
PROFIT/(LOSS) FOR THE PERIOD		**333**	**20,212**	**(598)**	**(854)**
Profit/(loss) attributable to:					
Owners of the parent		333	20,212	(598)	(854)
Non-controlling interests		-	-	-	-
		333	**20,212**	**(598)**	**(854)**
Earnings per share attributable to owners of the parent					
Basic/diluted earnings per share (expressed in naira per share):	37				
From continuing operations			0.56		(0.02)
From discontinued operations			-		
From profit/(loss) for the period			0.56		(0.02)

STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Q3 ended 30 September 2019 N 'million	Year to date 30 September 2019 N 'million
PROFIT FOR THE PERIOD		**18,705**	**68,156**	**20,106**	**51,747**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Net gains on investments at fair value through other comprehensive income:					
-Unrealised net (losses)/gains arising during the period		(10,889)	1,449	(5,960)	5,620
Exchange difference on translation of foreign operations		166	3,301	(1,892)	(5,245)
Items that will not be reclassified to profit or loss					
-Unrealised net (losses)/gainsarising during the period on equity		(7)	(99)	31,755	31,677
Total other comprehensive income for the period		**(10,730)**	**4,651**	**23,903**	**32,052**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**7,975**	**72,807**	**44,009**	**83,799**
Total comprehensive income attributable to:					
Owners of the parent		7,792	71,489	43,330	81,470
Non-controlling interests		183	1,318	679	2,329
		7,975	**72,807**	**44,009**	**83,799**
Total comprehensive income attributable to owners of the parent arises from :					
Continuing operations		7,811	58,871	42,262	78,544
Discontinued operations		(18)	12,618	1,068	2,926
		7,792	**71,489**	**43,330**	**81,470**

STATEMENT OF COMPREHENSIVE INCOME

	Note	COMPANY			
		Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Q3 ended 30 September 2019 N 'million	Year to date 30 September 2019 N 'million
PROFIT/(LOSS) FOR THE PERIOD		**333**	**20,212**	**(598)**	**(854)**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Net gains on investments at fair value through other comprehensive income:					
-Unrealised net gains/(losses) arising during the period		34	147	(45)	99
Total other comprehensive income for the period		**34**	**147**	**(45)**	**99**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**367**	**20,359**	**(643)**	**(755)**
Total comprehensive income/(loss) attributable to:					
Owners of the parent		367	20,359	(643)	(755)
Non-controlling interests		-	-	-	-
		367	**20,359**	**(643)**	**(755)**
Total comprehensive income/(loss) attributable to owners of the parent arises from:					
Continuing operations		367	20,359	(643)	(755)
Discontinued operations		-	-	-	-
		367	**20,359**	**(643)**	**(755)**

STATEMENT OF FINANCIAL POSITION

	Note	GROUP 30 September 2020 N 'million	GROUP 31 December 2019 N 'million	COMPANY 30 September 2020 N 'million	COMPANY 31 December 2019 N 'million
ASSETS					
Cash and balances with central banks	13	1,751,965	1,025,325	-	-
Loans and advances to banks	15	815,603	754,910	9,693	5,706
Loans and advances to customers	16	2,054,265	1,852,411	84	94
Financial assets at fair value through profit or loss	17	299,732	282,660	2,410	3,057
Investment securities	18	1,271,127	1,414,530	10,149	11,393
Asset pledged as collateral	19	688,923	464,922	-	-
Other assets	24	168,926	212,092	2,114	15,922
Investment properties	25	-	100	-	-
Investment in associates accounted for using the equity method	21	744	711	-	-
Investment in subsidiaries	20	-	-	261,159	239,514
Property and equipment	22	113,232	112,939	342	490
Intangible assets	23	15,075	18,961	-	-
Deferred tax assets		24,653	25,009	-	-
		7,204,245	6,164,570	285,951	276,176
Assets held for sale	26.4	38,987	38,956	-	-
Total assets		**7,243,232**	**6,203,526**	**285,951**	**276,176**
LIABILITIES					
Deposits from banks	27	1,115,673	860,486	-	-
Deposits from customers	28	4,630,074	4,019,836	-	-
Derivative liabilities		10,516	6,046	-	-
Current income tax liabilities		11,744	13,778	6	12
Other liabilities	31	509,160	297,140	12,383	9,321
Liability on investment contracts	32	-	24,676	-	-
Liability on insurance contracts		-	63,748	-	-
Borrowings	29	248,197	250,596	-	-
Retirement benefit obligations	30	3,399	3,352	-	-
Deferred tax liabilities		32	250	-	-
		6,528,795	5,539,908	12,389	9,333
Liabilities held for sale	26.3	2,379	2,493	-	-
Total liabilities		**6,531,174**	**5,542,401**	**12,389**	**9,333**
EQUITY					
Share capital	33	17,948	17,948	17,948	17,948
Share premium	34	233,392	233,392	233,392	233,392
Retained earnings	34	127,851	73,197	21,951	15,379
Statutory reserve	34	102,741	101,378	-	
Capital reserve	34	1,223	1,223	10	10
Small and medium enterprises (SME) investment reserve	34	6,076	6,076	-	
Fair value reserve	34	148,263	147,070	261	114
Contingency reserve	34	-	3,013	-	-
Statutory credit reserve	34	14,928	14,576	-	-
Foreign currency translation reserve	34	51,037	47,736	-	-
		703,459	645,609	273,562	266,843
Non-controlling interests		8,599	15,516	-	-
Total equity		**712,058**	**661,125**	**273,562**	**266,843**
Total equity and liabilities		**7,243,232**	**6,203,526**	**285,951**	**276,176**

The unaudited consolidated financial statements were approved by the Board of Directors on 27 October 2020 and signed on its behalf by:

U. K. EKE, MFR
Group Managing Director
FRC/2013/ICAN/00000002352

OYEWALE ARIYIBI
Chief Financial Officer
FRC/2013/ICAN/00000001251

FBN Holdings Plc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent												
	Share capital	Share premium	Retained earnings	Capital reserve	Statutory reserve	Small scale investment reserve	Fair value reserve	Contingency reserve	Statutory credit reserve	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Balance at 1 January 2019	17,948	233,392	4,373	1,223	93,325	6,076	77,276	2,022	33,599	48,995	518,229	12,418	530,645
Profit for the period	-	-	49,594	-	-	-	-	-	-	-	49,594	2,153	51,747
Other comprehensive income											-		
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-	-	(5,245)	- 5,245	-	(5,245)
Fair value changes on financial assets at FVOCI	-	-	-	-	-	-	37,122	-	-	-	37,122	175	37,297
Total comprehensive income	-	-	49,594	-	-	-	37,122	-	-	(5,245)	81,471	2,328	83,799
Transactions with owners													
Dividend	-	-	(9,333)	-	-	-	-	-	-	-	(9,333)	(187)	(9,520)
Transfer between reserves	-	-	(1,571)	-	786	-	-	710	75	-	0	-	-
Total transactions with Owners	-	-	(10,904)	-	786	-	-	710	75	-	(9,333)	(187)	(9,520)
At 30 September 2019	17,948	233,392	43,063	1,223	94,111	6,076	114,398	2,733	33,674	43,750	590,368	14,560	604,925
Balance at 1 January 2020	17,948	233,392	73,197	1,223	101,378	6,076	147,070	3,013	14,576	47,736	645,609	15,516	661,125
Profit for the period	-	-	66,995	-	-	-	-	-	-	-	66,995	1,161	68,156
Other comprehensive income													
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-	-	3,301	3,301	-	3,301
Fair value changes on financial assets at FVOCI	-	-	-	-	-	-	1,193	-	-	-	1,193	157	1,350
Total comprehensive income	-	-	66,995		-	-	1,193	-	-	3,301	71,489	1,318	72,807
Transactions with owners													
Dividend paid	-	-	(13,640)	-	-	-	-	-	-	-	(13,640)	(598)	(14,238)
Disposal of investment	-	-	-	-	-	-	-	-	-	-	-	(7,637)	(7,637)
Transfer between reserves	-	-	1,299	-	1,363	-	-	(3,013)	352	-	-		-
Total transactions with Owners	-	-	(12,341)	-	1,363	-	-	(3,013)	352	-	(13,640)	(8,235)	(21,875)
At 30 September 2020	17,948	233,392	127,851	1,223	102,741	6,076	148,263	0	14,928	51,037	703,459	8,599	712,058

FBN Holdings Plc.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings	Capital reserve	Fair value reserve	Total
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Balance at 1 January 2019	17,948	233,392	10,850	10	(11)	262,189
Loss for the period	-	-	(854)	-	-	(854)
Other comprehensive income						
Fair value changes on financial assets at FVOCI	-	-	-	-	99	99
Total comprehensive income	-	-	(854)	-	99	(755)
Transactions with owners						
Dividends	-	-	(9,333)	-	-	(9,333)
Total transactions with Owners	-	-	(9,333)	-	-	(9,333)
At 30 September 2019	17,948	233,392	663	10	88	252,101
Balance at 1 January 2020	17,948	233,392	15,379	10	114	266,843
Profit for the period	-	-	20,212	-	-	20,212
Other comprehensive income						
Fair value changes on financial assets at FVOCI	-	-	-	-	147	147
Total comprehensive income	-	-	20,212	-	147	20,359
Transactions with owners						
Dividends	-	-	(13,640)	-	-	(13,640)
Total transactions with Owners	-	-	(13,640)	-	-	(13,640)
At 30 September 2020	17,948	233,392	21,951	10	261	273,562

FBN Holdings Plc.

STATEMENT OF CASH FLOWS

		GROUP		COMPANY	
	Note	30 September 2020 N 'million	30 September 2019 N 'million	30 September 2020 N 'million	30 September 2019 N 'million
Operating activities					
Cash flow used in operations	35	(281,964)	(284,912)	300	(2,215)
Income taxes paid		(10,853)	(6,776)	-	(35)
Interest received		299,389	324,455	1,209	1,130
Interest paid		(111,961)	(101,590)	-	-
Net cash flow (used in)/generated from operating activities		(105,389)	(68,822)	1,509	(1,120)
Investing activities					
Purchase of investment securities		(649,110)	(699,361)	(5,255)	(6,980)
Proceeds from the sale of investment securities		690,631	978,643	6,452	4,004
Dividends received		3,634	2,326	15,294	408
Additional investment in subsidiary		-	-	(25,000)	-
Disposal of subsidiary		7,721	-	24,625	-
Purchase of property and equipment		(17,870)	(21,711)	(19)	(42)
Purchase of intangible assets		(1,199)	(1,041)	-	-
Proceeds on disposal of property and equipment		746	1,301	-	-
Net cash flow generated from/(used in) investing activities		34,553	260,157	16,098	(2,610)
Financing activities					
Dividend paid		(14,238)	(9,520)	(13,640)	(9,333)
Proceeds from new borrowings		139,402	38,874	-	-
Repayment of borrowings		(144,466)	(201,809)	-	-
Interest paid on borrowings		(6,530)	(5,122)	-	-
Net cash flow generated from/(used in) financing activities		(25,832)	(177,577)	(13,640)	(9,333)
Increase/(Decrease) in cash and cash equivalents		(96,668)	13,758	3,967	(13,063)
Cash and cash equivalents at start of period		1,304,998	1,419,889	5,706	16,639
Effect of exchange rate fluctuations on cash held		5,971	2,346	20	1
Cash and cash equivalents at end of period	14	1,214,301	1,435,992	9,693	3,577

1 General information

These financial statements are the consolidated 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, merchant banking and asset management services, insurance business services and provision of other financial services and corporate banking.

The unaudited consolidated financial statements for the period ended 30 September 2020 were approved and authorised for issue by the Board of Directors on 27 October 2020.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The Group’s consolidated financial statements for the period ended 30 September 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and with the applicable interpretations – International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretation Committee (SIC) as issued by IFRS Interpretation Committee. Additional information required by national regulations is included where appropriate.

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

The 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 as set out in the relevant accounting policies.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement 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 Group’s financial statements therefore present the financial position and results fairly.

2.1.1 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments which are measured at fair value.
- Non-derivative financial instruments, carried at fair value through profit or loss, are measured at fair value.
- Financial assets at fair value through other comprehensive income
- The liability for defined benefit obligations is recognized 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.

2.2 Changes in accounting policy and disclosures

2.2.1 New and amended standards adopted by the Group

The Group has not applied any standards and amendment for the first time for their annual reporting period commencing 1 January 2020.

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

A number of new standards, interpretations and amendments thereto, had been issued by IASB which are not yet effective, and have not been applied in preparing these consolidated financial statements.

(i) **IFRS 17 - Insurance Contracts (1 January 2023)**

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts.

This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. The Group divested from Insurance subsidiary with effect from June 1, 2020, therefore this standard does not have any impact on the Group.

2.3 Consolidation

The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date.

a. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The assessment of control is based on the consideration of all facts and circumstances. The Group reassesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the elements of control.

Investment in subsidiaries is measured at cost less accumulated impairment losses in the separate financial statements of the parent.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

b. 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.

c. Disposal of subsidiaries
When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d. 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.

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 and reliable. 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 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 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 period-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 available for sale 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 available for sale, are included in other comprehensive income.

c. Group companies

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.

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.

2.7 Income taxation

a. Current income 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 taxes 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.

2.8 Inventories

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

Repossessed assets held for resale include assets held as collaterals recovered from defaulting loan customers. These assets includes Land, Buildings, Tank farm, Rigs and Vessel, They are valued at the lower of cost and net realisable value. Cost is the carrying amount of the related loan at the date of exchange. Net realisable value represents the estimated selling price less estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2.9 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.

2.9.1 *Financial assets*

The Group allocates financial assets into one of the following categories: Fair value through profit or loss, Amortised cost and Fair value through other comprehensive income. The Group classifies all financial assets on the basis of the business model for managing the asset and the contractual cashflow characteristics of the asset.

a. *Financial assets at fair value through profit or loss*
Financial assets measured at fair value through profit or loss include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the statement of financial position, with transaction costs recognized immediately in the income statement. Realized and unrealized gains and losses are also recognized in the income statement.

b. *Financial assets measured at amortised cost*
Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.
After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Amortization is included in interest income in the income statement. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses in the statement of financial position.

c. Financial assets at fair value through other comprehensive
Financial assets are measured at fair value through other comprehensive income (FVOCI) if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest.
Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship. When designated in a fair value hedge relationship any changes in fair value due to changes in the hedged risk is recognized in the income statement. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the income statement. Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to interest income in the income statement using the effective interest rate method.

d. *Recognition*
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.

