FSDH Holding Company Limited

Annual Report for the year ended 31st December 2022

FSDH HOLDING COMPANY LIMITED

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for the year ended 31st December 2022

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2022

The Directors present their annual report on the affairs of FSDH Holding Company Limited ("the Company) and its subsidiaries ("the Group"), together with the consolidated annual financial statements and auditor's report for the year ended 31st December 2022.

Legal form

The Company was incorporated on 15th January 2019 as a private limited liability company. The Company was granted a license as a non-operating holding company by the Central Bank of Nigeria (CBN) on 17th April 2019.

(a) Principal activity

The Company's principal activity is to carry on business as a financial holding Company, to invest and hold controlling shares in and manage equities in its subsidiary and affiliate companies.

The Company has four subsidiaries: FSDH Merchant Bank Limited, FSDH Asset Management Limited, FSDH Capital Limited, and Pensions Alliance Limited.

(b) Operating Results

	Group Dec 2022 **N'000**	***Group Dec 2021*** **N'000**	***Company Dec 2022*** **N'000**	***Company Dec 2021*** **N'000**
Profit before tax	5,351,441	(758,228)	491,300	525,778
Income tax expense	(1,482,359)	(965,368)	(610)	(1,089)
Profit after tax	3,869,082	(1,723,596)	490,690	524,689
Other comprehensive loss for the period, net of tax	(3,122,790)	(4,231,291)	-	-
Total Comprehensive Income for the period	746,292	(5,954,887)	490,690	524,689

(c) Proposed Dividend

The Board of Directors proposed a dividend of 18.40 kobo per share (2021: Nil) amounting to N368 million for the year ended 31st December 2022.

(d) Directors' interests in shares

The following are the interest of the Directors in the shares of the Company as at 31st December 2022:

Mr. Hakeem Belo-Osagie	Non-Executive Director representing KMC Investments Limited
Mr. Junaid Dikko	Non-Executive Director representing KMC Investments Limited
Mr. Papa Ndiaye	Non-Executive Director representing Atlantic Coast Regional

	Funds LLC
Mrs. Amoge Jipreze	Independent Non-Executive Director
Mr. Tosayee Ogbomo	Executive Director (Resigned from the Board with effect from 31st December 2022)
Mr. Murtala Baloni	Independent Non-Executive Director
Ms. Yasmin Belo-Osagie	Non-Executive Director representing KMC Investments Limited
Mr. Aniekan Ukpanah	Non-Executive Director representing KMC Investments Limited
Mr. Wale Adeosun	Non-Executive Director representing Kuramo Capital Management (Appointed with effect from 27th July 2022)
Ms. Betty Kumahor	Non-Executive Director (Appointed with effect from 7th December, 2022).

(e) Directors' interest in contracts

In accordance with Section 303(1) of the Companies and Allied Matters 2020 (CAMA), three directors have declared their interests in contracts.

(f) Composition of top management

The Company's top management is categorised as Assistant General Managers and above. As at 31st December 2022, the Company had three members of staff in this category.

(g) Shareholding analysis

The shareholding pattern of FSDH Holding Company Limited as at 31st December 2022

Share Range	No. of Shareholders	No. of holdings	Percentage holding
0 – 100,000,000	3	143,225,420	7.16
100,000,001 – 500,000,000	4	1,216,049,267	60.80
500,000,001 – 1,000,000,000	1	640,725,313	32.04
	8	2,000,000,000	100.00

(h) Substantial interest in shares

According to the register of members as at 31st December 2022, the following shareholders held more than 5% of the issued shares of the Company:

Shareholder	Unit Holding	Percentage
KMC Investments Limited	640,725,313	32.04%
Atlantic Coast Regional Funds LLC	465,032,735	23.25%
Kuramo Africa Opportunity Nigerian Vehicle I Limited	326,963,633	16.35%
United Capital Asset Management Limited	216,026,676	10.80%
FSDH Staff Co-operative Society	208,026,223	10.40%

(i) Property and equipment

Information relating to changes in the property and equipment of the Company is disclosed in Note 28 of the financial statements. In the Directors' opinion, the market value of the Company's property, plant, and equipment is not less than the value shown in the financial statements.

(j) Human Resources

Employee Consultation and training

The Company places a high premium on the training and development of its workforce and has a training programme for developing its employees. Through regular and informalmeetings, the Company ensures engagement between employees and Non-Executive Directors and with the management team on matters affecting the employees and the Company. Mechanisms are also in place to communicate with employees for two–way feedback.

Health, safety, and welfare at work

The Company's business premises are designed to ensure a safe and healthy environment for its employees and customers. The Company's employees are covered under a comprehensive health insurance scheme. Accordingly, the medical expenses of employees and their immediate families are covered up to a defined limit. The Company has group personal accident and employee compensation insurance and life assurance covers for all its employees. With the outbreak of Covid-19 in 2020, the Company ensures a Covid-safe environment for its employees. Measures are in place to limit employees' exposure to the coronavirus. Periodic awareness programmes were organised to support employees' mental and total health during the period.

Equal opportunity

The Company's policy is to recruit the best qualified and most experienced candidates to fill vacancies irrespective of gender, state of origin, ethnicity, religion, or physical condition.

Employment of physically challenged persons

The Company's policy is to consider applications for employment made by physically challenged persons based on their abilities and aptitude. The Company's policy prohibits discrimination against physically challenged persons in recruitment, training, and career development. Currently, the Company has no employee with a physical disability.

(k) Certification of financial statements

The Financial Reporting Council of Nigeria waived the requirement of Section 7(2)(g) of the Financial Reporting Council Act for certification of the financial statements by the Chief Executive Officer for this financial year.

(l) Auditors

Messrs. KPMG Professional Services served as external auditors during the year under review. In accordance with Section 401(2) of the Companies and Allied Matters Act 2020, they have indicated their wiliness to continue as the Company's external auditor.

UAC House (8th Floor)
1/5 Odulami Street
Marina
Lagos
29 March 2023

BY ORDER OF THE BOARD

Aidevo Odu- Thomas
Company Secretary
FRC/2013/NBA/00000003862

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company is a non-operating financial holding company licensed by the Central Bank of Nigeria. The holding company structure was implemented through a scheme of arrangement between FSDH Merchant Bank Limited and the holders of its fully paid ordinary shares.The Federal High Court Lagos sanctioned the scheme of arrangement on 10th May 2019. By order of the Federal High Court, the shareholders of FSDH Merchant Bank Limited became the shareholders of FSDH Holding Company Limited.

The Company's shareholders consist of local and international non-bank financial institutions and institutional investors. The subsidiaries of FSDH Holding Company Limited are FSDH Merchant Bank Limited, FSDH Asset Management Limited, FSDH Capital Limited, and Pensions Alliance Limited. Each subsidiary has its board of directors, which is accountable for compliance withits business's statutory and regulatory requirements. Each subsidiary operates under a governance framework, which gives the individual boards of directors the ability to discharge the responsibilities for oversight and strategic direction while ensuring compliance with relevant regulations and legislation.

The Company is committed to implementing initiatives that improve corporate governance for the benefit of all its stakeholders. The Board of Directors is unwavering in implementing best practices in corporate governance. To drive this process, committees have been established by the Board of Directors. The roles and responsibilities of each committee are set out in the committee charters. The charters also set out the roles, responsibilities,scope of authority, and composition of the committees.

SHAREHOLDERS

The Board of Directors is accountable to the shareholders for corporate governance. The shareholders approve the external auditors and appoint directors to the Board. They are also responsible for approving matters reserved for shareholders by legislation and the Company's articles of association.

THE BOARD OF DIRECTORS

Board Composition and Structure

The Board of Directors is responsible for governance, ensuring appropriate controls, systems, and practices are in place for effective and efficient governance. The roles of the Chairman and chief executive officer are distinct and separate in line with the Nigerian Code of Corporate Governance (2018) and the Central Bank of Nigeria's Code of Corporate Governance (2014). The Board of Directors comprises nine Non-Executive Directors and one Executive Director. The number and stature of the Non-Executive Directors ensure that sufficient consideration and debate are brought to bear on the Board's decision-making process. The Board also has committees to facilitate the discharge of the responsibilities of the Board, and each committee has a Board and Central Bank of Nigeria-approved charter.

The members of the Board of Directors as at 31st December 2022 are as follows:

NAME OF DIRECTOR	DESIGNATION	CBN APPROVAL	CUMULATIVE YEARS AS A DIRECTOR AS AT 31ST DECEMBER 2022
Mr. Hakeem Belo-Osagie	Chairman	17/04/2019	3 years 8 months
Mr. Papa Ndiaye	Non-Executive Director	17/04/2019	3 years 8 months

Mrs. Amoge Jipreze	Independent Non-Executive Director	17/04/2019	3 years 8 months
Mr. Tosayee Ogbomo*	Managing Director	17/04/2019	3 years 8 months
Mr. Junaid Dikko	Non-Executive Director	17/04/2019	3 years 8 months
Ms. Yasmin Belo-Osagie	Non-Executive Director	29/06/2020	2 years 6 months
Mr. Aniekan Ukpanah	Non-Executive Director	13/10/2020	2 years 2 months
Mr. Murtala Baloni	Independent Non-Executive Director	13/10/2020	2 years 2 months
Mr. Wale Adeosun	Non-Executive Director	27/07/2022	6 months
Ms. Betty Kumahor	Non-Executive Director	7/12/2022	3 weeks

*Resigned with effect from 31st December 2022

Board Appointments

The appointment of Directors complies with legal and regulatory requirements, including, but not limited to, the requirements of the Central Bank of Nigeria and the Companies & Allied Matters Act. The Board considers the candidate's skills, knowledge, experience, and other attributes necessary for the prospective role.

Induction and Training

The Company has a Board approved induction programme designed to meet the needs of new Directors. The programme is implemented by one-on-one meetings with the Chairman of the Board and management to introduce new Directors to the Group and its operations. The new Director is also provided with a link to documents regarding the Company and the key regulations under which the Company operates. The Company Secretary manages the induction programme.

Directors receive reports on an ongoing basis on the microeconomic situation globally and locally, relevant legislation and regulations, and sector developments which impact the risks exposure of the Group. The information is provided in the management reports and at quarterly Board meetings. These form part of ongoing Directors' training.

Directors attended training during the period that included training on enterprise risk management and leadership dynamics of the non-executive directors in D-VUCAD times. These training were focused on enhancing the understanding of key issues by Directors.

Responsibilities of the Board

The responsibilities of the Board, as contained in the Board charter, include but are not limited to the following:

- Approving the Group's strategy and financial objectives and monitoring the implementation of the strategies and objectives;
- Approving any significant changes in the organisational structure of the Group;
- Reviewing and approving proposals for the allocation of capital and other resources within the

Group;

- Defining the capital structure of the Group, including the review and approval of proposals for the issue of shares, options, or other securities, share buyback and any changes in the capital structure of the Group;

- Approving the dividend policy and proposing the dividend to be approved by the shareholders at annual general meetings;

- Approving the Group's investment policy and framework and monitoring investment and strategic commitments that may have a material effect on the assets, profit or operations of the Group, including any material changes in the business of the Group;

- Approving operating plans and actions of the Company, including setting an expenditure approval threshold for management and approving expenditure that exceeds the threshold;

- Setting and monitoring the compliance of subsidiaries with established policies and business objectives;

- Overseeing the process of ensuring that the Group has in place the appropriate financing strategy to support and enable its growth ambitions;

- Ensuring that appropriate systems and procedures are in place to give assurance that the Group operates in a safe, responsible, and ethical manner and compliance with all legal and regulatory requirements;

- Overseeing the establishment, implementation, and monitoring of a Group-wide risk management framework to identify, assess and manage business risks facing the Group;

- Overseeing the Group's corporate sustainability practices regarding its economic, social, and environmental obligations

Board Meetings

The Board meets, at a minimum, once every quarter. Directors' attendance at Board meetings for the year ended 31st December 2022 is as follows:

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S/N	Name	Designation of Director							Total Attendance
			25th March & 22nd April	11th May	18th July	29th July	3rd Nov & 2nd Dec	16th Dec	
1.	Mr. Hakeem Belo-Osagie	Chairman	•	•	•	•	•	•	6
2.	Mr. Tosayee Ogbomo	Managing Director/CEO	•	•	•	•	•	•	6
3.	Mr. Papa Ndiaye	Non-Executive Director	•	•	•	•	•	•	6
4.	Mrs. Amoge Jipreze	Independent Non-Executive Director	•	•	•	•	•	•	6
5.	Mr. Junaid Dikko	Non-Executive Director	•	•	•	•	•	•	6
6.	Ms. Yasmin Belo-Osagie	Non-Executive Director	•	•	•	•	•	•	6
7	Mr. Aniekan Ukpanah	Non-Executive Director	-	•	-	•	•	•	4

8.	Mr. Murtala Baloni	Independent Non-Executive Director	•	•	•	•	•	•	6
9	Mr. Wale Adeosun	Non-Executive Director	N/A	N/A	N/A	•	•	•	3
10	Ms. Betty Kumahor	Non-Executive Director	N/A	N/A	N/A	N/A	N/A	C	

•	Present
-	Absent
N/A	Not Appointed yet.
C	Approval of appointment not received yet.

Board Committees

The Board has delegated some of its functions to board committees constituted by Directors. The committees operate under terms of reference approved by the Board. The Board has a total of three committees:

Board Audit and Risk Committee

During the year, the Board Audit and Risk Committee provided a structured, systematic oversight of the Company's governance, risk management, and internal control practices. The Committee advised and gave guidance on the adequacy of the Company's initiatives regarding implementing policies, risk management, compliance, and internal control framework. The Committee also exercised oversight of the internal and external auditors' activities and other providers of assurance, financial statements, and public accountability reporting.

As at 31st December 2022, the Committee consisted of four Directors, all of whom are Non-Executive Directors. The Chairperson is an Independent Non-Executive Director. Attendance at the meetings of the Committee in 2022 is as follows:

S/N	Name	Designation of Director	Meeting Dates for 2022					Total Attendance
			24th March	10th & 11th May	27th July	20th October	13th December	
1.	Mrs. Amoge Jipreze	Chairperson	•	•	•	•	•	5
2.	Mr. Papa Ndiaye	Non-Executive Director	•	•	-	•	•	4
3	Mr. Aniekan Ukpanah	Non-Executive Director	-	•	•	•	-	3
4.	Ms. Yasmin Belo-Osagie	Non-Executive Director	•	•	•	•	•	5

Governance and Nominations Committee

The Governance and Nominations Committee provided oversight on governance matters regarding the Group. Specifically, the Committee advised on the nomination and evaluation of Directors. It also monitored and gave guidance on the Group's human resource policies and practices.