2.9.2 Financial liabilities

The Group's holding in financial liabilities is in financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished.

a. *Financial liabilities at fair value through profit or loss*
Financial liabilities at fair value through profit or loss are financial liabilities held for trading.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if 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.

Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the income statement and are reported as 'Net gains/ (losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

b. *Other liabilities measured at amortised cost*
Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

2.9.3 Derivative financial instruments

Derivative financial instruments include swaps, forward rate agreements, futures, options and combinations of these instruments, and they primarily affect the Group's net interest income, net trading income, net fee and commission income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet. All derivative financial instruments are held at fair value through profit or loss.

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.

2.9.4 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.

2.9.5 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 Stock Exchange (NSE)) 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 dates 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 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.

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.

2.9.6 De-recognition of financial instruments

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.9.7 Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. A change in the Group’s business model will occurs only when the Group either begins or ceases to perform an activity that is significant to its operations.

2.10 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 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 assetinstead 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.
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.
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).

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 have 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.

c. Dividend income

Dividend income is recognised when the right to receive income is established.

2.12 Impairment of financial assets

The Group assesses the following financial assets for impairment using the Expected Credit Loss (ECL) approach:
• Financial assets classified at amortised cost
• Debt securities classified at fair value through other comprehensive income
• Off-balance sheet loan commitments and
• Financial guarantee contracts.

Equity instruments and financial assets measured at fair value through profit or loss are not subjected to impairment under the standard.

Expected Credit Loss Impairment Model
The Group's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.
The Group adopts a three-stage approach for impairment assesment based on changes in credit quality since initial recognition.
• Stage 1 – Where there has not been a significant increase in credit risk since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
• Stage 2 – When a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated
life of the financial instrument.
• Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

2.13 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.

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.

2.14 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 customer 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 bank or other counterparties. Any interest payable or receivable arising is recorded as interest expense or interest income respectively.

2.15 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 aquired exlusively 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 period.

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.

2.16 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group 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.
This policy is applied to contracts entered into, or changed, on or after 1 January 2019

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.

Right of use assets

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

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

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

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 N1 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 N1 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.

b 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.

(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.

2.17 Investment Properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise residential buildings constructed with the aim of leasing out to tenants or for selling. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value.

The fair value reflects market conditions at the date of the statement of financial position and is obtained from professional third party valuators contracted to perform valuations on behalf of the Group. The fair value does not reflect future capital expenditure that will improve or enhance the property.

Subsequent expenditure is included in the asset's carrying amount 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. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Transfer to, or from, investment property is recognized only when there is a change in use, evidenced by one or more of the
i. commencement of owner-occupation (transfer from
ii. commencement of development with the view to sale
iii. end of owner-occupation (transfer from owner-occupied
iv. commencement of an operating lease to another party
v. end of construction or development (transfer from

Investment properties are derecognized on disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in other operating income in the income statement.

2.18 Property and Equipment

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.

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 and buildings	2%
Motor vehicles	25%
Office equipment	20%
Computer equipment	33⅓%
Furniture and fittings	20%
Machinery	20%

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

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

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

No depreciation is provided on freehold land, although, in common with all long-lived assets, it is subject to impairment testing, if deemed appropriate.

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment.

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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognised.

2.19 Intangible assets

a. Goodwill

Goodwill arises on the acquisition of subsidiary 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 3 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds its recoverable amount.

2.20 Investment contracts

The Group offers wealth management, term assurance, annuity, property and payment protection insurance products to customers that take the form of long-term insurance contracts. The Group classifies its wealth management and other products as insurance contracts where these transfer significant insurance risk, generally where the benefits payable on the occurrence of an insured event are more significant than the benefits that would be payable if the insured event does not occur. Contracts that do not contain significant insurance risk or discretionary participation features are classified as investment contracts. Financial assets and liabilities relating to investment contracts are measured at amortised cost.

2.21 Cash and cash equivalents

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

For the purposes of the statement of cash flows, cash and cash equivalents excludes restricted balances with central banks.

2.22 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 expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The 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 an 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 consists 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.

2.23 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.

2.24 Insurance contracts

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. The reserve has been calculated as the amount standing to the credit of the policyholders (account balance) at the valuation date. The life cover element (and corresponding premiums) have been reported as part of the insurance contract liabilities and valued similar to other risk business as described above.

a. Classification of contracts

A contract is classified as an insurance contract where the Group accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination, before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

b. Recognition and measurement

(i) Short-term insurance contracts

Short-duration life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependents to maintain their current level of income. They are usually short-duration life insurance contracts ranging between 12 to 24 months period of coverage. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported (IBNR), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors.

The liability reserve on short term insurance contract is made up of an unexpired premium reserve (UPR) and reserve for 'Incurred but not reported' claims (IBNR). The UPR represent premium received in advance on short term contracts and is released through the income statement over the life of the insurance contract period after adjusting for acquisition expenses. IBNR reserves are required to take account of the delay in reporting claims. These are determined by considering ultimate claims ratios for the life schemes on the Group's books. The ratios differ by industry and have been determined following a historical analysis of portfolio claims experience. The IBNR reserves are calculated by adjusting the ultimate claims amounts to allow for claims already paid and those outstanding for payment, and again adjusted to allow for the holding of a separate UPR reserve. As the short term insurance contract experience of FBN builds up we will be able to adjust for company-specific claims settlement patterns.

(ii) Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each end of the reporting period using the assumptions established at inception of the contracts.

The Long term insurance contracts insure events associated with human life. They include the following:

Individual insurance contracts

The reserve has been calculated using the gross premium valuation approach. This reserving methodology adopts a cash flow approach taking into account all expected future cash flows including premiums, expenses and benefit payments to satisfy the liability adequacy test. The test also considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees (where applicable).

Individual savings contracts

The reserve has been calculated as the amount standing to the credit of the policyholders (account balance) at the valuation date. The life cover element (and corresponding premiums) have been reported as part of the insurance contract liabilities and valued similar to other risk business as described above.

c. *Insurance contract liabilities*

Life insurance policy claims received up to the last day of each financial period and claims incurred but not reported (IBNR) are provided for and included in the policy liabilities. Past claims experience is used as the basis for determining the extent of the IBNR claims.

Income from reinsurance policies is recognised concurrently with the recognition of the related policy benefit. Insurance liabilities are presented without offsetting them against related reinsurance assets.

Insurance liabilities are retained in the statement of financial position until they are discharged or cancelled and/or expire. The company performs a liability adequacy test to determine the recognised insurance liabilities and an impairment test for reinsurance assets held at each reporting date.

2.25 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 financial statements, as they are not assets of the Group.

2.26 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.