As at 31st December 2022, the Committee consisted of four Directors, all of whom are Non- Executive Directors. Attendance at the meetings of the Committee in 2022 is as follows:

S/N	Name	Designation of Director	26th Jan	2nd Feb	24th Feb	3rd Mar	16th Mar	20th April	2nd Jun	6th July	23rd Aug & 6th Sept	31st Oct	12th & 15th Dec	Total Attendance
1.	Mr. Aniekan Ukpanah	Chairman	•	•	•	•	•	•	•	•	•	•	•	11
2.	Mr. Junaid Dikko	Non-Executive Director	•	-	•	•	•	•	•	•	•	•	•	10
3.	Mr. Papa Ndiaye	Non-Executive Director	•	•	•	•	•	•	•	•	•	•	•	11
4	Mr. Murtala Baloni	Independent Non-Executive Director	•	•	-	•	•	•	•	•	•	•	•	10

THE STRATEGY AND FINANCE COMMITTEE

The Strategy and Finance Committee provided oversight on strategy formulation and monitored the Group's strategy implementation process, budget, financial performance, and investment management process. The Committee oversaw strategic planning and budgeting, investment, planning, and management.

As at 31st December 2022, the Committee consisted of five Directors, one of whom was the Managing Director/CEO. Attendance at the Committee meeting in 2022 is as follows:

Strategy and Finance Committee

S/N	Name	Designation of Director	17th Feb	20th April	25th Jul	31st Aug	4th Oct	25th Oct & 1st Nov	15th Dec	Total Attendance
1.	Mr. Papa Ndiaye	Chairman	•	•	•	•	•	•	•	7
2.	Mr. Tosayee Ogbomo	Managing Director/CEO	•	•	•	•	•	•	•	7
3.	Mr. Junaid Dikko	Non-Executive Director	•	•	•	•	•	•	•	7
4.	Mr. Murtala Baloni	Independent Non-Executive Director	•	•	•	•	•	•	•	7
5.	Ms. Yasmin Belo- Osagie	Non-Executive Director	•	•	•	•	•	•	•	7

•	Present
-	Absent
N/A	Not Applicable

MANAGEMENT

Management is charged with the day-to-day running of the Company. The Managing Director and the Chief Executive Officer head the management team, consisting of the Units' Heads. At the holding company level, the Group Coordinating Committee is constituted by the Managing Director of the Company, the Managing Directors of all the subsidiary companies, and the Unit Heads of the Company.

Group Coordinating Committee

The Group Coordinating Committee reviews and recommends the allocation of capital and resources Group-wide, develops and recommends Group strategy and targets, develops and recommends Group risk management framework, develops and recommends Group-wide human capital management policies, develops and recommends Group-wide information technology strategy, coordinates and ensures Group-wide reporting, develops strategies/framework and/or policies regarding other Group functions as may be permitted from time to time by the Central Bank of Nigeria, or the Securities and Exchange Commission or the Nigerian Exchange Group Limited.

INTERNAL CONTROL, RISK MANAGEMENT AND AUDIT

The Company has a risk management department with the primary mandate to communicate risk policies and processes and provide hands-on development of risk models involving market, credit, and operational risk, ensuring controls operate effectively. Risk management reports were presented to the Board Audit and Risk Committee during the quarterly Committee meetings in the year under review.

Measures to ensure effective business continuity management are continually reviewed. In addition, reports, including macroeconomic and updates on regulatory activities, were submitted to the Board regularly to assist their oversight functions and ensure continued compliance with regulatory requirements.

BOARD EFFECTIVENESS AND EVALUATION

The Board is focused on continued improvements in its corporate governance performance and effectiveness. The Directors were evaluated by an independent consultant as required by the Central Bank of Nigeria Code of Corporate Governance. The consultant's report includes an assessment of the performance of the individual Directors for the year under review.

Management's performance against corporate targets was appraised at Board meetings following the Managing Director/CEO's presentation of the corporate performance results. Overall, the Board maintained adequate oversight of management activities while providing strategic directions to management.

TRANSPARENCY AND DISCLOSURES

The Company held its Annual General Meeting with stakeholders during the reporting period in line with the Companies and Allied Matters Act 2020. The meeting notice was sent out at least 21 days before the scheduled date, which complies with the Nigerian Code of Corporate Governance requirements. In addition to stakeholder engagement during the annual general meeting, the Company responded to stakeholders' inquiries sent throughout the year under review. The Company also has a corporate website that hosts relevant stakeholder information.

The Company's financial statements, financial reports, and disclosure of affiliations are disclosed on its website, in line with the recommendation of the Nigerian Code of Corporate Governance.

To encourage transparency in the system, the Company maintains whistleblowing channels as a platform for stakeholders to communicate or report actual or potential unethical behaviours. The whistleblowing policy is hosted on the corporate website for easy stakeholder access. The policy guides stakeholders and assurance that the whistleblower is protected.

ETHICS AND ORGANISATIONAL INTEGRITY

The Company has a Board approved code of business ethics for Directors and the Company's employees to drive alignment with the Company's values and code of ethics.

TENURE OF CONSULTANTS PROVIDING ASSURANCE SERVICES

The external auditors of the Company are KPMG Professional Services. They were appointed at the 2020 Annual General Meeting held in May 2021 and have provided services for two years.

Deloitte is the independent consultant to evaluate the Board and conduct the annual corporate governance review. They have been consultants since February 2020 and have provided services for two years.

Deloitte.

Deloitte & Touche
Civic Towers, Plot GA 1
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Victoria Island, Lagos
Nigeria.
Tel: +234 1 2717800
Fax: +234 1 2717801
www.deloitte.com/ng

27 March 2023

The Chairman
FSDH Holding Company Limited
8th Floor, 1/5 Odunlami Street
Lagos Island
Lagos, Nigeria.

Dear Sir,

Report of the Independent Consultants on the Performance Evaluation of the Board of Directors of FSDH Holding Company Limited

Deloitte & Touche has performed the annual evaluation of the Board of Directors of FSDH Holding Company Limited ("FSDH") for the year ended 31 December 2022. The scope of the review included an assessment of the Board's structure and composition, its responsibilities, processes, procedures, and the effectiveness of Board Committees. The review was performed in compliance with Section 2.8.3 of the Code of Corporate Governance for Banks and Discount Houses ("CBN Code") issued by the Central Bank of Nigeria ("CBN") and the Nigerian Code of Corporate Governance ("NCCG").

Our approach involved a review of relevant Board governance documents, policies, and procedures. The result of our evaluation has shown that the Board complies with the provisions of the extant Codes of Corporate Governance in terms of its procedures, and responsibilities. The report highlights details of our review activities, observations, and some recommendations for the Board's action.

It should be noted that the matters raised in this report are only those that came to our attention during the course of our review. The evaluation is limited in nature and does not necessarily disclose all significant matters about the company or reveal any irregularities. As such, we do not express any opinion on the activities reported. The report should be read in conjunction with the Corporate Governance Section of the Annual Report.

Yours faithfully,

For: Deloitte and Touche

Ibukun Beecroft

Ibukun Beecroft
FRC/2020/ICAN/00000020765
Partner

Deloitte & Touche
Civic Towers, Plot GA 1
Ozumba Mbadiwe Avenue
Victoria Island, Lagos
Nigeria.
Tel: +234 1 2717800
Fax: +234 1 2717801
www.deloitte.com/ng

27 March 2023

The Chairman
FSDH Holding Company Limited
5th Floor, UAC House
1/5 Odunlami Street
Lagos, Nigeria.

Dear Sir,

Report of the Independent Consultants on the Review of Corporate Governance Framework of FSDH Holding Company Limited for the Year Ended 31 December 2022

Deloitte & Touche has performed the annual corporate governance review of the Corporate Governance framework in FSDH Holding Company Limited ("FSDH") for the year ended 31 December 2022. The scope of the review included an assessment of the Board's structure and composition, its responsibilities, processes, procedures, and the effectiveness of Board Committees. The review was performed in compliance with Section 11.2.9.5 and Principle 15 of the Nigerian Code of Corporate Governance ("NCCG") and the Central Bank of Nigeria Code of Corporate Governance for Banks and Discount Houses ("CBN Code").

Our approach involved a review of the Corporate Governance framework in FSDH. We reviewed the governance charters and policies and frameworks for busines assurance functions in FSDH. The report of our evaluation was premised on desk review of governance policies, charters, and minutes, as well as interview sessions with Directors and select Executive Management staff.

The result of our evaluation has shown that the Corporate Governance framework and practices in FSDH complies with the provisions of the extant Codes of Corporate Governance. The report further highlights details of our review activities, observations and some recommendations for the Board and Executive Management's action.

It should be noted that the matters raised in this report are only those that came to our attention during the course of our review. The evaluation is limited in nature and does not necessarily disclose all significant matters about the company or reveal any irregularities. As such, we do not express any opinion on the activities reported.

Yours faithfully,

For: Deloitte and Touche

Ibukun Beecroft

Ibukun Beecroft
FRC/2020/ICAN/00000020765
Partner

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its statement of comprehensive income. The responsibilities include ensuring that the Company:

I. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;

II. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

III. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable judgments and estimates, in conformity with,

- International Financial Reporting Standards;
- Financial Reporting Council of Nigeria (FRC) Act;
- Guidelines for licensing and regulation of Financial Holding Companies in Nigeria
- Relevant circulars issued by the Central Bank of Nigeria;
- The requirements of the Banks and Other Financial Institutions Act and;
- The requirement of the Companies and Allied Matters Act.

The directors are of the option that the financial statements give a true and fair view of the state of the financial affairs of the Company and of the financial performance and cash flows for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Junaid Dikko
Director
FRC/2013/IODN/00000003973

Jipreze Amoge
Director
FRC/2022/PRO/DIR/003/709199

REPORT OF THE AUDIT COMMITTEE

In accordance with the provisions of Section 404 of the Companies and Allied Matters Act, the members of the Board Audit and Risk Committee of FSDH Holding Company Limited hereby report as follows:

- We have exercised our statutory functions under Section 404 (7) of the Companies and Allied Matters Act and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the period ended 31 December 2022 were satisfactory and reinforce the Company's internal control systems.
- We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Company's system of accounting and internal control.

Amoge Jipreze
Chairperson, Board Audit and Risk Committee

Members of the Audit Committee are:

1.	Amoge Jipreze	Chairperson
2.	Papa Ndiaye	Member
3.	Aniekan Ukpanah	Member
4.	Yasmin Belo Osagie	Member

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/Chief Executive Officer and Chief financial Officer, hereby certify the financial statements of the FSDH Holding Company Limited for the year ended 31 December 2022 as follows:

a. That we have reviewed the audited financial statements of the Company for the year ended 31 December 2022

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

c. That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2022

d. That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to us by other officers of the companies, during the period ended 31 December 2022

e. That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited financial statements, and certify that the Company's internal controls are effective as of that date

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

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

   i. there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and

   ii. there is no fraud that involves management or other employees who have a significant role in the Company's internal control.

Waslu Shafe
Chief Financial Officer
FRC/2015/ICAN/00000012973
29 March 2023

Jipreze Amoge
Director
FRC/2022/PRO/DIR/003/709199
29 March 2023

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

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234 (1) 271 8599
Internet home.kpmg/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FSDH Holding Company Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of FSDH Holding Company Limited ("the Company") and its subsidiary (together, "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiary as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

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

Key Audit Matters

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

Impairment allowance for loans and advances to customers

The Group's determination of impairment losses on loans and advances to customers is inherently a significant area for the Group as significant judgments and assumptions are made by the Group over the estimation of the size of the impairment allowance.

The Group uses an Expected Credit Loss (ECL) model to determine the size of the impairment allowance for loans and advances. The ECL methodology incorporates the expected future credit losses due to macro-economic variables.

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The Group s ECL model includes certain judgements and assumptions such as:

- ➢ the determination of the probability of a loan becoming past due and subsequently defaulting;
- ➢ the determination of the Group 's definition of default;
- ➢ the criteria for assessing significant increase in credit risk (SICR);
- ➢ the credit conversion factors applied in the ECL model;
- ➢ the rate of recovery on the loans that are past due and in default;
- ➢ the identification of impaired assets and the estimation of impairment, including the estimation of future cash flows, market values and estimated time and cost to sell collaterals;
- ➢ the incorporation of forward-looking information related to the expected outlook on the country's inflation rates, exchange rates and the Gross Domestic Product (GDP) rates used in determining the expected credit losses in the loans and advances portfolios; and

We focused on the impairment allowance for loans and advances to customers due to the significant judgements, estimates and assumptions made by the Group in determining the impairment allowance required.

How the matter was addressed in our audit

Our procedures included the following:

- we evaluated the design and implementation and tested the operating effectiveness of the controls relating to the Group's review of credit risk gradings for the Group's corporate loans and advances. The Group's review includes details of data inputted into the risk grading system as well as timing of the reviews of the credit risk grades allocated to counterparties.
- we evaluated the design and implementation and tested the operating effectiveness of the controls relating to the Group's monitoring and identification of loans displaying indicators of impairment.
- we checked that the Group's definition of default is consistent with the requirements of the relevant accounting standard.
- we assessed the appropriateness of the Group's determination of significant increase in credit risk (SICR) and the resultant classification of loans into various stages of credit risk for reasonableness.
- with the assistance of our Financial Risk Management specialists, we:

  - ➢ assessed the appropriateness of the Group's ECL methodology by considering whether it reflects probability-weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions;
  - ➢ tested the accuracy and appropriateness of the data used in determining the Exposure at Default, including the credit conversion factor and outstanding loan balance;
  - ➢ assessed the reasonableness of the Loss Given Default (LGD) used by the Group in the ECL model and other evidence of future cash flows by evaluating the valuation reports and assessing haircuts applied by the Group on the recoverability of collateral considering the current economic conditions;
  - ➢ challenged the appropriateness of the Group's forward-looking assumptions comprising the inflation rates, exchange rates and GDP growth rates used in the ECL calculations using publicly available information from external sources;
  - ➢ tested the accuracy of the Group's impairment model by independently re- performing the calculations of impairment allowance for loans and advances.

The Group's accounting policy on impairment allowance for loans and advance and disclosure on critical judgements and estimates are shown in Notes 2.10 and 3.6 respectively in the annual financial statements for the year ended 31 December 2022.

Valuation of Trading asset and liabilities

The Trading asset of the Group relates to securities obtained under a repurchase agreement while the trading liabilities relates to securities pledged out under a repurchase agreement.

The Group classified these securities based on their business model and are valued using observable inputs of similar quoted instruments on FMDQ Group Plc. The Group's valuation model includes certain judgements and assumptions such as the determination of interest rate used in valuing the securities and estimation of the present value of the future cashflow.

We focused on the valuation and presentation of the trading asset and liabilities due to the complexity around the transactions and judgements and assumptions made by the Group in determining the valuation of the securities.

How the matter was addressed in our audit

Our procedures included the following:

- We assessed the appropriateness of the accounting policies applied by the Group against the requirement of the standards.
- We obtained relevant agreement and other supporting document to confirm existence of the transactions.
- We recomputed the interest income and expense on each transactions based on the parameters provided in the agreement.
- We reviewed the CBN S4 securities report to corroborate the schedule of assets generated as a result of the repurchase agreement.
- We checked management valuation to the rate of a similar security from a relevant exchange. We interpolated between the rate of two similar securities to determine the appropriate rate for the valuation
- We checked the disclosures in the consolidated and separate financial statements to the requirements of the accounting standards.

The Group's accounting policy on Repurchase Agreement and disclosure on critical judgments and estimates are shown in Notes 2.5 and 3.6 respectively in the annual financial statements for the year ended 31 December 2022.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, Report of the Audit Committee, Statement of Responsibility for Financial Statement but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the consolidated and separate Financial Statements
The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA),

2020 and the Financial Reporting Council of Nigeria Act, 2011 the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Comapny to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Report on Other Legal and Regulatory Requirements

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

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

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

i. The Group paid penalties in respect of contravention of the Central Bank of Nigeria guidelines and circular during the year ended 31 December 2022. Details of penalties paid are disclosed in note 47 to the consolidated and separate financial statements.
ii. Related party transactions and balances are disclosed in note 43 to the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Adegoke Oyelami FCA
FRC/2012/ICAN/00000000444
For KPMG Professional Services
Chartered Accountants
28 April 2023
Lagos, Nigeria

FSDH HOLDING COMPANY LIMITED

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	GROUP 31 December 2022 N '000	GROUP 31 December 2021 N '000	COMPANY 31 December 2022 N '000	COMPANY 31 December 2021 N '000
Interest income on financial assets fair value through profit or loss	5(a)	2,746,825	513,272	-	-
Interest income on financial assets fair value through other comprehensive income	5(b)	3,273,118	3,959,468	-	-
Interest income on financial assets at amortised cost	5(c)	13,630,511	7,166,702	526	980
		19,650,454	11,639,442	526	980
Interest expense	6.	(13,461,112)	(8,173,605)	(209,341)	(619)
Net interest income		6,189,342	3,465,837	(208,815)	361
Impairment charge for credit losses	8	(1,298,161)	(288,765)	-	-
Net interest income after impairment charge for credit losses		4,891,181	3,177,072	(208,815)	361
Net fee and commission income	7	8,335,414	7,062,662	-	-
Net (loss)/ gains on financial instruments held for trading	9	3,144,725	(1,587,004)	62,935	59,391
Net gains on financial instruments classified as fair value through OCI	10	891,477	468,551	-	-
Dividend Income	11	52,284	25,332	2,046,706	1,439,048
Other income	12	1,183,251	618,907	32,536	279,262
Staff related expenses	13	(6,587,960)	(5,327,382)	(596,952)	(530,433)
Operating expenses	13	(6,558,931)	(5,196,366)	(845,110)	(721,851)
Profit before tax		**5,351,441**	**(758,228)**	**491,300**	**525,778**
Income tax expense	14	(1,482,359)	(965,368)	(610)	(1,089)
Profit after tax		**3,869,082**	**(1,723,596)**	**490,690**	**524,689**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Net change in fair value on FVOCI financial assets		(3,122,790)	(4,231,291)	**-**	**-**
Total comprehensive income/(loss) for the year		**746,292**	**(5,954,887)**	**490,690**	**524,689**
Profit after tax attributable to:					
Equity holders of the parent entity		2,969,339	(2,568,681)	490,690	524,689
Non-controlling interest		899,743	845,085	-	-
		3,869,082	**(1,723,596)**	**490,690**	**524,689**
Total comprehensive income attributable to:					
Equity holders of the parent entity		(153,451)	(6,799,972)	490,690	524,689
Non-controlling interest		899,743	845,085	-	-
		746,292	**(5,954,887)**	**490,690**	**524,689**
Earnings per share per profit attributable to equity holders of parent bank					
Earnings per share - basic (kobo)	45	148	(128)	25	26
Earnings per share - diluted (kobo)	45	148	(128)	25	26

FSDH HOLDING COMPANY LIMITED

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	GROUP 31 December 2022 N '000	GROUP 31 December 2021 N '000	COMPANY 31 December 2022 N '000	COMPANY 31 December 2021 N '000
ASSETS					
Cash and bank balances with CBN	15	43,546,630	44,953,480	33,641	17,215
Loans to banks and other financial institutions	16	11,354,635	10,757,179	-	-
Financial instruments held for trading	17	3,333,673	3,960,411	959,256	896,321
Trading asset	18	10,208,003	-	-	-
Derivative financial instruments	19	460,730	821,873	-	-
Loans and advances to customers	20	117,814,870	77,354,301	4,092	11,198
Investment securities	21	56,372,785	41,443,714	-	-
Pledged assets	22	6,212,356	12,757,565	-	-
Other assets	24	17,870,181	4,935,955	2,941,138	1,597,642
Current income tax assets	14	-	125,546	-	-
Leases - Right of use of assets	23	194,472	166,630	8,695	4,866
Investment in subsidiaries	25	-	-	30,679,699	28,179,699
Deferred tax asset	26	2,330,488	2,632,936	-	-
Intangible assets	27	262,889	349,376	-	-
Property and equipment	28	1,404,609	1,336,044	72,098	136,550
Total assets		**271,366,321**	**201,595,010**	**34,698,619**	**30,843,491**
Liabilities					
Trading liabilities	29	16,008,427	5,576,479	-	-
Derivative financial instruments	19	587,602	796,046	-	-
Due to banks and other financial institutions	30	30,187,518	26,147,904	-	-
Due to customers	31	103,367,351	76,867,978	-	-
Lease Liabilities	23	160,900	102,588	8,695	5,776
Company income tax liability	14	1,077,681	869,764	722	856
Deferred tax liabilities	26	185,645	215,198	-	-
Other liabilities	32	18,280,046	12,535,329	1,368,211	1,157,210
Borrowed funds	34	33,868,380	17,298,216	-	-
Debt securities issued	33	35,119,803	29,148,871	3,151,259	-
Total liabilities		**238,843,353**	**169,558,373**	**4,528,887**	**1,163,842**
Share capital	35	2,000,000	2,000,000	2,000,000	2,000,000
Share premium	36	26,954,699	26,954,699	26,954,700	26,954,699
Business restructure reserve	36	(24,620,318)	(24,620,318)	-	-
Retained earnings	36	15,996,692	14,764,629	1,215,032	724,950
Statutory reserve	36	9,420,403	8,877,288	-	-
Fair value reserve	36	(4,549,302)	(1,426,512)	-	-
AGSMEIS reserve	36	1,114,136	936,126	-	-
Credit risk reserve	37	2,902,554	2,094,906	-	-
		29,218,864	29,580,818	30,169,732	29,679,649
Non-controlling interest in equity	36	3,304,104	2,455,819	-	-
Total equity		**32,522,968**	**32,036,637**	**30,169,732**	**29,679,649**
Total equity and liabilities		**271,366,321**	**201,595,010**	**34,698,619**	**30,843,491**

The accompanying notes are an integral part of these consolidated financial statements. The financial statements were approved and authorised for issue by the Board of Directors on 24 March 2023 and were signed on its behalf by:

Junaid Dikko - Director
FRC/2013/IODN/00000003973

Jipreze Amoge - Director
FRC/2022/PRO/DIR/003/709199

Additional certification:

Wasiu Shafe - Chief Financial Officer
FRC/2015/ICAN/00000012973

FSDH Holding Company obtained the approval of the Financial Reporting Council of Nigeria for waiver of the requirement for the certification of financial statements by chief executive officers as required by Section 7(2) (g) of the Financial Reporting Council Act.

FSDH HOLDING COMPANY LIMITED

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

GROUP 2022

	Attributable to equity holders of the parent										
	Share capital	**Share premium**	**Retained earnings**	**Statutory reserve**	**Restructure Reserve**	**Fair Value reserve**	**Credit risk reserve**	**AGSMEIS reserve**	**Total**	**Non-controlling interest**	**Total equity**
At 1 January 2022	2,000,000	26,954,699	14,764,629	8,877,288	(24,620,318)	(1,426,512)	2,094,906	936,126	29,580,818	2,455,819	32,036,637
Total comprehensive income:											
Profit after tax for the year	-	-	2,969,339	-	-	-	-	-	2,969,339	899,743	3,869,082
Net change in fair value of FVOCI financial assets	-	-	-	-	-	(3,122,790)	-	-	(3,122,790)	-	(3,122,790)
	-	-	2,969,339	-	-	(3,122,790)	-	-	(153,451)	899,743	746,292
Transaction with owners:											
Transfer to statutory reserves	-	-	(543,115)	543,115	-	-	-	-	-	-	-
Transfer to AGSMEIS reserves	-	-	(178,010)	-	-	-	-	178,010	-	-	-
Transfer to credit risk reserves	-	-	(807,648)	-	-	-	807,648	-	-	-	-
Business consolidation adjustment	-	-	(208,503)	-	-	-	-	-	(208,503)	(51,458)	(259,961)
	-	-	(1,737,276)	543,115	-	-	807,648	178,010	(208,503)	(51,458)	(259,961)
At 31 December 2022	2,000,000	26,954,699	15,996,692	9,420,403	(24,620,318)	(4,549,302)	2,902,554	1,114,136	29,218,864	3,304,104	32,522,968

GROUP 2021	**Share**	**Share premium**	**Retained earnings**	**Statutory reserve**	**Restructure Reserve**	**Fair Value reserve**	**Credit risk reserve**	**AGSMEIS reserve**	**Total**	**Non-controlling interest**	**Total equity**
At 1 January 2021	2,000,000	26,954,699	21,330,018	8,528,692	(24,620,318)	2,804,779	-	891,789	37,889,659	2,100,734	39,990,393
Total comprehensive income:											
Profit after tax for the year	-	-	(2,568,681)	-	-	-	-	-	(2,568,681)	845,085	(1,723,596)
Net change in fair value of FVOCI financial assets	-	-	-	-	-	(4,231,291)	-	-	(4,231,291)	-	(4,231,291)
	-	-	(2,568,681)	-	-	(4,231,291)	-	-	(6,799,972)	845,085	(5,954,887)
Transaction with owners:											
Dividends	-	-	(1,600,000)	-	-	-	-	-	(1,600,000)	(490,000)	(2,090,000)
Transfer to statutory reserves	-	-	(348,596)	348,596	-	-	-	-	-	-	-
Transfer to AGSMEIS reserves	-	-	(44,337)	-	-	-	-	44,337	-	-	-
Transfer to credit risk reserves	-	-	(2,094,906)	-	-	-	2,094,906	-	-	-	-
Business restructure adjustment	-	-	91,131	-	-	-	-	-	91,131	-	91,131
	-	-	(3,996,709)	348,596	-	-	2,094,906	44,337	(1,508,870)	(490,000)	(1,998,870)
At 31 December 2021	2,000,000	26,954,699	14,764,629	8,877,288	(24,620,318)	(1,426,512)	2,094,906	936,126	29,580,817	2,455,819	32,036,636

FSDH HOLDING COMPANY LIMITED

COMPANY 2022

	Share capital	Share premium	Retained earnings	Fair Value reserve	Total equity
	Attributable to equity holders of the parent company				
At 1 January 2022	2,000,000	26,954,699	724,342	-	29,679,041
					-
	2,000,000	26,954,699	724,342	-	29,679,041
Total comprehensive income:					
Profit after tax for the year	-	-	490,690		490,690
	-	-	490,690	-	490,690
Transaction with owners:					
Dividends paid	-	-			-
	-	-	-	-	-
At 31 December 2022	**2,000,000**	**26,954,699**	**1,215,032**	**-**	**30,169,731**

COMPANY 2021

	Share capital	Share premium	Retained earnings	Total equity
At 1 January 2021	2,000,000	26,954,699	1,800,262	30,754,961
Total comprehensive income:				
Profit after tax for the year	-	-	524,689	524,689
	-	-	524,689	524,689
Transaction with owners:				
Dividends paid	-	-	(1,600,000)	(1,600,000)
	-	-	(1,600,000)	(1,600,000)
At 31 December 2021	2,000,000	26,954,699	724,950	29,679,649

FSDH HOLDING COMPANY LIMITED

CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	GROUP 31 December 2022 N '000	GROUP 31 December 2021 N '000	COMPANY 31 December 2022 N '000	COMPANY 31 December 2021 N '000
Cash flows from operating activities					
Cash generated from operations	39	767,614	(28,522,392)	(830,097)	(967,516)
Interest received	39	18,047,028	10,290,842	526	980
Interest paid	39	(8,952,599)	(7,327,005)	(58,082)	-
Income taxes paid	14	(149,015)	(119,362)	-	-
Net cashflows from operating activities		9,713,028	(25,677,917)	(887,653)	(966,536)
Cash flows from investing activities					
Redemption and disposal of investment securities	39	(25,014,334)	905,748	-	-
Additions to property, plant and equipment	28	(756,652)	(737,899)	(2,511)	(28,315)
Additions to intangible assets	27	(169,581)	(80,066)	-	-
Proceeds from sale of property, plant and equipment	39	54,767	162,633	-	36,584
Investment in Subsidiary	25		-	(2,500,000)	-
Dividends received	39	52,284	25,332	406,590	1,966,701
Net cash used in investing activities		(25,833,516)	275,748	(2,095,921)	1,974,970
Cash flows from financing activities					
Dividends paid to owners	46	-	(1,600,000)	-	(1,600,000)
Principal element of lease payment	23	(99,592)	(98,314)	-	-
Long term borrowings additions	34	50,824,143	17,227,671	-	-
Repayment of long term borrowing	34	(34,587,756)	-	-	-
Proceeds from debt instrument issued	33	45,211,766	29,521,325	3,000,000	-
Repayment of debt instrument	33	(43,340,232)	(25,886,550)	-	-
Net cash (used)/generated in financing activities		18,008,329	19,164,132	3,000,000	(1,600,000)
Cash and cash equivalents at start of year		20,329,048	26,043,439	17,215	608,781
Exchange difference on cash held		(1,446,362)	523,646	-	-
Net Increase/(Decrease) in cash and cash equivalents		1,887,841	(6,238,037)	16,426	(591,566)
Cash and cash equivalents at end of year		20,770,527	20,329,048	33,641	17,215
Cash and cash equivalents	40	20,770,527	20,329,048	33,641	17,215

1 General information

FSDH Holding Company Limited ("the company") was incorporated on the 15 January 2019 as a private limited liability company under the Companies and Allied Matters Act.