2.27 Share capital

a. *Share issue costs*

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

b. *Dividends on ordinary shares*

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the 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 financial statements in accordance with the requirements of the Company and Allied Matters Act.

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 shareholders' equity.

e. *Statutory credit 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 attendants provision 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 2% provision is taken on all risk assets that are not specifically provisioned.

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 credit reserve.

2.28 Financial guarantees

Financial guarantees are contracts that require 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 guarantee 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 Segment information

In accordance with 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.

Prior to June 2020, the Group was divided into four business groups namely;
1. Commercial Banking Business Group
2. Merchant Banking and Asset Management Business Group
3. Insurance Business Group
4. Others

Following the divestment from FBN Insurance Limited in June 2020, the Board of Directors approved that the following be adopted as the new 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.

The segment information provided to the Board of Directors for the reportable segments for the period ended 30 September 2020 is as

	Commercial Banking Group N 'million	MBAM Group N 'million	Others N 'million	Total N 'million
For the period ended 30 September 2020				
Total segment revenue	410,009	27,639	3,215	**440,863**
Inter-segment revenue	(245)	(125)	(1,160)	**(1,530)**
Revenue from external customers	409,765	27,514	2,055	**439,335**
Interest income	281,553	15,245	915	**297,713**
Interest expense	(96,340)	(8,626)	(10)	**(104,976)**
Profit/(loss) before tax	54,743	9,454	(883)	**63,313**
Income tax expense	(5,935)	(2,866)	(157)	**(8,958)**
Profit for the period from continuing operations	48,808	6,588	(1,040)	**54,355**
Profit for the period from discontinued operations	-	-	13,801	**13,801**
Impairment charge on losses	(46,501)	(174)	-	**(46,675)**
Depreciation	(12,901)	(395)	(180)	**(13,477)**

3 Segment information continued

	Commercial Banking Group N 'million	MBAM Group N 'million	Others N 'million	Total N 'million
30 September 2020				
Total assets	6,866,539	322,329	54,365	**7,243,232**
Other measures of assets:				
Loans and advances to customers	2,001,300	52,843	122	**2,054,265**
Expenditure on non-current assets (PP&E)	111,007	1,511	714	**113,232**
Investment securities	1,157,481	103,496	10,150	**1,271,127**
Total liabilities	6,243,455	272,084	15,635	**6,531,174**
For the period ended 30 September 2019				
Total segment revenue	390,563	25,313	2,448	**418,324**
Inter-segment revenue	(238)	522	(759)	**(475)**
Revenue from external customers	390,325	25,835	1,689	**417,849**
Interest income	300,799	17,437	1,325	**319,561**
Interest expense	(104,022)	(12,009)	-	**(116,031)**
Profit/(loss) before tax	50,557	5,398	(1,486)	**54,469**
Income tax expense	(5,669)	(1,435)	(119)	**(7,223)**
Profit/(loss) for the period from continuing operations	44,888	3,963	(1,605)	**47,246**
Profit for the period from discontinued operations	-		4,501	**4,501**
Impairment charge on losses	(28,121)	(339)	-	**(28,460)**
Depreciation	(9,697)	(445)	(506)	**(10,647)**
At 31 December 2019				
Total assets	5,807,301	227,577	168,648	**6,203,526**
Other measures of assets:				
Loans and advances to customers	1,805,404	46,479	528	**1,852,411**
Expenditure on non-current assets	107,854	1,751	3,335	**112,939**
Investment securities	1,323,045	52,631	38,855	**1,414,530**
Total liabilities	5,241,950	191,809	108,642	**5,542,401**

Geographical information

Revenues

	30 September 2020 N 'million	30 September 2019 N 'million
Nigeria	396,700	353,390
Outside Nigeria	42,635	64,460
Total	**439,335**	**417,850**

Non current asset

	30 September 2020 N 'million	31 December 2019 N 'million
Nigeria	93,720	93,261
Outside Nigeria	19,513	19,678
Total	**113,233**	**112,939**

4 Interest income

	GROUP			COMPANY		
	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million
Investment securities	27,830	100,470	124,813	233	824	1,136
Loans and advances to banks	2,039	6,750	10,171	67	294	619
Loans and advances to customer	60,428	190,493	184,577	2	5	6
	90,297	297,713	319,561	302	1,123	1,761

5 Interest expense

	GROUP			COMPANY		
	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million
Deposit from customer	20,805	73,525	83,747	-	-	-
Deposit from banks	5,515	24,601	26,362	-	-	-
Borrowings and others	2,514	6,850	5,922	2	10	-
	28,834	104,976	116,031	2	10	-

6 Impairment charge for losses

	GROUP		
	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million
Loans and advances to banks			
12 - month ECL	-	6	5
Investment securities			
12 - month ECL	(0)	6,499	-
Loans and advances to customers			
Increase in impairment loss	16,983	42,080	33,976
Net recoveries on loans previously written off	(958)	(1,900)	(5,517)
Bad debt written off	0	(0)	1
Other assets			
Increase in impairment	-	-	-
Off balance sheet			
Decrease in impairment	(8)	(10)	(5)
	16,017	46,675	28,460

7a Fee and commission income

	GROUP		
	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million
Credit related fees	1,968	5,388	5,554
Letters of credit commissions and fees	3,268	8,405	4,709
Electronic banking fees	12,878	34,595	34,423
Commission on bonds and guarantees	200	498	453
Funds transfer & intermediation fees	1,999	5,333	5,266
Account Maintenance	3,225	8,810	9,805
Brokerage and intermediations	709	1,846	2,737
Custodian fees	1,730	4,800	4,308
Financial advisory fees	744	1,620	1,189
Fund management fees	1,212	3,183	2,676
Other fees and commissions	3,877	13,114	4,930
	31,810	87,592	76,050

7b Fees and commission expense

	GROUP		
	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million
Fees and commission expense	5,574	14,604	13,616

Fee and commission expense largely relates to charges raised by other banks on holders of First Bank of Nigeria Limited ATM cards, who used other banks' machines while transacting business; and SMS alert related expense.

8 Net gains on sale of investment securities

	GROUP			COMPANY		
	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million
Gains on sale of investment securities	14,861	41,182	7,459	-	-	8
	14,861	41,182	7,459	-	-	8

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

9 Net gains/(losses) from financial instruments at fair value through profit or loss

	GROUP			COMPANY		
	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million
Trading gain on debt securities	76	886	3,184	-	-	-
Fair value gains/(losses)	337	6,833	290	(333)	(647)	-
	413	7,719	3,474	(333)	(647)	-

10 Dividend income

	GROUP			COMPANY		
	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million
FBN Insurance Limited	1,474	1,474	-	1,474	2,584	347
Africa finance corporation	-	1,485	1,942	-	-	-
Others	127	675	384	-	-	-
Withholding tax on dividend	-	-	-	-	(311)	(170)
	1,601	3,634	2,326	1,474	2,273	177