The Central Bank of Nigeria approved the granting of a Financial Holding Company License to FSDH Holding Company Limited on 17 April 2019, permitting it to operate as an Other Financial Institution. The company is a non-operating financial holding company, regulated by the CBN.

The company directly holds a 100% interest in FSDH Merchant Bank Limited, a CBN licensed merchant banking institution, 99.7% interest in FSDH Asset Management Limited, an asset management company, 99.9% interest in FSDH Capital Limited, a company involved in stockbroking and issuing house operations and a 51% interest in Pensions Alliance Limited, a company involved in pension fund administration. It indirectly holds a 100% interest in FSDH Funding SPV Plc, a special purpose vehicle set up by the merchant bank solely for the purpose of raising debt funding for its use in normal course of business.

The company has prepared consolidated financial statements and the financial results of all subsidiaries have been consolidated in these financial statements. The consolidated financial statements for the year ended 31 December 2022 were approved for issue by the Board of Directors on 24 March, 2023.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements are the separate and consolidated financial statements of FSDH Holding Company Limited (“the company”), and its subsidiaries (herein collectively referred to “the Group”). The financial statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. Additional information required by national regulations is included where appropriate. The financial statements have been prepared in accordance with the going concern principle under the historical cost convention as modified by the measurement of certain financial assets held at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group’s financial statements therefore present the financial position and results fairly.

The statement of financial position are presented in order of liquidity and analysis regarding recovery or settlement within 12 months after reporting date (current) and more than 12 months (non-current) are presented in the respective related notes in the financial statements. The accounting policies adopted are consistent with those of the previous financial period.

a. Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Group’s functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

b. Basis of measurement

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

- Financial assets measured at fair value through other comprehensive income (FVOCI) are measured at fair value through equity
- Financial assets held for trading measured at fair value.
- Loans and receivables are measured at amortised cost
- Derivative financial instruments which are measured at fair value.
- Non derivative financial instruments which are carried at fair value throught profit or loss are measured at fair value

c. Use of Estimates and Judgements

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant estimates and judgements are in relation to the following as they affect the 2022 financial statements

i. Impairment of financial instruments: key assumptions used in estimating recoverable cash flows.
ii. recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.
iii. recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
iv. determination of the fair value of financial instruments with unobservable inputs.
v. impairment of non-financial assets

More details are provided in the notes

The new and amended standards and interpretations adopted by the Group

Standards and interpretations effective during the reporting period

The following standards became effective in the annual period starting from 1st January, 2022. The new reporting requirements as a result of the adoption of the new standards (and amendments) and clarifications have been evaluated and their impact or otherwise are noted below:

Amendment to IAS 16 Property, Plant and Equipment

The amendment prohibits the deduction from the cost to an item of property, plant and equipment proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, an entity should recognize the sale proceeds and related production cost of those items in Profit or loss. The amendment is not expected to have any impact on the Group.

Amendment to IAS 37 – Provisions, Contingent liabilities and Contingent assets

The amendment clarifies that the costs that relate to a contract comprise both incremental costs of fulfilling the contract and an allocation of other direct costs related to the contract activities. The amendment is not expected to have any material impact on the Group.

Standards and interpretations issued/amended but not yet effective

The Group has not early adopted the following new standard(s) in preparing these consolidated and separate financial statements as it plans to adopt these standards at their respective effective dates if applicable.

The following standard(s) have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2022:

Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors,

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.
In particular, the amendments clarify:

• that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

• the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The amendments above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

IFRS 8 – Definition of Accounting Estimates

The amended standard clarifies that the effects on an accounting estimate of a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. The amendment does not have any material impact on the Group.

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

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendment is not expected to have any material impact on the Group.

2.2 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 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 acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Structured entities (also called Special Purpose Entities):
Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity such as when any voting right relates to administrative tasks only and the relevant activities are directed by means of contractual agreements.
The Group assesses structured entities that it is involved in for control and if it is exposed or has right to variable returns from its involvement with the entity and has ability to affect these returns through its power over the entity.

(c) Transactions and non-controlling interests
The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between 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.
Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated equity as non-controlling interest. Profits or losses attributable to non-controlling interests are reported in the consolidated statement of comprehensive income as profit or loss attributable to non-controlling interests.

(d) Changes in ownership interests in subsidiaries without change of control
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(e) 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 the carrying amount recognised in the statement of comprehensive income. 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 the income statement.

2.3 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 thousands (Naira), which is the The Group's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.
Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Translation differences on non-monetary financial assets and liabilities (such as equities) which are held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets classified as available for sale are included in Other Comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income financial assets are recognised in other comprehensive income.

2.4 Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

It is also 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.

The following are the income lines of the Group and how income is recognised:

- **Credit related fees:** This includes fees charged for servicing loans, issuance fees on guarantees, commitment fee when it is unlikely that a specific lending arrangement will be entered into. These fees are not integral to the loan, therefore, they are not considered in determining the effective interest rate. The fees noted here are based on negotiation. The fees are either earned at point in time or over time dependent on the terms of the contract.

- **Fiduciary fees:** This relates to fee earned on funds managed by entities within the group. Also included in this fee income class are the administrative fees charged and incentive fees earned when certain milestones are reached or exceeded. These classes of fees are regarded as incentive fees and they are earned over time.

- Commission on trade related transactions: These are Commission earned on trade-related transactions. The rates are agreed ahead and income is based on the value of the transactions and thus are satisfied at a point in time.

- **Financial advisory and Issuing house activities fees:** : These are agreed upfront and based on financial advisory services rendered to clients. These include capital market service related fees, brokerage and advisory fees. The fees are either earned at point in time or over time dependent on the terms of the contract.

- **Other commissions:** This includes electronic Grouping charges, account transaction fee, custody fees among others. The fees are earned at a point in time

2.5 Sale and repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Group retains substantially all of the risks and rewards of ownership. The counterparty liability received is recognised in the statement of financial position as a liability and classified as due to Group or from customers with an obligation to return it, including accrued interest. The financial assets are used as collateral on securities lent and repurchase agreement, reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest rate. When the counterparty has the right to sell or re-pledge the securities, the Group reclassifies those securities in its statement of financial position to 'pledged assets" as appropriate.

Securities purchased under agreements to resell (reverse repos) are recorded as due from Group and measured at amortised cost. The securities pledged under such agreements are not included in the statement of financial position.

Securities repossessed under a reverse repo transaction are recognised in the books of the Group. The instruments are classified in the financial statements according to their nature and purpose.

2.6 Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

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

The 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.

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

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).

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date basis.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, as described in note 2.10, which results in an accounting loss being recognised in the income statement when an asset is newly originated.

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

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

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

Financial assets

Classification and subsequent measurement
The Group classifies its financial assets in the following measurement categories:
- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:
(i)the Group's business model for managing the asset; and
(ii)the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

a) Financial assets measured at amortised cost
These represent assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

b) Financial assets measured at FVOCI
Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through
Other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the income statement.

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

c) Financial assets measured at FVTPL
Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and presented in the income statement within 'Net gains on financial instruments held for trading' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in income. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Business model assessment

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

SPPI Test

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

d) Equity Instruments
Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity investments at fair value through profit or loss, except where management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the income statement as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the "Net gains on financial instruments held for trading' line in

2.7 Derivative instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

Changes in fair values are recognised immediately in the income statement. The Group's derivative transactions consist of foreign exchange forward transactions as at the balance sheet date.

2.8 Modifications of financial assets

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either
(i) the Group transfers substantially all the risks and rewards of ownership, or
(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

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

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

2.9 Financial liabilities

Classification and measurement

Financial liabilities are classified as subsequently measured at amortised cost

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in the income statement;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Category (as defined by IFRS 9)		Classes as determined by the Group	Subclasses
Financial Assets	Financial assets held for trading	Debt Securities	Treasury Bills
			Corporate Bonds
			Federal Government of Nigeria Bonds
		Derivative financial instruments	Foreign exchange forward contracts
		Equity Securities	Quoted Equity Securities
		Mutual funds	Mutual funds
	Financial assets fair valued through other comprehensive income (FVOCI)	Debt securities	Treasury Bills
			Federal Government of Nigeria Bonds
			Unquoted equities
			Promissory Notes
			Corporate Bonds
	Amortised Cost	Investment Securities	Treasury bills
			FGN Bonds
			Corporate Bonds
			Promissory Notes
		Cash and bank balances	Cash
			Operating balances with Central Bank of Nigeria
			Mandatory reserve with Central Bank of Nigeria
			Balances with banks in Nigeria
			Balances with banks outside Nigeria
		Loans and advances to Banks	Placements with banks and discount houses
			Placements with other financial institutions
		Loans and advances to customers	Term loans and overdrafts
Financial liabilities	Financial liabilities at fair value through profit or loss	Derivative financial instrument liabilities	Foreign exchange forward contracts
	Financial liabilities at amortised cost	Due to banks	Call borrowings
			Trade related obligations
			Secured borrowings
		Due to Customers	Demand deposits
			Term deposits
			Client investment fund
		Lease liabilities	Lease liabilities
		Other liabilities	Account Payable
			Sundry accounts
		Short term debt instruments	FSDH Commercial Papers
		Other Borrowed funds	Trade and credit lines

2.10 Impairment

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and fair value through other comprehensive income and with the exposure arising from loan commitments and financial guarantee contracts.

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to ‘Stage 3’.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

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

Significant increase in credit risk (SICR)

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

- identifying the rating classification at initial recognition i.e. investment grade or speculative grade
- comparing the initial rating as at initial recognition with the current rating
- four notches downward movement in a twenty-five notches scale is considered significant
- for loans initially recognized as investment grade, a drop to speculative grade is considered significant
- for corporate debt issue, two notches downgrade of the issuer rating is considered significant
- for all facilities an upward reclassification of rating to the rating captured at its initial recognition or higher is considered a significant reduction in credit risk and a probationary period of 30 days is triggered.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative and qualitative factors. Using its expert credit judgement and where possible relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Group has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition. The number of days past due is determined by counting the number of days since the date the full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

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

Qualitative criteria:

For large portfolios, if the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information. In relation to corporate and treasury financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level. The criteria used to identify SICR are monitored and reviewed annually for appropriateness by the Risk Management Team.

Backstop

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

The Group has not used the low credit risk exemption for any financial instruments in the year ended 31 December 2022.

Definition of default and credit-impaired assets

The Group defines default as the failure of counterparties to meet the financial and legal obligations including a deviation from the conditions associated with the transaction.

Credit risk default arises from the failure of an obligor of the Group to repay principal or interest at the stipulated time or failure otherwise to perform as agreed. This risk is compounded if the assigned collateral only partly covers the claims made to the borrower, or if its valuation is exposed to frequent changes due to changing market conditions (i.e. market risk).

This definition is fully aligned with the definition of credit-impaired and is triggered when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The Group considers a financial asset to be in default when:

• the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or

• the borrower is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding. In assessing whether a borrower is in default, the Group considers indicators that are:

a. qualitative – e.g. breaches of covenant;

b. quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and

c. based on data developed internally and obtained from external sources. Inputs into the assessment of whether a financial instrument is in default and the significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. This is based on advice from the Group's Risk Management Department.

The Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two more additional economic scenarios and considering the relative probabilities of each outcome.

External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, some international organizations such as the OECD and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. On an annual basis, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The factors the Group considers are as shown below:

Stages	Applicable ECL	Criteria (Quantitative)	Criteria (Quantitative)
Stage 1	12 Month ECL	• Less than 30 days past due	• All loans upon initial recognition
Stage 2	Lifetime ECL - Loans that have witnessed significant increase in credit risk	• Internal / external rating downgrade of loans from investment grade to non-investment grade • four notches downward movement in a twenty-five notches scale in rating. • One notch internal / external rating downgrade of loans for non-investment grade loans • Obligation with past due exceeding 30 days • Increase of more than 300bps in yield spread over corresponding Federal Government instrument for corporate debt issue • For corporate debt issue, three notches downgrade of the issuer rating	• Forbearance by CBN • Negative modification / restructure to the original loan agreement e.g. for easing the cash-flow burden on the obligor • Verified poor credit risk status from the credit bureau • Changes in regulatory, economic, or business of the borrower that results in a significant change in the borrower's ability to meet its debt obligations (e.g. a decline in the demand for the borrower's sales product because of a shift in technology) • Overdue status and non-payment on another obligation of the same issuer to the Group
Stage 3	Lifetime ECL - Loans that have objective evidence of impairment or in default	• Obligation with past due exceeding 90 days • Internal and external rating downgrade to "C" rating	• Force majeure leading to loss of borrower's primary asset

The days past due default definition used by the Group as criteria in the credit classification for loan loss provisioning is consistent with the nature and observable trends in the credit of the Group.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on an annual basis.

Forward-looking information incorporated in the ECL models

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

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are provided by the Group’s economic and research team on a quarterly basis and provide the best estimate view of the economy over the next five years.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group’s Research team also provide other possible scenarios along with scenario weightings. Three other scenarios were used to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded.

Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting
(as opposed to weighting the inputs).

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

Estimation of multi-year exposure at default

Exposure at Default (EAD) is an estimate of the Group’s exposure to its counterparty at the time of default. This estimation (EAD) relates to payment terms, tenure of exposure and the point in time at which default is expected, or actually occurs. For defaulted accounts, the Group uses the principal amount outstanding and the accrued interest at the point of default as the EAD.

Prepayment is primarily an option to borrower to make bulk payment (full or partial) for the availed facility ahead of its scheduled time.

EAD Estimation for certain exposure facilities

Under this category, future exposure to the facility is known, as the counterparty cannot increase its exposure beyond contractual drawdown schedule. All forms of term loans including amortizing loans, step-up/step-down loans, bullet loans fall under this category, provided there is no prepayment option.

Periodic and Daily amortization schedule are generated using both contractual and computed effective interest rate (EIR).

Estimation of multi-year loss given default

Definition of LGD Parameters

Loss Given Default (LGD) parameter is defined as a percentage of exposure that the Group expects not to collect if default occurs on the contract. It is the complement of the Recovery Rate which is the percentage of exposure that the Group expects to recover in the event that there is a default.

Collateral: This is a property or other asset that a borrower offers as a way for a lender to secure the loan. Since collateral offers some security to the lender should the borrower fail to pay back the loan, loans that are secured by collateral typically have lower credit risk spreads than unsecured loans.

Haircut: The amount of the haircut reflects the lender's perceived risk of loss from the asset falling in value or being sold in a forced sale. Haircut is expressed as a percentage of the collateral's market value.

Discount Rate: This is the rate used to discount all estimated recovered cash flows from the period of collection to the period of default. The contractual interest rate is used as EIR for stage 3 facilities, while the EIR is used for other stages. Effective interest rate (EIR) is defined as the rate that exactly discounts future contractual cash payments through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

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

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

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

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

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

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

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

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

- For unsecured products, LGD’s are typically set at 45% as proposed by BASEL III.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD.

Qualitative Criteria

PDs are assigned by grouping facilities based on a shared risk characteristic, i.e. homogeneous group. The FSDH internal rating of the obligor was used as the relevant shared characteristic for the purpose of this grouping.

CREDIT RATING	DESCRIPTION	INVESTMENT DECISION
AAA	Exceptional Credit Quality	Investment Grade
AA+	Very High Credit Quality	
AA		
AA-		
A+	High Credit Quality	
A		
A-		
BBB+	Good Asset Quality	
BBB		
BBB-		
BB+	Satisfactory Asset Quality	Speculative Grade
BB		
BB-		
B+	Asset Quality with limited capacity	
B		
B-		
CCC+	Asset Quality with signs of deterioration	
CCC		
CCC-		
CC+	Asset Quality with probability of partial loss	
CC		
CC-		
C+	Default	Default Grade
C		
C-		

The Top-Down Approach
The impact of macro-economic variables on non-performance is determined by the model and applied on ECL level. Factors considered include:

•Crude oil price
•S&P corporate default rate

Data consideration included values from 2010 to 2019 and forecast for 2021 to 2025.

Probability – Weighted ECL Computation

A key aspect of IFRS 9 is the introduction of forward-looking estimates into the impairment calculation.

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. This is based on advise from the banking subsidiary's Risk Management and Research Departments which have been equipped with relevant tools.

The Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two more additional economic scenarios and considering the relative probabilities of each outcome.

External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, some international organizations such as the OECD and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. On an annual basis, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

2.11 Leases

Entities within the group primarily leases buildings for use as office space. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease terms range from 2 years to 5 years. The lease agreements do not impose any covenants - however, leased assets may not be used as security for borrowing purposes.

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

From 1 January 2019, 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.

<u>Lease liabilities</u>

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 members of 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.

<u>Right of use assets</u>

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.

<u>Short term leases and leases of low-value-assets</u>

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 $5,000 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 currently does not have any short term or low value leases.

2.12 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to Groups, financial institutions and others on behalf of customers to secure loans, overdrafts and other Grouping facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument. For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision.

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

2.13 Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has currently enforceable a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The financial assets and liabilities are presented on a gross basis.

Income and expenses are presented on a net basis only when permitted by accounting standards, or for gains and losses arising from a Group of similar transactions such as in the Group's trading activity.

2.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.16 Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants.

Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the se or sale of businesses – are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

2.17 Dividend income

Dividend income is recognised in the consolidated statement of comprehensive income when the entity's right to receive payment is established.

2.18 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 of disposal 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 which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.19 Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.20 Property and equipment

(i) Recognition and measurement

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the income statement during the reporting period in which they are incurred.

An asset's net book value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with net book values. These are included in the income statement.

(ii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

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

The estimated useful lives for the current and comparative periods are as follows:
Leasehold improvements over the shorter of the useful life of the item or lease term. Land is not depreciated.

-Leasehold improvements	-	25% or over the lease period
-Office equipment	-	20%
-Computer equipment	-	33%
-Office Furniture and fittings	-	20%
-Motor vehicles	-	25%
-Work in progress	-	0%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

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

2.21 Non-current assets held for sale

Non-current assets 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 costs to sell. Assets classified as held for sale are measured at fair value, gain or loss arising from a change in the fair value of the asset held for sale is recognised in income statement for the period in which it arise.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated in the financial statements of the Group.

2.22 Intangible assets

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

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

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use. The Group chooses to use the cost model for the measurement after initial recognition. Prior to deployment for usage, such assets are classified under work in progress and are not subjected to amortization.

Amortisation is calculated over 3 years on a straight line basis.

2.23 Income tax

(a) Current income tax

Income tax payable is calculated on the basis of the tax law in Nigeria and is recognised as an expense (income) for the period except to the extent that the current tax relates 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).
Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position.

Current tax for the current and prior periods is recognized as a liability to the extent that it has not yet been settled, and as an asset to the extent that the amounts already paid exceed the amount due. Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) tax authorities, using the rates/laws that has been enacted at the balance sheet date.

The Group does not offset current income tax liabilities and current income tax assets.

(b) Deferred income tax

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

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities, provisions for gratuity and carry-forwards. However, the deferred income 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 nor loss.

The tax effects of carry-forwards of unused losses, unused tax credits and other deferred tax assets are recognised when it is probable that future taxable profit will be available against which these losses and other temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

Deferred tax related to fair value re-measurement of available for sale instruments, which are recognised in other comprehensive income, is also recognised in other comprehensive income and subsequently in the income statement together with the deferred gain or loss.

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

2.24 Employee benefits

The Group in addition to its defined contribution scheme under the Pension Reform Act, also sponsors a post-employment plan under which entities within the Group contribute a percentage of employees' basic salary to a fund manager in favour of the employees. The amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by the company to the post-employment benefit plan, together with investment returns arising from the contributions. Thus, actuarial risk (that benefits will be less than expected) and investment risk fall on the employee.

(a) Pension costs

The Company operates a defined contribution scheme in line with the subsisting Pension Act where employees are entitled to join the scheme on confirmation of their employment. The employee and the Company contribute 6% and 12% respectively of the employee's basic salary, transport and rent allowances. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Post-employment defined contribution plan

The Group in addition to its defined contribution scheme under the Pension Reform Act, also sponsors a post-employment plan under which entities within the group contribute a percentage of employees' basic salary to a fund manager in favour of the employees. The amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by the company to the post-employment benefit plan, together with investment returns arising from the contributions. Thus, actuarial risk (that benefits will be less than expected) and investment risk fall on the employee.

(c) Short term employee benefits

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

2.25 Provisions, contingent liabilities and assets

Provisions are liabilities that are uncertain in amount and timing. Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

A contingent liability is a possible obligation that arises from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of a past event. It is not recognised because it is not likely that an outflow of resources will be required to settle the obligation or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to occur.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised as assets in the consolidated statement of financial position but is disclosed if they are likely to eventuate.

2.26 Share capital

(a) Share issue costs

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

(b) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group's shareholders. Dividends for the year that are declared after the date of the consolidated statement of financial position are dealt with in the subsequent events note. Dividends proposed by the Directors' but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act 2020 (CAMA).

(c) Treasury Shares

Where the Group or any member of the Group purchases the Group's shares, the consideration paid is deducted from shareholders' equity as treasury shares until the shares are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity

(d) Statutory Reserve

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

Likewise, National Pension Commission also requires all Pension Fund Administrations to appropriate 12.5% of the profit after tax to a statutory reserve. The pension fund administrator subsidiary – Pensions Alliance Limited manages this reserve and investment income on this reports under income in the statement of comprehensive income.

(e) Credit Risk Reserve

In compliance with the Prudential Guidelines for Licensed Banks, the Group assesses qualifying financial assets using the guidance under the Prudential Guidelines. The guidelines apply objective and subjective criteria towards providing for losses in risk assets. Assets are classified 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	**Basis**	**Percentage provided**
Substandard	Interest and/or principal overdue by 90 days but less than 180 days.	10%
Doubtful	Interest and/or principal overdue by more than 180 days but less than 365 days.	50%
Lost	Interest and/or principal overdue by more than 365 days.	100%

A more accelerated provision may be done using the subjective criteria. A 1% provision is taken on all risk assets 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 called "Credit Risk Reserve". Where the IFRS 9 impairment is greater, no appropriation is made and the amount of the IFRS 9 impairment is recognised in the Statement of Comprehensive Income.

All provisions determined under Prudential Guidelines are compared with that of IFRS in line with the CBN guidelines

2.27 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 after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period excluding treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

2.27 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current year.

Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousands of naira unless otherwise stated.

3.0 Enterprise Risk Management Review

Management is fully aware that every financial, operational or strategic decision made may either adversely affect or strengthen our ability to meet the Group's organizational objectives. Management is also aware of the need to balance the contradictory pressures of greater entrepreneurialism with losses from downside risks. Thus, risk is seen as the level of exposure – opportunity, threat, and uncertainty that must be identified, understood, measured and effectively managed, as the Group executes its strategies to achieve its business objectives and create value.

The risks associated with the Group's businesses include - financial risks (which consist of credit, market, and liquidity risk), operational risk, concentration risk, reputational risk, interest rate risk, downgrade risk, business risk, regulatory compliance risk and environment and social risk.

For the Group to achieve long term success, it must manage all chosen opportunities and identified threats effectively within the Group's risk appetite.

The risk management philosophy and culture are the set of shared beliefs, values, attitudes and practices that govern how Management considers the risks inherent in the Group's business activities, from strategy development and implementation to day-to-day activities.

Management's risk philosophy is conservative. We believe that a sound risk management system is the foundation for building a vibrant and viable financial institution. Therefore, an enterprise-wide approach to risk management has been adopted, wherein key risks, financial and non- financial, from all areas of the business are managed within the context of the Group's risk appetite.

Consequent upon its risk management philosophy, the Group strives to embed the following guiding principles of its risk culture into its daily practices:

a. The Group insists on a robust risk management governance structure that enables it to manage all major aspects of its activities through an integrated planning and review process that includes strategic, financial, customer and risk planning.

b. Our Board and Senior Management insists on and promotes a strong culture of adherence to limits in managing risk exposure.

c. Risk management in the Group is governed by formally documented and defined policies and procedures, which are clearly communicated to all.

d. The Group avoids products, businesses and markets that it does not fully understand or for which management cannot reasonably and objectively measure and manage the associated risks.

e. The Group strives to maintain a balance between risk/opportunity and revenue consideration with its risk appetite. Thus, risk-related issues are considered in all our business decisions.

f. The Group creates and evaluates business units and enterprise risk profiles to consider what is best for its individual business units and the Group as a whole.

g. The Group's risk officers are empowered to perform their duties professionally and independently within clearly defined authorities.

h. Staff are encouraged to disclose inherent risks and actual losses openly, fully, honestly and quickly.

i. The Group creates a process for institutionalising the lessons learned from risk events and penalises negligent recurrence.

j. The Group has zero tolerance for breach of laws and regulations.

k. The Group has zero appetite for associating with disreputable individuals and organisations

Our risk management objectives are as follows:

a. To identify our material risks and ensure that our business plans are consistent with our risk appetite.

b. To ensure that our business growth plans are properly supported by an effective and efficient risk management function.

c. To manage our risk profile, ensuring that specific financial deliverables remain possible under a range of possible business conditions.

d. To optimise our risk and return trade-off by ensuring that our business units act as primary risk managers while establishing strong and independent review and challenge structures.

e. To protect the Group against unexpected losses and reduce the volatility of our earnings.

f. To maximise risk-adjusted opportunities, earnings potential and ultimately our stakeholder value.

g. To help Management improve the control and coordination of risk-taking across the Group.

h. To build a risk-smart workforce and environment that allows for innovation and responsible risk-taking by our staff while ensuring cost-effective and legitimate precautions are taken to protect the shareholders' interest.

The Group's risk appetite articulates the quantum of residual risk it is prepared to accept or tolerate in pursuit of its strategic business objectives.

The risk appetite guides in setting the parameters listed below:

Financial

a. Financial and prudential ratios are set to meet the minimum statutory requirements

b. Capital-at-risk driven by the Group's shareholder value creation objectives.

c. Capital adequacy is set to exceed the minimum regulatory limits.

Credit

a. Asset quality, measured by the ratio of non-performing loans to total loans.
b. Maximum credit exposure per industry, product, obligor.
c. Zero tolerance for undisciplined lending.

Reputational

a. Favourable reports from external auditors and rating agencies.
b. Zero tolerance for any utterance (by directors or employees) that may impact negatively on the Group's operations.
c. Zero appetite for association with disreputable individuals and organisations.
d. Zero appetite for unethical or illegal and/or unprofessional conduct by our directors, executive management and staff.

Ratings

The Group aims to achieve consistently good ratings issued by domestic or internationally recognised rating agencies. The ratings must reflect sound financial asset quality, strong liquidity position, strong capital adequacy level, strategic positioning in the fundamentals, excellent economy and potential for superior earnings.

Customer Service

a. Acceptable customer attrition level as defined by the Board.
b. Minimum acceptable percentage of satisfied customers from feedback surveys.
c. Acceptable complaints volume.

Regulatory

a. Zero amount or number of sanctions by the CBN and other regulatory agencies.
b. Zero tolerance for infractions and non-compliance with laws.

Market Risk

The following are the objectives for managing market risk in the Group:

• Maintaining market risk within limits in line with the Group's risk appetite;
• Identifying and accurately measuring our market risk exposure to aid efficient decision making; and
• Mitigating and monitoring our market risk exposures effectively.

The Group in managing market risk tracks the following limits:

a. Trading limit
b. Stop loss limits
c. Interest rate gap limits

Liquidity Risk

Within the Group, the following limits are tracked in compliance with regulatory requirements and/or to conform to leading practices in liquidity risk management:

a. Liquidity ratio set to exceed minimum regulatory limits
b. Total deposits to total assets
c. Duration of liquid assets
d. Large fund provider to total deposits
e. Capital adequacy

f. Total loans to total deposits

g. Total earning assets to total assets

h. Aggregate large credit to shareholders funds

The Group also has an established process for allocating the appetite among its business units and subsidiaries.