11 Operating expenses

	GROUP			COMPANY		
	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million
Directors' emoluments	468	1,583	1,605	119	420	465
Profit on sale of property and equipment	-	-	(38)	-	-	-
Regulatory cost	11,127	33,777	29,229	-	-	-
Maintenance	7,360	20,790	18,733	30	100	99
Insurance premium, rent and rates	2,541	8,766	4,817	10	53	107
Advert and corporate promotions	1,707	5,137	11,801	30	104	170
Professional fees	2,613	6,807	7,359	111	265	439
Donations and subscriptions	215	2,144	599	2	12	7
Stationery and printing	185	550	966	1	24	37
Communication, light and power	1,977	5,655	5,670	1	4	16
Cash handling charges	468	1,429	1,788	-	-	-
Operational and other losses	1,336	5,033	13,206	-	-	-
Passages and travels	613	2,498	4,876	35	82	240
Outsourced cost	4,435	13,435	14,055	6	20	20
Other operating expenses	3,981	9,423	6,751	528	683	462
	39,026	117,027	121,417	873	1,767	2,062

12 Taxation - Income tax expense and liability

	GROUP			COMPANY		
	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million	Q3 ended 30 September 2020 N 'million	Year to date 30 September 2020 N 'million	Year to date 30 September 2019 N 'million
Corporate tax	2,864	7,965	6,117	1	6	50
Education tax	303	853	797	-	-	-
Current income tax - current period	3,167	8,818	6,914	1	6	50
Origination/(reversal) of temporary deferred tax differences	20	140	309	-	-	-
Income tax expense	**3,187**	**8,958**	**7,223**	**1**	**6**	**50**

13 Cash and balances with central banks

	GROUP	
	30 September 2020 N 'million	31 December 2019 N 'million
Cash	177,775	125,929
Balances with central banks excluding mandatory reserve deposits	19,689	55,960
	197,464	181,889
Mandatory reserve deposits with Central Banks	1,554,501	843,436
	1,751,965	1,025,325

Mandatory reserve deposits with Central Banks represents a percentage of customers' deposits (prescribed from time to time by the Central Banks) which are not available for daily use. For the purposes of the Statement of cashflow, this balance is excluded from cash and cash equivalents.

14 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	
	30 September 2020 N 'million	30 September 2019 N 'million	30 September 2020 N 'million	30 September 2019 N 'million
Cash	177,775	119,877	-	-
Balances with central banks other than mandatory reserve deposits	19,689	79,580	-	-
Loans and advances to banks excluding long term placements	664,001	613,388	9,693	3,577
Treasury bills included in financial assets at fair value through profit or loss	8,461	24,302	-	-
Treasury bills and eligible bills excluding pledged treasury bills	344,375	598,845	-	-
	1,214,301	1,435,992	9,693	3,577

15 Loans and advances to banks

	GROUP		COMPANY	
	30 September 2020 N 'million	31 December 2019 N 'million	30 September 2020 N 'million	31 December 2019 N 'million
Current balances with banks within Nigeria	376,944	356,031	183	3,794
Current balances with banks outside Nigeria	257,826	242,382	-	-
Placements with banks and discount houses	29,231	27,267	9,510	1,912
	664,001	625,680	9,693	5,706
Long term placement/Cash collateral balance	151,602	129,230	-	-
Carrying amount	815,603	754,910	9,693	5,706

16 Loans and advances to customers

	GROUP		COMPANY	
	30 September 2020 N 'million	**31 December 2019 N 'million**	**30 September 2020 N 'million**	**31 December 2019 N 'million**
Overdrafts	436,617	231,211	-	-
Term loans	1,691,032	1,084,133	84	94
Project finance	15,092	615,978	-	-
	2,142,741	1,931,322	84	94
Less impairment allowance:				
- Stage 1	(12,501)	(9,324)	-	-
- Stage 2	(13,464)	(6,189)	-	-
- Stage 3	(62,511)	(63,398)	-	-
	2,054,265	1,852,411	84	94

17 Financial assets at fair value through profit or loss

	GROUP		COMPANY	
	30 September 2020 N 'million	**31 December 2019 N 'million**	**30 September 2020 N 'million**	**31 December 2019 N 'million**
Treasury bills with maturity of less than 90 days	8,461	8,641	-	-
Treasury bills with maturity over 90 days	170,156	122,784	-	-
Bonds	9,468	77,482	-	-
Total debt securities	188,085	208,907	-	-
Listed equity securities	479	235	-	-
Unlisted equity securities	36,544	35,146	2,410	3,057
Total equity securities	37,023	35,381	2,410	3,057
Derivative assets	74,624	38,372	-	-
Total assets at fair value through profit or loss	299,732	282,660	2,410	3,057

18 Investment Securities

	GROUP		COMPANY	
	30 September 2020 N 'million	**31 December 2019 N 'million**	**30 September 2020 N 'million**	**31 December 2019 N 'million**
18.1 Securities at fair value through other comprehensive income				
Debt securities – at fair value:				
– Treasury bills with maturity of less than 90 days	-	5,249	-	-
– Treasury bills with maturity of more than 90 days	241,053	275,529	4,950	10,336
– Bonds	72,305	114,847	5,199	1,057
Equity securities – at fair value:				
– Listed	386	821	-	-
– Unlisted	168,523	158,220	-	-
Total investment securities at fair value through other comprehensive income	482,267	554,666	10,149	11,393
18.2 Securities held at amortised cost				
Debt securities – at amortised cost:				
– Treasury bills with maturity of less than 90 days	344,375	483,539	-	-
– Treasury bills with maturity of more than 90 days	68,651	33,396	-	-
– Bonds	375,834	342,929	-	-
Total securities classified as amortised cost	788,860	859,864	-	-
	1,271,127	1,414,530	10,149	11,393

19 Asset pledged as collateral

The assets pledged by the group are strictly for the purpose of providing collateral to the counterparties. 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	
	30 September 2020 N 'million	31 December 2019 N 'million
Treasury bills	621,598	444,393
Bonds	67,325	20,529
	688,923	464,922

20 Investment in subsidiaries

20.1 Principal subsidiary undertakings

	COMPANY	
	30 September 2020 N 'million	31 December 2019 N 'million
DIRECT SUBSIDIARIES OF FBN HOLDINGS PLC.		
First Bank of Nigeria Limited (Note 20 (i))	230,557	205,557
FBNQuest Capital Limited (Note 20 (ii))	4,300	4,300
FBN Insurance Limited (Note 20 (iii))	-	4,724
FBN Insurance Brokers Limited (Note 20 (iv))	25	25
FBNQuest Merchant Bank Limited (Note 20 (v))	17,206	17,206
FBNQuest Trustees Limited (Note 20 (vi))	4,521	3,152
	256,609	234,964
INDIRECT SUBSIDIARIES OF FBN HOLDINGS PLC.		
FBNQuest Funds Limited (Note 20 (vii))	4,550	4,550
	4,550	4,550
	261,159	**239,514**

All shares in subsidiary undertakings are ordinary shares. For all periods shown, the group owned the total issued shares in all its subsidiary undertakings except FBN Insurance Limited and New Villa Limited (Rainbow Town Development Limited) in which it owned 65% and 55% respectively. There are no significant restrictions on any of the subsidiaries. All subsidiary undertakings are included in the consolidation except as otherwise stated. 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.