3.1 Financial Instruments

The groups financial instruments are categorised as follows:

Group

31 December 2022	Financial Assets			Financial Liabilities	
In thousands of Nigerian Naira	At fair value through profit or loss	At fair value through other comprehensive income	Amortised Cost	At fair value through profit or loss	At amortised cost
Financial assets:					
Cash	-	-	2,931	-	-
Balances with other banks					
- Operating balance with Central Bank of Nigeria	-	-	3,322,926	-	-
- Balances with banks in Nigeria	-	-	993,316	-	-
- Balances with banks outside Nigeria	-	-	12,665,088	-	-
- Mandatory reserve deposit with Central Bank of Nigeria	-	-	26,562,369	-	-
Loans to banks					
- Placements with banks	-	-	11,359,184	-	-
Financial instruments at fair value through profit or loss					
- Quoted equity securities	162,993	-	-	-	-
- Nigerian Treasury Bills	206,478	-	-	-	-
- Federal Government of Nigeria Bonds	1,309,146	-	-	-	-
- Mutual Funds	1,655,056	-	-	-	-
Trading asset	10,208,003				
Derivative financial instruments					
- Foreign exchange forward contract	460,730	-	-	-	-
Loans and advances to customers					
- Loans and advances (net of impairment)	-	-	117,814,870	-	-
Investment securities					
- Equity securities	-	-	-	-	-
- Nigerian Treasury Bills	-	3,291,463	-	-	-
- Federal Government of Nigeria bonds	-	2,337,452	-	-	-
- Corporate bonds	-	8,938,824	-	-	-
- Promissory notes and commercial papers	-	39,226,091	666,875	-	-
Pledged assets					
- Nigerian Treasury Bills	249,050	-	-	-	-
- Federal Government of Nigeria bonds	-	5,963,306	-	-	-
- Corporate bonds	-	-	-	-	-
- Promissory notes and commercial papers	-	-	-		
Other assets					
- Receivables (net impairment)	-	-	16,803,085	-	-
Financial liabilities:					
Due to banks					
- Secured borrowings	-	-	-	-	6,218,433
- Trade Related Obligations to foreign banks	-	-	-	-	16,303,277
- Other Balances	-	-	-	-	-
Due to customers					
- Demand	-	-	-	-	32,389,947
- Term	-	-	-	-	65,062,274
- Client investments fund	-	-	-	-	5,915,130
Derivative financial instruments					
- Foreign exchange forward contract	-	-	-	587,602	-
Other liabilities					
- Customers' deposit for foreign trade	-	-	-	-	6,597,666
- Amounts held on behalf of third parties	-	-	-	-	3,464,530
- Unclaimed third party deposits	-	-	-	-	12,326
- Sundry creditors	-	-	-	-	22,607
- Accruals	-	-	-	-	1,698,039
- Minimum pension guarantee					173,782
- Account payables	-	-	-	-	5,748,957
Debt securities					
- FSDH commercial papers and bonds	-	-	-	-	35,119,803
Other borrowed funds					
- Due to NEXIM	-	-	-	-	-
- Due to Development Bank of Nigeria	-	-	-	-	12,418,156
	14,251,456	**59,757,136**	**190,190,644**	**587,602**	**191,144,927**

Group

31 December 2021	Financial Assets			Financial Liabilities	
In thousands of Nigerian Naira	At fair value through profit or loss	At fair value through other comprehensive income	Amortised Cost	At fair value through profit or loss	At amortised cost
Financial assets:					
Cash	-	-	2,983	-	-
Balances with other banks					
- Operating balance with Central Bank of Nigeria	-	-	115,034	-	-
- Balances with banks in Nigeria	-	-	1,336,103	-	-
- Balances with banks outside Nigeria	-	-	12,653,491	-	-
- Mandatory reserve deposit with Central Bank of Nigeria	-	-	30,845,869	-	-
Loans to banks					
- Placements with banks	-	-	7,804,755	-	-
Financial instruments at fair value through profit or loss					
- Quoted equity securities	166,769	-	-	-	-
- Nigerian Treasury Bills	600,142	-	-	-	-
- Federal Government of Nigeria Bonds	1,811,695	-	-	-	-
- Mutual Funds	1,381,805	-	-	-	-
Derivative financial instruments					
- Foreign exchange forward contract	821,873	-	-	-	-
Loans and advances to customers					
- Loans and advances (net of impairment)	-	-	77,368,378	-	-
Investment securities					
- Equity securities	-	-	-	-	-
- Nigerian Treasury Bills	-	872,615	1,073,244	-	-
- Federal Government of Nigeria bonds	-	1,835,593	926,590	-	-
- Corporate bonds	-	11,031,988	-	-	-
- Promissory notes and commercial papers	-	23,000,975	3,614,094	-	-
Pledged assets					
- Nigerian Treasury Bills	-	347,175	-	-	-
- Federal Government of Nigeria bonds	-	1,419,780	-	-	-
- Corporate bonds	-	-	-	-	-
- Promissory notes and commercial papers	-	10,990,610	-		
Other assets					
- Receivables	-	-	3,692,582	-	-
Financial liabilities:					
Due to banks					
- Secured borrowings	-	-	-	-	-
- Trade Related Obligations to foreign banks	-	-	-	-	26,104,330
- Other Balances	-	-	-	-	43,574
Due to customers					
- Demand	-	-	-	-	26,453,814
- Term	-	-	-	-	33,977,626
- Client investments fund	-	-	-	-	16,436,538
Derivative financial instruments					
- Foreign exchange forward contract	-	-	-	796,046	-
Other liabilities					
- Customers' deposit for foreign trade	-	-	-	-	3,586,970
- Amounts held on behalf of third parties	-	-	-	-	6,219,635
- Unclaimed third party deposits	-	-	-	-	12,324
- Sundry creditors	-	-	-	-	29,331
- Accruals	-	-	-	-	523,427
- Minimum pension guarantee					154,391
- Account payables	-	-	-	-	1,090,283
Debt securities					
- FSDH commercial papers	-	-	-	-	29,148,871
Other borrowed funds					
- Due to NEXIM					1,927,671
- Due to Development Bank of Nigeria					15,370,545
	4,782,284	**77,136,398**	**75,228,139**	**395,283**	**126,460,822**

Company

31 December 2022	Financial Assets			Financial Liabilities	
In thousands of Nigerian Naira	At fair value through profit or loss	At fair value through other comprehensive income	Amortised Cost	At fair value through profit or loss	Amortised cost
Financial assets:					
Cash and bank balances					
- Balances with banks in Nigeria	-	-	33,641	-	-
Financial instruments held for trading					
- Mutual funds	959,256	-	-	-	-
Loans and advances					
- Loans and advances (net of impairment)	-	-	4,092	-	-
Other assets					
- Receivables (net impairment)	-	-	2,922,802	-	-
Financial liabilities:					
Other liabilities					
- Accruals	-	-	-	-	102,479
- Other payable	-	-	-	-	1,262,018
Debt securities					3,151,259
	959,256	**-**	**2,960,535**	**-**	**4,515,756**

Company

31 December 2021	Financial Assets			Financial Liabilities	
In thousands of Nigerian Naira	At fair value through profit or loss	At fair value through other comprehensive income	Amortised Cost	At fair value through profit or loss	Amortised cost
Financial assets:					
Cash and bank balances					
- Balances with banks in Nigeria	-	-	17,215	-	-
Financial instruments held for trading					
- Mutual funds	896,321	-	-	-	-
Loans and advances					
- Loans and advances (net of impairment)	-	-	11,198	-	-
Other assets					
- Receivables (net impairment)	-	-	1,514,168	-	-
Financial liabilities:					
Other liabilities					
- Sundry creditors	-	-	-	-	898
- Accruals	-	-	-	-	45,413
- Other payable	-	-	-	-	1,104,264
	896,321	**-**	**1,542,580**	**-**	**1,150,575**

3.1.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the Group's loans and advances to customers and other banks, and investment in debt securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor risk, country risk and sector risk).

The Group has in place an Enterprise Risk Management (ERM) Framework that defines the overall principles under which it assumes risks. The standard sets out the overall framework for the consistent and unified governance, identification, measurement, management and reporting of risk, credit risk being a significant one.

These policies provide a comprehensive framework within which all credit risk emanating from the operations of Group are legally executed, properly monitored and controlled to minimise the risk of financial loss; and assure consistency of approach in the treatment of regulatory compliance requirements.

3.1.2 Settlement Risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. "Settlement risk" is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

3.1.3 Principal Credit Policies

The principal credit policies guiding the Group shields the Group against inherent and concentration risks through all the credit levels of selection, underwriting, administration and control.

Some of the policies are:

· Credit will only be extended to suitable and well identified customers

· Exposures to any industry or customer will be determined by the regulatory guidelines, clearly defined internal policies, debt service capability and balance sheet management guidelines.

· Credit will not be extended to customers where the source of repayment is unknown or speculative and also where the destination of the funds is unknown. There must be a clear and verifiable purpose for the use of funds.

- Corporate bonds

· The primary source of repayment for all credits must be from identifiable cash flows from the counterparty's normal business operations or other financial arrangements. The realization of security remains a fall back option.

· A pricing model that reflects variations in the risk profile of various credit facilities to ensure that higher risks are compensated with higher returns.

· All conflict of interest situations must be avoided.

3.1.4 Credit Risk Measurement

Over the years, the Group has expanded its operational scope and enhanced its suite of financial advisory services to its clientele. The product offerings of the Group include buying and selling of securities, term loans, invoice discounting, overdraft, commercial facilities, asset backed notes, LPO/Contract financing, trade finance, foreign exchange, bonds and guarantees, loan syndications, project finance, structured finance, corporate finance and financial advisory services (debt & equity).

Credit risk represents the loss that the Group would incur if a counterparty (such as a bank, corporate, individual or sovereign) or an issuer of securities (or other instruments the Group holds) fails to perform its contractual obligations or upon deterioration in the credit quality of third parties whose securities or other instruments it holds.

Over the years, the Group has devoted resources and harnessed its credit data into developing models to improve the determination of economic and financial threats due to credit risk. As a result, some key factors are considered in credit risk measurement:

1) Adherence to strict credit selection criteria which includes a defined target market, credit history, capacity and character of the customers.

2) The possibility of failure to pay over the period stipulated in the contract.
3) The size of the facility in case default occurs
4) Estimated rate of recovery which is a measure of the portion of debt that can be regained through freezing of assets and collateral should default transpire.

Methodology for Risk Rating

For loans & advances and placement with banks, the Group utilises Obligor Risk Rating and Facility Risk Rating models to assign ratings to obligor and facilities in line with the Bank's Credit Policy. The Obligor Risk Rating models include the Bank Risk Rating and Corporates Risk Rating models. The Group utilises the Bank Rating model and the Corporate Rating model to rate bank and corporate organisations respectively. Each rating model considers qualitative and quantitative conditions of the obligor. For the quantitative analysis, a three year history of financial position is required to adequately appraise the customer and the financial performance is benchmarked against industry averages. The qualitative section covers corporate governance issues, industry and business considerations to give a perception of the customer.

In summary, the key factors considered while doing an appraisal of the customer include:

- A measure of the financial and non financial risks of the borrower. In order to properly evaluate the non financial risks of the borrower, a thorough industry analysis is carried out by a dedicated team in Risk Management. This is used as a benchmark for the obligor

- Obligor rating considers the financial condition, management and ownership structure, industry and other qualitative factors of the customer.

- Facility rating recognises the risk mitigation and facility structuring as features of the credit facility. Considerations here include the nature and quality of collateral, the structure of the loan, and the nature and purpose of the loan, among others.

Ratings are assigned to customer for a period of one year. The exception to the foregoing is if the facility is project finance. Project finance facilities are monitored after the initial rating for any sign(s) of distress.

All ratings are reviewed annually. More frequent reviews are occasioned by unexpected developments such as policy and market changes. Changes to the obligor’s status and/or capability will also trigger a review. The group generally avoids high risk obligors that will warrant frequent reviews and management.

The Group maintains the under listed rating grade which is applicable to both new and existing customers. A self explanatory rating grid showing how ratings are assigned is illustrated below:

SCORE BANDS	RATING
0% to 15%	CC/C
15% to 30%	CCC
30% to 40%	B
40% to 52%	BB
52% to 63%	BBB
63% to 75%	A
75% to 92%	AA
92% to 100%	AAA
For cash backed facilities; the bank assigns a default rating of AAA to them.	

A "+" (plus) or "-" (minus) sign may be assigned to ratings from Aa to C to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.

3.1.5 Risk limit and control mitigation policies

The medium by which limits for banks and issuers are created is the credit appraisal (CA). A signed CA must evidence all types of credit lines being considered for the client. There are laid down procedures for approval limits based on volume, rating, collateral type etc. within the Group.

All credits in the Group are rated using the Group's internal rating model. As part of the credit appraisal process, such rating is compared and evaluated against published ratings of external rating agencies.

These ratings, apart from determining values of credit to be advanced to an obligor, also guides Management and the Board on authorisation limits for approving credit facilities.

This laid down authority governs credit extension by the banking subsidiary is as below -

Approving Authorities	Approved Volume	Ratings
Management Risk Committee	Up to N10.5bn	Aa - Aaa
Management Risk Committee	Up to N300Mn	Bbb- -A
Board Risk Committee (BRC)	Up to N6bn	Aa - Aaa
Board Risk Committee (BRC)	Up to N3.7bn	Bbb- - A
Full Board	Up to N1.26bn	Bb+ - B-
Full Board	Any amount	C

***** The Management Risk Committee of the bank comprise the officers specified below, signing jointly:

- Chief Risk Officer
- Executive Directors
- Managing Director/CEO

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2022 were Inflation, exchnage rate and Crude Oil Price using Brent as the benchmark considering its ability to be forecasted into the future.

31 December 2022		**2022**	**2023**	**2024**	**2025**
Brent Crude Price - Year on Year (USD)	Base Case	88.31	88.73	86.14	83.79
	Optimistic Case	95.12	97.30	88.76	88.00
	Pessimistic Case	80.00	81.00	83.45	79.24
Exchange Rate (N/US$) Using NAFEX as reference	Base Case	461.10	572.53	602.16	657.60
	Optimistic Case	532.57	574.83	579.64	630.31
	Pessimistic Case	515.28	563.33	615.85	672.27
Inflation Rate (%)	Base Case	21.34	20.77	18.83	17.02
	Optimistic Case	20.35	19.67	18.12	15.23
	Pessimistic Case	21.09	22.77	19.50	18.32

31 December 2021		**2022**	**2023**	**2024**	**2025**
Brent Crude Price - Year on Year	Base Case	64.56	65.02	67.16	69.56
	Best Case	70.05	72.01	75.53	79.24
	Worst Case	52	60	60.95	59.43

SENSITIVITY ANALYSIS

The most significant assumptions affecting the ECL allowance for 31 December 2022 was:

Set out below are the changes to the ECL as at 31 December 2022 that would result from reasonable possible changes in the EAD, LGD and PD from the actual assumptions used in the bank's economic variable assumptions (for example, the impact on ECL of increasing the estimated crude oil price by 10%).

GROUP

December 2022

	10%	No change	-10%
Brent Crude Price	1,772,084	1,895,480	1,963,148

December 2021	10%	No change	-10%
Brent Crude Price	2,506,031	2,417,816	2,594,245

COMPANY

The impact on the ECL for the company on change in estimation of ECL parameters are considered

3.1.6 Collateral Policies

To minimise the risk of loss by the Group in the event of a decline in quality or delinquency, the Group ensures that credit exposures have appropriate collateral. Security documents are reviewed to ensure their continuous enforceability. Also, securities held against exposures are reviewed regularly to ensure realisability and value. Where diminution in value has occurred, appropriate steps are taken to shore up such positions.

This is done throughout the life of the credit exposure.

Collateral securities pledged to the Group must be in negotiable form and its types include the following:

- Real estate, plant and equipment collateral (usually all asset or mortgage debenture or charge) which have to be registered and enforceable under Nigerian law
- Collateral consisting of inventory, account receivables, floating debenture, etc., which have to be registered and, must be enforceable in Nigeria and under Nigerian law.
- Stocks and shares of publicly quoted companies
- Domiciliation of payment on contracts
- Letters of Lien

Currently, the various types of collateral held are against our margin facilities. They consist of stocks and shares of publicly quoted companies, real estate, letters of lien, domiciliation of payment contracts and charge on assets.

FSDH shall track, value and give or receive collateral during the eligible or applicable life of every credit transaction. General tasks on a day to day basis shall include:

- Managing collateral movement – record details of collateral, monitor customer exposure and collateral received or posted.
- Mark-to-market situation or position where applicable and call for margins as may be required.
- Deal with disagreements and disputes over exposure calculations and collateral valuations.
- Provide custody, clearing and settlement (depending on how the legal relationship is structured)
- Manage collateral inflows and outflows
- Do regular valuations (quarterly at the minimum) of all securities. Depending on security type (equity or fixed income), valuation can be done on an end of day (EOD) basis
- Deal with requests for collateral substitution where required

To ensure ease of realisation of collateral in the event of non-performance, all credit documentation requirements shall be met before a credit facility is availed and where there are waivers, relationship officers and Risk Management Department must ensure that such waivers are resolved within the approved period.

As a matter of good business practice, adequate security ought to be taken from a customer, whose financial standing and track record do not justify lending on a clean basis.

Clean lending situations may arise where it makes economic sense to do so based on perceived client's credit risk.

Therefore, depending on counterparty obligor/facility rating, collateral security may be waived as a pre-condition for granting the facility. Consequently, obligors with ratings below investment grade must, as a necessity, provide acceptable security before approval can be granted. Obligors with Investment Grade credit ratings may be allowed clean facility, depending on their financial standing. Accordingly, such decisions shall be taken by Management and/or the Board Risk Committee where necessary.

For placements with financial institutions which consist of mainly banks, the amount of credit extended is based on the strength of the institution as shown by the Group's internal rating model.

3.1.7 Maximum exposure to credit risk before collateral held or other credit enhancements

The table below shows the maximum exposure of financial assets to credit risk as of the balance sheet date;

Maximum Exposure to Credit Risk
Group

	Dec-22 ₦'000	Dec-21 ₦'000
Cash and bank balances		
Balances with other banks		
- Operating balance with Central Bank of Nigeria	3,322,926	115,034
- Balances with banks in Nigeria	993,316	1,336,103
- Balances with banks outside Nigeria	12,665,088	12,653,491
- Mandatory reserve deposit with Central Bank of Nigeria	26,562,369	30,845,869
Loans to banks		
- Placements with banks	11,359,184	7,804,755
Financial instruments held for trading/fair value through profit or loss		
- Nigerian Equity	162,993	
- Nigerian Treasury Bills	206,478	600,142
- Federal Government of Nigeria Bonds	1,309,146	1,811,695
- Mutual funds	1,655,056	-
Trading asset	10,208,003	
Derivative financial instruments		
- Foreign exchange forward contract	460,730	821,873
Loans and advances to customers		
- Loans and advances (net of impairment)	117,814,870	77,368,378
Investment securities		
- Nigerian Treasury Bills	3,291,463	1,945,859
- Federal Government of Nigeria bonds	2,337,452	2,764,928
- Corporate bonds	8,938,824	11,031,988
- Promissory notes and commercial papers	39,892,966	26,615,069
- State Govt Bonds	1,896,414	
Pledged assets		
- Nigerian Treasury Bills	249,050	347,175
- Federal Government of Nigeria bonds	5,963,306	1,419,780
- Corporate bonds	-	-
- Promissory notes and commercial papers	-	10,990,610
Other assets		
- Receivables (net of impairment)	16,803,085	3,692,582
	266,092,719	192,165,331
Credit related commitments		
- Letters of Credit	23,725,165	11,516,711
- Performance bonds and guarantees	5,422,442	4,249,293
- Loan commitments	32,990,504	10,297,432
	62,138,111	26,063,436

Company

	Dec-22 ₦'000	Dec-21 ₦'000
Cash and bank balances		
Balances with other banks		
- Balances with banks in Nigeria	33,641	17,214
Financial instruments held for trading/fair value through		
- Mutual fund	959,256	896,320
Loans and advances to customers		
- Loans and advances (net of impairment)	4,092	11,197
Other assets		
- Receivables	2,922,803	1,514,167
	3,919,791	2,438,898

3.1.8 Concentrations of Credit Risk

The group monitors concentration of credit risk by geographical location and by industry. An analysis of concentrations of credit risk as at 31 December 2022 and 31 December 2021 is set out below:

a) Geographical sectors

The group considers the credit exposure to geographical sectors. A large percentage of our credit facilities are domiciled in Nigeria for all periods. For exposures to balances with banks, the group is exposed to credit risk to banks within and outside Nigeria.

The table below shows the financial instruements in accordance with their geographical spread as at 31 December 2022.

In thousands of Nigerian Naira	Within Nigeria	Outside Nigeria	Total
Financial assets:			
Cash and bank balances			
Balances with other banks			-
- Operating balance with Central Bank of Nigeria	3,322,926	-	3,322,926
- Balances with banks in	993,316	-	993,316
- Balances with banks outside	-	12,665,088	12,665,088
- Mandatory reserve deposit with Central Bank of Nigeria	26,562,369	-	26,562,369
Loans to banks			
- Placements with banks	11,359,184	-	11,359,184
Financial instruments held as fair value through profit or loss			
- Nigerian Treasury Bills	206,478	-	206,478
- Federal Government of Nigeria Bonds	1,309,146	-	1,309,146
Derivative financial instruments			
- Foreign exchange forward contract	460,730	-	460,730
Loans and advances			
- Loans and advances (net of impairment)	117,814,870	-	117,814,870
Investment securities			
- Nigerian Treasury Bills	3,291,463	-	3,291,463
- Federal Government of Nigeria bonds	2,337,452	-	2,337,452
- Corporate bonds	8,938,824	-	8,938,824
- Promissory Notes & Commercial Bills	39,892,966	-	39,892,966
-Unquoted equity	15,666	-	15,666
Pledged assets			
- Nigerian Treasury Bills	249,050	-	249,050
- Federal Government of Nigeria bonds	5,963,306	-	5,963,306
- Corporate bonds	-	-	-
- Promissory notes and commercial papers	-	-	-
Other assets			
-Receivables	16,803,085	-	16,803,085
Total	**239,520,831**	**12,665,088**	**252,185,919**
Off balance sheet financial assets			
- Letters of Credit	23,725,165	-	23,725,165
- Performance bonds and	5,422,442	-	5,422,442
- Loan commitments	32,990,504	-	32,990,504
Total	**62,138,111**	**-**	**62,138,111**

b) Industrial classification

The following table breaks down the group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support) categorised by industries as at 31 December 2022

FSDH HOLDING COMPANY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
At 31 December 2021

Group
31 December 2022

In thousands of Nigerian Naira	Personal Care	Government	Finance institutions	Conglomerate & Consumer goods	Oil and Gas Upstream	Oil and Gas Services	Agro Services/ Crop Products	Telecoms	Plastics	Information Services Activities	Food Products	Pharma ceuticals	Power Generation / Plants	General - Logistics	Other financial activities	Others	Steel Rolling Mills	Chemical & Allied Products	Beverages	Total
Financial assets:																				
Cash and bank balances																				
Balances with other banks																				
- Operating balance with Central Bank of Nigeria	-	3,322,926	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**3,322,926**
- Balances with banks in Nigeria	-	-	993,316	-	-	-	-	-	-	-	-	-	-	-	-	-				**993,316**
- Balances with banks outside Nigeria	-	-	12,665,088	-	-	-	-	-	-	-	-	-	-	-	-	-				**12,665,088**
- Mandatory reserve deposit with Central Bank of Nigeria	-	26,562,369	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**26,562,369**
Loans to banks																				
- Placements with banks	-		11,354,635	-	-	-	-	-	-	-	-	-	-	-	-	-				**11,354,635**
- Placements with other financial institutions	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-				**-**
																				-
Financial instruments at fair value through profit of loss																				**-**
'- Equity																162,993				**162,993**
- Nigerian Treasury Bills	-	206,478	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**206,478**
- Federal Government of Nigeria Bonds	-	1,309,146	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**1,309,146**
- Corporate Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**-**
- Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,655,056				**1,655,056**
Trading asset		10,208,003																		**10,208,003**
Derivative financial instruments																				
- Foreign exchange forward contract	-	335,363	-	-	-	-	25,017		3,564	-	6,231	-	7,109	10,644	-	4,165	19,943	48,135	559	**460,730**
Loans and advances																				
- Loans and advances (net of impairment)		-	1,077,817	11,215,140	107,670		17,463,283	2,294,969	4,199,058	1,492,081	2,993,172		3,803,156	4,845,108	20,234,326	28,930,990	4,241,531	9,172,255	5,866,033	**117,936,588**
Investment securities																				
- Nigerian Treasury Bills	-	3,291,463	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**3,291,463**
- Federal Government of Nigeria Bonds	-	2,334,679	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**2,334,679**
- Corporate bonds	-	4,849,684	2,068,540	-	-	-	-	-	-	-	-	-	-	2,020,600	-	-		-	-	**8,938,824**
- Promissory Notes and Commercial Papers		39,892,966	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**39,892,966**
- Unquoted equities	-	-																		**-**
- State Bonds	-	1,896,414																		**1,896,414**
Pledged assets																				
- Nigerian Treasury Bills	-	249,050	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**249,050**
- Federal Government of Nigeria bonds	-	5,963,306	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**5,963,306**
- Corporate bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
- Promissory Notes and Commercial Papers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
																				-
Other assets																				**-**
- Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,803,085				**16,803,085**
Total	**-**	**100,421,847**	**28,159,396**	**11,215,140**	**107,670**	**-**	**17,488,300**	**2,294,969**	**4,202,621**	**1,492,081**	**2,999,403**	**-**	**3,810,266**	**6,876,352**	**20,234,326**	**47,556,289**	**4,261,473**	**9,220,389**	**5,866,592**	**266,207,115**

Credit related commitments	Chemical and Allied Product	Agro Services	Cement	Oil & Gas Downstream	Oil & Gas Services	Plastics	Flourmills	Beverages	Steel Rolling	Power Generation/ Plants	Logistics	Pharma ceuticals	Miscellaneous	Domestic Trade	Food Manufacturing	Finance & Institutions	Personal Care	Conglomerates	Others	Total
- Letters of Credit	4,046,893	919,632	2,617,959	-		2,102,746	1,012,881	136,037	1,654,219	1,823,368	6,842,465		277,420	377,217	1,475,519	-	123,203	-	315,606	23,725,165
- Performance bonds and guarantees	-	-		3,030,600		-	-	-	-	273,332	46,110	50,000	-	-	-	1,860,400	-	-	162,000	5,422,442
- Loan commitments		4,887,348		7,999,289	-	-	5,695,182	-	-	-	2,425,314	-	3,789,744	4,844,272	4,081,314	3,246,780	-	-	990,518	37,959,761
Total	**4,046,893**	**5,806,980**	**2,617,959**	**11,029,889**	**-**	**2,102,746**	**6,708,063**	**136,037**	**1,654,219**	**2,096,700**	**9,313,889**	**50,000**	**4,067,164**	**5,221,489**	**5,556,833**	**5,107,180**	**123,203**	**-**	**1,468,124**	**67,107,368**

31 December 2021

In thousands of Nigerian Naira	Personal Care	Government	Finance institutions	Conglomerate & Consumer goods	Oil and Gas Upstream	Oil and Gas Services	Agro Services	Telecoms	Plastics	Information Services Activities	Food Products	Pharma ceuticals	Power Generation / Plants	General - Logistics	Other financial activities	Others	Personal Care	Asset Manageme nt	Conglomer ate	Total
Financial assets:																				
Cash and bank balances																				
Balances with other banks																				
- Operating balance with Central Bank o	-	115,034	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**115,034**
- Balances with banks in Nigeria	-	-	1,336,103	-	-	-	-	-	-	-	-	-	-	-	-	-				**1,336,103**
- Balances with banks outside Nigeria	-	-	12,653,491	-	-	-	-	-	-	-	-	-	-	-	-	-				**12,653,491**
- Mandatory reserve deposit with	-	30,845,869	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Central Bank of Nigeria																				**30,845,869**
																				-
Loans to banks																				**-**
- Placements with banks	-	700,086	10,057,093	-	-	-	-	-	-	-	-	-	-	-	-	-				**10,757,179**
- Placements with other financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**-**
																				-
Financial instruments at fair value through																				
profit of loss																				**-**
- Nigerian Treasury Bills	-	2,284,241	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**2,284,241**
- Federal Government of Nigeria Bonds	-	934,284	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**934,284**
- Corporate Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**-**
- Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**-**
																				-
Derivative financial instruments																				**-**
Derivative financial instruments																				**-**
- Foreign exchange forward contract	-	821,873	-	-	-															**821,873**
																				-
Loans and advances																				**-**
- Loans and advances (net of impairme	29,002	-	31,788,442	861,292	4,203,372	289,048	11,690,386	5,985,395	1,714,923	1,225,106	3,136,691	188,390	1,142,771	3,123,583	1,187,626	10,802,351	4,087,908	6,374,847	4,797,162	**92,628,295**
																				-
																				-
Investment securities																				**-**
- Nigerian Treasury Bills	-	1,945,859	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**1,945,859**
- Federal Government of Nigeria Bonds	-	2,762,155	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**2,762,155**
- Corporate bonds	-	2,989,445	5,538,142	-	-	-	-	-	-	-	-	-	-	2,101,497	-	-	402,904			**11,031,988**
- Promissory Notes and Commercial Papers		23,636,165			-	-	-	-	-	-	-	-	-	-	-					**23,636,165**
		-																		**-**
Pledged assets		2,051,853																		**2,051,853**
- Nigerian Treasury Bills	-			-	-	-	-	-	-	-	-	-	-	-	-	-				**-**
- Federal Government of Nigeria bonds	-			-	-	-	-	-	-	-	-	-	-	-	-	-				**-**
- Corporate bonds	-	347,175		-	-	-	-	-	-	-	-	-	-	-	-	-				**347,175**
- Corporate bonds	-	1,419,780		-	-	-	-	-	-	-	-	-	-	-	-	-				**1,419,780**
- Promissory Notes and Commercial Pa	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-				**-**
		10,990,610																		**10,990,610**
Other assets																				**-**
- Receivables	-	-		-	-	-	-	-	-	-	-	-	-	-	-		3,098,554			**3,098,554**
Total	**1,421**	**86,744,412**	**32,576,590**	**892,177**	**15,780,606**	**411,447**	**1,528,002**	**4,802,302**	**978,239**	**1,225,106**	**3,107,566**	**270,143**	**110,932**	**1,383,447**	**3,582,737**	**6,412,060**	**6,412,060**	**6,412,060**	**6,412,060**	**209,660,508**