Subsidiary	**Principal activity**	**Country of incorporation**	**Proportion of shares held directly by parent (%)**	**Proportion of shares held directly by the group (%)**	**Statutory year end**
First Bank of Nigeria Limited (Note 20 (i))	Commercial Banking	Nigeria	100	100	31 December
FBNQuest Capital Limited (Note 20 (ii))	Investment Banking	Nigeria	100	100	31 December
FBN Insurance Limited (Note 20 (iii))	Insurance	Nigeria	-	-	31 December
FBN Insurance Brokers Limited (Note 20 (iv))	Insurance Brokerage	Nigeria	100	100	31 December
New Villa Limited (Rainbow Town Development Limited) (Note 20 (v))	Investment and General Trading	Nigeria	55	55	31 December
FBNQuest Merchant Bank Limited (Note 20 (vi))	Merchant Banking & Asset Management	Nigeria	100	100	31 December
FBNQuest Trustees Limited (Note 20 (vii))	Trusteeship	Nigeria	100	100	31 December
FBNQuest Funds Limited (Note 20 (viii))	Funds Management	Nigeria	100	100	31 December

i First Bank of 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 (FBNH) became the parent company of the Group. In June 2020, FBNH injected the sum of N25 billion as additional tier 1 equity.

ii FBNQuest Capital Limited

FBNQuest 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 asset management and financial advisory.

iii FBN Insurance Limited (Formerly FBN Life Assurance Limited)

In February 2010, NAICOM granted an operating licence to erstwhile First Bank of Nigeria Plc. (First Bank) to establish a life assurance business in partnership with Sanlam Group of South Africa. Consequently, First Bank incorporated a subsidiary, FBN Life Assurance Limited. First Bank has a holding of 65% in the equity of FBN Life Assurance Limited. Consequent upon the restructuring of 2012, the investment is transferred to FBN Holdings Plc. and the name of the company was changed to FBN Insurance Limited (FBNI) in 2014. Following the decision of the Board of Directors to divest from FBN Insurance Limited, the investment in this subsidiary was classified as discontinued operations. The divestment was completed on June 1, 2020 and FBNI ceased to be a subsidiary of FBNH. See note 26 for details.

iv 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.

v FBNQuest Merchant Bank Limited

The Company was incorporated in Nigeria as a limited liability company on 14 February 1995 and was granted a license to carry on the business of a discount house and commenced operations on 16 November 1995. In 2015, the Company was transformed into a merchant bank. The Central Bank of Nigeria (CBN) license for merchant banking was obtained in May 2015 and while merchant banking operations commenced on 2 November, 2015.

vi FBNQuest Trustees Limited

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, financial/ investment advisory services. During the year, FBN Holdings increased investment in FBNQuest Trustees Limited (FBNQT) by N1.36 billion through conversion of receivable from FBNQT to equity.

vii FBNQuest Funds Limited

FBNQuest 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.

viii New Villa Limited (Rainbow Town Development Limited)

This is a special purpose vehicle incorporated on 28 November 2008. Its principal activities include real estate investments and general trading. The investment was fully impaired in December 2016. This subsidiary was reclassified as discontinued operations in December 2016.

20.2 Condensed results of consolidated entities

	FBN Holdings Plc.	FBN Limited	FBNQuest Capital Limited	FBNQuest Trustees Limited	FBNQuest Merchant Bank Limited	FBN Insurance Limited	FBN Insurance Brokers Limited	Rainbow Town Development Limited	Total	Adjustments	Group
	N'million	N'million	N'million		N'million	N'million	N'million	N'million	N'million	N'million	N'million
Summarized Income Statement for the period ended September 30, 2020											
Operating income	22,660	298,985	1,736	2,942	14,028	10,043	445	(234)	350,606	(30,886)	319,719
Operating expenses	(2,442)	(197,705)	(566)	(578)	(8,093)	(5,924)	(224)	(83)	(215,617)	5,854	(209,763)
Impairment charge for losses	-	(46,500)	-	-	(174)	(84)	-	-	(46,758)	83	(46,675)
Operating profit	20,218	54,780	1,170	2,363	5,761	4,035	222	(317)	88,230	(24,949)	63,280
(Loss)/profit before tax	20,218	54,780	1,203	2,363	5,761	4,035	222	(317)	88,263	(24,950)	63,313
Income tax expense	(6)	(5,935)	(258)	(804)	(1,804)	(654)	(151)	-	(9,612)	654	(8,958)
(Loss)/profit for the period	20,213	48,845	945	1,559	3,957	3,381	70	(317)	78,651	(24,296)	54,355
Profit from discontinued operations	-	-	-		-	-	-	-	-	13,801	13,801
Other comprehensive loss	147	3,984	-	(28)	97	450	1	-	4,651	0	4,651
Total comprehensive (loss)/income	20,359	52,829	945	1,532	4,054	3,831	71	(317)	83,302	(10,495)	72,807
Summarized Financial Position as at September 30, 2020											
Assets											
Cash and balances with central banks	-	1,688,478	-	1	63,487	-	1	-	1,751,965	(0)	1,751,965
Loans and advances to banks	9,693	790,062	17,082	1,913	13,751	-	794	25	833,321	(17,718)	815,603
Loans and advances to customers	84	2,061,993	52	18	52,772	-	38	-	2,114,959	(60,693)	2,054,265
Financial assets at fair value through profit or loss	2,410	259,482	33,381	3,226	1,122	-	110	-	299,731	0	299,732
Investment securities	10,150	1,157,480	68,185	2,286	33,025	-	-	-	1,271,127	(0)	1,271,127
Assets pledged as collateral	-	670,813	-	-	18,110	-	-	-	688,923	-	688,923
Other assets	2,115	158,658	1,892	1,059	7,714	-	34	1,310	172,781	(3,855)	168,926
Inventory	-	-	-	-	-	-	-	44,204	44,204	(44,204)	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-
Investment in associates accounted for using the equity method	-	-	889	-	-	-	-	-	889	(144)	744
Investment in subsidiaries	261,160	-	-	-	-	-	-	-	261,160	(261,160)	-
Property and equipment	343	111,006	63	138	1,310	-	22	5	112,887	345	113,232
Intangible assets	-	14,700	30	20	324	-	1	5	15,080	(5)	15,075
Deferred tax assets	-	14,252	918	-	9,484	-	-	-	24,653	-	24,653
Assets held for sale	-	309	1,022	-	-	-	-	-	1,331	37,656	38,987
	285,954	6,927,232	123,513	8,661	201,100	-	999	45,549	7,593,010	(349,778)	7,243,232
Financed by											
Deposits from banks	-	1,073,149	-	-	42,524	-	-	-	1,115,673	-	1,115,673
Deposits from customers	-	4,466,800	84,195	-	97,466	-	-	-	4,648,460	(18,385)	4,630,074
Financial liabilities at fair value through profit or loss	-	10,516	-	-	-	-	-	-	10,517	(1)	10,516
Current income tax liabilities	6	7,761	789	927	2,063	-	196	6	11,750	(6)	11,744
Other liabilities	12,384	448,587	23,314	1,161	24,965	-	491	1,844	512,748	(3,588)	509,160
Liability on investment contracts	-	-	-	-	-	-	-	-	-	-	-
Liability on insurance contracts	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	248,197	-	-	-	-	-	65,505	313,702	(65,505)	248,197
Retirement benefit obligations	-	3,389	7	-	-	-	-	-	3,396	-	3,399
Deferred tax liabilities	-	3	-	-	-	-	28	-	30	2	32
Liabilities held for sale	-	-	-	-	-	-	-	-	-	2,379	2,379
	12,391	6,258,401	108,305	2,089	167,018	-	714	67,356	6,616,275	(85,101)	6,531,174
Equity and reserves	273,564	668,830	15,208	6,572	34,082	-	285	(21,807)	976,736	(264,677)	712,058

21 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 Mananagement 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 (Formerly FBN Heritage Fund)

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 Market. The fund manager publishes daily unit price of the fund on the memorandum listing section of the Nigerian Stock Exchange. The unit price of the fund as at reporting date was N146.8 (Cost: N100). FBN Balanced Fund's principal place of business is Nigeria while the its principal activity is Fund management. The Group's ownership interest in the Fund is 28.23%.

	GROUP		COMPANY	
	30 September 2020 N 'million	31 December 2019 N 'million	30 September 2020 N 'million	31 December 2019 N 'million
SOSL				
Cost	10,375	10,375	10,375	10,375
Impairment loss/accumulated share of loss	(10,375)	(10,375)	(10,375)	(10,375)
	-	-	-	-
FBN Balanced Fund				
Balance at beginning of period	711	624	-	-
Share of profit	33	87	-	-
At end of period	744	711	-	-
	744	711	-	-

22 Property and equipment

	GROUP 30 September 2020	GROUP 31 December 2019	COMPANY 30 September 2020	COMPANY 31 December 2019
Cost	223,724	214,162	2,446	2,441
Accumulated Depreciation	(110,492)	(101,223)	(2,104)	(1,951)
	113,232	112,939	342	490

23 Intangible assets

	GROUP	
	30 September 2020 N 'million	31 December 2019 N 'million
Goodwill	4,101	4,303
Acquisition cost	38,582	37,437
Accumulated Amortisation	(27,608)	(22,779)
	15,075	18,961

24 Other assets

	GROUP		COMPANY	
	30 September 2020 N 'million	31 December 2019 N 'million	30 September 2020 N 'million	31 December 2019 N 'million
Financial assets:				
Premium debtors	-	80	-	-
Accounts receivable	82,498	138,372	1,569	15,729
Reinsurance assets	-	3,081	-	-
	82,498	141,533	1,569	15,729
Impairment on financial other asset	(19,021)	(19,940)	-	-
	63,477	121,593	1,569	15,729
Non Financial assets:				
Stock of consumables	5,593	1,762	7	-
Inventory - repossessed collateral	78,104	78,104	-	-
Prepayments	22,479	9,192	513	157
Others	25	2,193	25	36
Impairment on non-financial other asset	(752)	(752)		
	105,449	90,499	545	193
Net other assets balance	168,926	212,092	2,114	15,922

25 Investment properties

	GROUP	
	30 September 2020	**31 December 2019**
	N 'million	**N 'million**
At start of the period	100	515
Disposal of investment in subsidiary	(100)	-
Disposal	-	(415)
	-	100

26 Asset Held for Sale

26.1 Discontinued operations:

The assets classified as held for sale include FBN Insurance Limited, Rainbow Town Development Limited and Twin Peaks Nigeria Limited.

(i) FBN Insurance Limited

During the period ended September 30, 2020, the Group disposed its investment in FBN Insurance Limited in line with the earlier disclosure in the accounts and notification given to the market.

(ii) 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. to dispose the Group's interest in RTDL. The carrying amount of the investment is expected to be recovered principally by a sale rather than through continuing use.

(iii) Twin Peaks Nigeria Limited

The assets and liabilities of Twin Peaks Nigeria Limited ("Twin Peaks") are classified as held for sale following the decision and resolution of FBNQuest Capital Partners Limited ("FBNQ CP"), the Fund Manager, to dispose the Group's interest in Twin Peaks. FBNQ CP has executed a Sale and Purchase Agreement to sell all interest in Twin Peaks in stages.

The operating results are separately presented in the income statement because the disposal group represents a separate line of buisness within the Group, and as such meets the definition of discontinued operation.

26.2 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 demonstrated commitment to the sale in line with the requirements of IFRS 5 and as such the sale is expected to be completed within the next 12 months.

26.3 The carrying amount of the assets and liabilties of the disposal group classified as held for sale are as listed below.

	GROUP	
	30 September 2020	**31 December 2019**
	N 'million	**N 'million**
Assets classified as held for sale		
Other assets	1,323	1,323
Inventory	36,337	36,337
Investment properties	1,008	1,008
Property and equipment	5	5
Intangible assets	5	5
Investment in subisidary	-	-
	38,678	38,678
Liabilities classified as held for sale		
Current income tax liabilities	6	6
Other liabilities	2,373	2,487
	2,379	2,493
Net Assets	36,299	36,185

The operating results of the discontinued operations are as follows.

	GROUP	
	30 September 2020	30 September 2019
	N 'million	N 'million
Revenue	13,430	22,020
Expenses	(9,493)	(16,549)
Profit before tax from discontinuing operations	3,938	5,471
Income tax expense	(654)	(970)
Profit from discontinued operations after tax	3,284	4,501
Gain on disposal of investment in subsidiary (Note 26.5)	10,517	-
Profit from discontinued operations	13,801	4,501
Profit from discontinued operations is attributable to:		
Owners of the parent	12,652	2,926
Non-controlling interests	1,149	1,575
	13,801	4,501

26.4 The carrying amount of assets held for sale is listed below:

	GROUP	
	30 September 2020	31 December 2019
	N 'million	N 'million
Carrying amount of assets of the disposal group (note 26.3)	38,678	38,678
Property and equipment	309	278
Total Assets classified as held for sale	38,987	38,956

26.5 The Group disposed its investment in FBN Insurance Limited on June 1, 2020

	GROUP	COMPANY
	30 September 2020	30 September 2020
Investment in subsidiary	-	4,724
Total assets	135,818	
Total liabilities	(114,072)	
Net assets	21,746	4,724
Non controlling interest disposed	(7,637)	-
Net assets and non-controlling interests disposed	14,108	4,724
Net sales proceeds on disposal	24,625	24,625
Carrying amount	(14,108)	(4,724)
Profit on sale	10,517	19,901

27 Deposits from banks

	GROUP	
	30 September 2020	31 December 2019
	N 'million	N 'million
Due to banks within Nigeria	739,864	604,950
Due to banks outside Nigeria	375,809	255,536
	1,115,673	860,486

Deposits from banks only include financial instruments classified as liabilities at amortised cost.

28 Deposits from customers

	GROUP	
	30 September 2020	31 December 2019
	N 'million	N 'million
Current	1,411,951	1,047,534
Savings	1,682,094	1,316,132
Term	870,328	895,647
Domiciliary	653,403	748,751
Electronic purse	12,298	11,772
	4,630,074	4,019,836

Deposits from customers only include financial instruments classified as liabilities at amortised cost.

29 Borrowings

	GROUP	
	30 September 2020	31 December 2019
	N 'million	N 'million
Long term borrowings comprise:		
Surbodinated debt (i)	75,529	71,023
Due to Proparco (ii)	15,470	16,553
Due to African Development Bank (iii)	28,787	55,705
On-lending facilities from financial institutions (iv)	91,595	83,001
Borrowing from correspondence banks (v)	36,816	24,314
	248,197	250,596

The Group has not had any default of principal, interest or other breaches with respect to its liabilities during the period (2019: Nil).

(i) Surbodinated debt:
The amount of N75.53 billion relates to subordinated debt of $194.5 million. 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 semi-annually.

(ii) Due to Proparco:
Facility represents a long-term loan secured from Proparco on 16 May 2016 for a period of 8 years. The loan bears interest at the rate of 5.78% per annum.

(iii) Due to African Development Bank:
Facility represents a long-term loan secured from African Development Bank in January 2017 for a period of 4 years. The loan bears interest at the rate of LIBOR +3.5% per annum.

(iv) On-lending Facilities:
Included in on-lending facilities from financial institutions are disbursements from other banks and Financial Institutions which are guaranteed by First Bank of Nigeria 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 N200 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. The fund disbursed is for a period of 15 years effective from the disbursement date at an interest rate of 7% per annum.

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). Loans granted under the scheme are for a seven year period at an interest rate of 9% p.a.

(v) Borrowings from correspondence Banks:
Borrowings from correspondence banks include loans from foreign banks utilised in funding letters of credits for international trade.

30 Retirement benefit obligations

	GROUP	
	30 September 2020 N 'million	**31 December 2019 N 'million**
Defined Benefits Plan		
Gratuity Scheme	-	-
Defined benefits - Pension (i)	1,023	2,413
Gratuity Scheme (ii)	2,376	939
	3,399	3,352

Defined benefit - Pension (i)
First Bank of 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 Pensions Custodian Nigeria Limited (FPCNL), a direct subsidiary of First Bank of 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 in service subject to a maximum of 9 years.

Gratuity scheme (ii)
This relates to the schemes operated by the subsidiaries of First Bank of Nigeria Limited as follows:

FBN Bank Congo (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.

FBN Bank Guinea and FBN Bank 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.

31 Other liabilities

	GROUP		COMPANY	
	30 September 2020 N 'million	**31 December 2019 N 'million**	**30 September 2020 N 'million**	**31 December 2019 N 'million**
Financial Liabilities:				
Customer deposits for letters of credit	298,113	126,469	-	-
Accounts payable	71,816	60,788	-	-
Creditors	38,149	13,343	111	250
Bank cheques	15,312	20,270	-	-
Collection on behalf of third parties	18,438	18,690	-	-
Unclaimed dividend	9,602	8,093	9,602	8,093
Lease liabilities	9,068	12,013	87	137
Provisions and accruals	48,661	37,474	2,582	841
	509,160	297,140	12,383	9,321

32 Liability on investment contracts

	GROUP	
	30 September 2020 N 'million	**31 December 2019 N 'million**
Long term clients	-	24,676
Short term clients	-	-
	-	24,676
Current	-	-
Non-current	-	24,676
	-	24,676

33 Share capital

Authorised	**30 September 2020**	**31 December 2019**
50 billion ordinary shares of 50k each (2019: 50 billion)	25,000	25,000

Issued and fully paid

Movements during the period:	**Number of shares In million**	**Share capital N 'million**
At 30 September 2020	35,895	17,948
At 31 December 2019	35,895	17,948

34 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 1991(amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

Capital reserve: Reserve arising from business restructuring

Fair value reserve: The fair value reserve shows the effects of the fair value measurement of financial instruments classified as fair value through other comprehensive income. No gains or losses are recognised in the consolidated income statement.

Small and Medium Enterprises (SME) 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 enterprises investment reserves is 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.

Statutory credit 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.

35 Reconciliation of profit before tax to cash generated from operations

	GROUP		COMPANY	
	30 September 2020 N 'million	30 September 2019 N 'million	30 September 2020 N 'million	30 September 2019 N 'million
Operating profit/(loss) before tax from continuing operations	63,280	54,452	20,218	(804)
Profit before tax from discontinued operations	3,938	5,471	-	-
Profit/(loss) before tax from including discontinued operations	67,218	59,923	20,218	(804)
Adjustments for:				
– Depreciation and amortisation	18,562	14,651	167	211
– Profit from disposal of property and equipment	(30)	(38)	-	-
– Profit from disposal of investment subsdiaries	(10,517)	-	(19,901)	-
– Foreign exchange income	812	(665)	(20)	-
– Net gains from sale of investment securities	(41,182)	(7,459)	-	(8)
– Net (gains)/losses from financial assets at fair value through profit or loss	(7,719)	(3,474)	647	-
– Impairment on loans and advances	42,080	33,976	-	-
– Change in retirement benefit obligations	46	408	-	-
– Share of profit from associates	33	17	-	-
– Dividend income	(3,634)	(2,326)	(2,273)	(177)
– Interest income	(297,713)	(319,561)	(1,123)	(1,761)
– Interest expense	104,976	116,031	10	-
(Increase)/decrease in operating assets:				
– Cash and balances with the Central Bank (restricted cash)	(711,065)	26,902	-	-
– Loans and advances to banks	(22,372)	(41,212)	-	-
– Loans and advances to customers	(261,042)	(166,803)	10	12
– Financial assets at fair value through profit or loss	(9,533)	(4,436)	-	-
– Other assets	65,822	(74,239)	(485)	211
– Pledged assets	(224,001)	(153,467)	-	-
– Assets held for sale	(31)	81	-	-
Increase/(decrease) in operating liabilities:				
– Deposits from banks	262,187	100,587	-	-
– Deposits from customers	617,074	174,220	-	-
– Financial liabilities	-	(5,611)	-	-
– Liability on investment contracts	(24,676)	21,585	-	-
– Liability on insurance contracts	(63,748)	18,981	-	-
– Liability held for sale	-	(179)	-	-
– Other liabilities	216,489	(72,804)	3,050	101
Cash flow used in operations	(281,964)	(284,912)	300	(2,215)

36 Compliance with regulations

During the period, the Company paid N2.5million to Financial Reporting Council (FRC) for certification of financial statements with expired FRC numbers.

37 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 period, 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	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Profit/(loss) from continuing operations attributable to owners of the parent (N'million)	54,377	46,668	20,212	(854)
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)	1.51	1.30	0.56	(0.02)
Profit from discontinued operations attributable to owners of the parent (N'million)	12,618	2,926	-	-
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)	0.35	0.08	-	-

OTHER DISCLOSURES

(a) Evaluation of the Impact of COVID-19

During the period ended 30 September 2020, the Group responded swiftly to the global COVID-19 pandemic by activating the Business Continuity Plans across the various entities. The disease has caused a significant reduction in social interaction and disruption in economic activities while some public facilities have been shut down in a bit to contain the spread of the virus. The Group will continuously and closely monitor the status of the fight against the pandemic, evaluate and proactively address its impact on the Group's financial position and performance.
However, the Directors are confident that the Group will continue to operate into the foreseeable future.

(b) Securities Trading Policy

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