Credit related commitments	Chemical and Allied Product	Finance and Insurance	Federal Parastatal	Oil & Gas Downstream	Oil & Gas Services	Pharmace utical	Flourmills	Food products	Printing&P ublishing	Power Generation/ Plants	Logistics	Agro-Services	Alluminium &Allied Products	Rubber&Allied Products	Plastic	Others	Personal Care	Asset Management	Conglomer ate	Total
- Letters of Credit	3,582,983	211,798	-	-	-	1,574,225	4,361,283	2,974,671	1,574,225	2,051,216	230,977	229,897	295,897	499,465	451,917	-	350,911	-	-	**18,389,465**
- Performance bonds and guarantees	-	-	7,796	5,390,733	39,187	-	-	-	-	1,234,145	-	-	-	-	-	-	-	-	-	**6,671,861**
- Loan commitments		221,497		-	-	-	-	-	-	-	11,893,074	-	-	287,698	5,251,319	17,118,240	-	2,670,519	517,414	**37,959,761**
Total	**3,582,983**	**433,295**	**7,796**	**5,390,733**	**39,187**	**1,574,225**	**4,361,283**	**2,974,671**	**1,574,225**	**3,285,361**	**12,124,051**	**229,897**	**295,897**	**787,163**	**5,703,236**	**17,118,240**	**350,911**	**2,670,519**	**517,414**	**63,021,086**

Company

31 December 2022

In thousands of Nigerian Naira	Chemical and Allied Product	Government	Finance and Insurance	Conglomerate	Oil and Gas Upstream	Oil and Gas Downstream	Real Estate	Telecoms	Crop Production	Flour Mills and Bakeries	Food Products	Pharma ceuticals	Power Generation / Plants	General - Logistics	Textiles and Apparel	Others	Steel Rolling Mills	Chemical & Allied Products	Beverages	Total
Financial assets:																				
Cash and bank balances																				
- Balances with banks in Nigeria	-	-	33,641	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**33,641**
- Balances with banks outside Nigeria	-	-	-	-	-	-	-	-		-				-		-				**-**
- Mandatory reserve deposit with Central Bank of Nigeria	-	-	-	-	-	-	-	-		-				-		-				**-**
																				-
Loans to banks																				**-**
- Placements with banks	-	-	-	-	-	-	-	-		-				-		-				**-**
- Placements with other financial institutions	-	-	-	-	-	-	-	-		-				-		-				**-**
																				-
Financial instruments held as fair value through profit or loss																				**-**
- Nigerian Treasury Bills	-	-	-	-	-	-	-	-		-				-		-				**-**
- Federal Government of Nigeria Bonds	-	-	-	-	-	-	-	-		-				-		-				**-**
- Corporate Bonds		-	-																	**-**
																				-
Derivative financial instruments																				**-**
- Foreign exchange forward contract		-																		**-**
Loans and advances																				
- Loans and advances (net of impairme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,092	-	-	-	**4,092**
Financial instruments at fair value through profit of loss																				
- Mutual Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				**-**
Investment securities																				
- Nigerian Treasury Bills	-	-	-	-	-	-	-	-		-				-		-				
- Federal Government of Nigeria bonds	-	-		-	-	-	-	-		-				-		-				
- State Government and Corporate bonds	-		-	-	-	-	-	-		-				-		-				
		-			-	-	-	-		-				-		-				
Pledged assets																				
- Nigerian Treasury Bills	-	-																		
- Federal Government of Nigeria bonds	-	-	-	-	-	-	-	-		-				-		-				
- State Government and Corporate bonds	-		-	-	-	-	-	-		-				-		-				
		-	-	-	-	-	-	-		-				-		-				
Other assets																				
- Receivables	-	-	2,730,225	-	-	-	-	-	-	-	-	-	-	-	-	192,577	-	-	-	**2,922,802**
Total	**-**	**-**	**2,763,866**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**196,669**	**-**	**-**	**-**	**2,960,535**

31 December 2021

In thousands of Nigerian Naira	Chemical and Allied Product	Government	Finance and Insurance	Conglomerate	Oil and Gas Upstream	Oil and Gas Downstream	Real Estate	Telecoms	Crop Production	Flour Mills and Bakeries	Food Products	Pharma ceuticals	Power Generation / Plants	General - Logistics	Textiles and Apparel	Others	Personal Care	Asset Management	Conglomer ate	Total
																				-
Financial assets:																				**-**
																				-
Cash and bank balances																				**-**
- Balances with banks in Nigeria	-	-	17,215	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**17,215**
																				-
Loans and advances																				**-**
- Loans and advances (net of impairme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,198	-	-	-	**11,198**
																				-
Other assets																				**-**
- Receivables	-	-	1,426,618	-	-	-	-	-	-	-	-	-	-	-	-	87,550	-	-	-	**1,514,168**
Total	**-**	**-**	**1,443,833**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**98,747**	**-**	**-**	**-**	**1,542,580**

3.1.9 Credit Quality

The following table breaks down the group's credit exposure and their carrying amounts (without taking into account any collateral held or other credit support) categorised by credit quality:-

Group
31 December 2022

In thousands of Nigerian Naira	Stage 1 Assets	Stage 2 Assets	Stage 3 Assets	Gross	Impairment allowance	Net
Financial assets:						
Cash	2,931			2,931		2,931
Balances with other banks						
- Operating balance with Central Bank of Nigeria	3,322,926	-	-	3,322,926	-	3,322,926
- Balances with banks in Nigeria	993,316	-	-	993,316		993,316
- Balances with banks outside Nigeria	12,665,088	-	-	12,665,088	-	12,665,088
- Mandatory reserve deposit with Central Bank of Nigeria	26,562,369	-	-	26,562,369	-	26,562,369
				-		
Loans to banks				-		
- Placements with banks	11,359,184	-	-	11,359,184	4,549	11,354,635
Financial instruments held for trading				-		-
Equitity	162,993			162,993		162,993
- Nigerian Treasury Bills	206,478	-	-	206,478	-	206,478
- Federal Government of Nigeria Bonds	1,309,146	-	-	1,309,146	-	1,309,146
- Corporate Bonds	-	-	-	-	-	-
- Mutual funds	1,655,056	-	-	1,655,056	-	1,655,056
Derivative financial instruments						
- Foreign exchange forward contract	460,730	-	-	460,730	-	460,730
Loans and advances						
- Loans and advances	117,195,766	-	1,997,983	119,193,749	1,378,879	117,814,870
				-		-
Investment securities				-		-
Equity	15,666			15,666		15,666
- Nigerian Treasury Bills	3,291,463	-	-	3,291,463	2,755	3,288,708
- Federal Government of Nigeria bonds	2,337,452	-	-	2,337,452	- 132,598	2,470,050
- Corporate bonds	8,938,824	-	-	8,938,824	66,159	8,872,665
- Promissory Notes and Commercial Papers	39,226,091	-	-	39,226,091	63,684	39,162,407
- State Bonds	1,896,414	-	-	1,896,414	-	1,896,414
				-		-
Amortised cost				-		-
Repurchase investment	-			-		-
Equity	666,875			666,875		666,875
				-		-
Pledged assets						
- Treasury bills	249,050	-	-	249,050	-	249,050
- Federal Government of Nigeria bonds	5,963,306	-	-	5,963,306	-	5,963,306
- Corporate bonds	-	-	-	-	-	-
- Promissory Notes and Commercial Papers	-	-	-	-	-	-
Total	**238,478,193**	**-**	**1,997,983**	**240,476,176**	**1,383,428**	**239,095,679**
Off balance sheet financial assets						
- Letters of Credit	23,725,165	**-**	**-**	23,725,165	39,122	23,686,043
- Performance bonds and guarantees	5,422,442	**-**	**-**	5,422,442	826	5,421,616
- Loan commitments	32,990,504	**-**	**-**	32,990,504	85,710	32,904,795
Total	**62,138,111**	**-**	**-**	**62,138,111**	**125,657**	**62,012,454**

Group
31 December 2021

In thousands of Nigerian Naira	Stage 1 Assets	Stage 2 Assets	Stage 3 Assets	Gross	Impairment allowance	Net
Financial assets:						
Balances with other banks						
- Operating balance with Central Bank of Nigeria	115,034	-	-	115,034	-	115,034
- Balances with banks in Nigeria	1,336,103	-	-	1,336,103	-	1,336,103
- Balances with banks outside Nigeria	12,653,491	-	-	12,653,491	-	12,653,491
- Mandatory reserve deposit with Central Bank of Nigeria	30,845,869	-	-	30,845,869	-	30,845,869
Loans to banks				-		-
- Placements with banks	10,783,659	-	-	10,783,659	26,480	10,757,179
				-		-
Financial instruments held for trading				-		-
- Nigerian Treasury Bills	600,142	-	-	600,142	-	600,142
- Federal Government of Nigeria Bonds	1,811,695	-	-	1,811,695	-	1,811,695

				-		-
Derivative financial instruments				-		-
- Foreign exchange forward contract	821,873	-	-	821,873	-	821,873
				-		-
Loans and advances				-		-
- Loans and advances	76,075,212	-	3,717,349	79,792,561	2,424,183	77,368,378
Investment securities				-		-
- Nigerian Treasury Bills	1,945,859	-	-	1,945,859	-	1,945,859
- Federal Government of Nigeria bonds	2,764,928	-	-	2,764,928	2,774	2,762,154
- Corporate bonds	11,031,988	-	-	11,031,988	-	11,031,988
- Promissory Notes and Commercial Papers	23,636,165	-	-	23,636,165	2	23,636,163
-State Bonds				-		-
Pledged assets	2,051,853			2,051,853		2,051,853
- Treasury bills	347,175	-	-	347,175	-	347,175
- Federal Government of Nigeria bonds	1,419,780	-	-	1,419,780	-	1,419,780
- Corporate bonds		-	-	-	-	-
- Promissory Notes and Commercial Papers	10,990,610	-	-	10,990,610	-	10,990,610
Total	**189,231,436**	**-**	**3,717,349**	**192,948,785**	**2,453,439**	**190,495,346**
Off balance sheet financial assets						
- Letters of Credit	18,389,465	-	-	18,389,465	22,996	18,366,469
- Performance bonds and guarantees	6,655,495	-	-	6,655,495	6,498	6,648,997
- Loan commitments	16,365,000	-	-	16,365,000	33,490	16,331,510
Total	**41,409,960**	**-**	**-**	**41,409,960**	**62,984**	**41,346,976**

Company

31 December 2022

In thousands of Nigerian Naira	Stage 1 Assets	Stage 2 Assets	Stage 3 Assets	Gross	Impairment allowance	Net
Financial assets:						
Balances with other banks						
- Balances with banks in Nigeria	33,641	-	-	33,641	-	33,641
Loans and advances						
- Loans and advances	4,212	-	-	4,212	120	4,092
Total	**37,852**	**-**	**-**	**37,852**	**120**	**37,733**

31 December 2021

In thousands of Nigerian Naira	Stage 1 Assets	Stage 2 Assets	Stage 3 Assets	Gross	Impairment allowance	Net
Financial assets:						
Balances with other banks						
- Balances with banks in Nigeria	17,215	-	-	17,215	-	17,215
				-		-
Loans and advances				-		-
- Loans and advances	11,317	-	-	11,317	120	11,198
Total	**28,532**	**-**	**-**	**28,532**	**120**	**28,413**

3.1.10 Collaterals

The group holds collateral and other credit enhancements against certain of its credit exposures.

3.1.11 RATINGS

The credit quality of the portfolio of financial assets in stages 1 and stages 2 per IFRS 9 based on the internal rating system or rating agency adopted by the group are as follows:

Group

31 December 2022

In thousands of Nigerian Naira	Aaa to Aa-	A+ to A-	Bbb+ to Bb-	Below Bb-	Unrated	**Total**
Financial assets:						
Balances with other banks						
- Operating balance with Central Bank of Nigeria	3,322,926	-	-	-	-	3,322,926
- Balances with banks in Nigeria	408,230	473,394	111,692	-	-	993,316
- Balances with banks outside Nigeria	8,647,278	606,663	1,292,853	2,118,263	31	12,665,088
- Mandatory reserve deposit with Central Bank of Nigeria	26,562,369	-	-	-	-	26,562,369
						-

Loans to banks						-
- Placements with banks	4,249,967	-	7,104,668	-	-	11,354,635
- Placements with other financial institutions	-	-	-	-	-	-
						-
Financial instruments held for trading						-
- Nigerian Treasury Bills	206,478	-	-	-	-	206,478
- Federal Government of Nigeria Bonds	1,309,146	-	-	-	-	1,309,146
Derivative financial instruments						-
- Foreign exchange forward contract	460,730	-	-	-	-	460,730
						-
- Loans and advances	42,779,076	21,468,027	51,683,747	1,975,136	-	117,905,986
						-
Investment securities						-
- Nigerian Treasury Bills	3,291,463	-	-	-	-	3,291,463
- Federal Government of Nigeria bonds	2,334,678	-	-	-	-	2,334,678
- Corporate bonds	672,433	402,902	7,638,150	225,339	-	8,938,824
- Promissory Notes and Commercial Papers	39,799,174	93,792	-	-	-	39,892,966
Pledged assets						
- Nigerian Treasury Bills	249,050	-	-	-	-	249,050
- Federal Government of Nigeria bonds	5,963,306	-	-	-	-	5,963,306
- Corporate bonds	-	-	-	-	-	-
- Promissory Notes and Commercial Papers	-	-	-	-	-	-
Other assets						
- Receivables	16,803,085	-	-	-	-	16,803,085
Total	**157,059,389**	**23,044,778**	**67,831,110**	**4,318,738**	**31**	**252,254,046**

Group
31 December 2021

In thousands of Nigerian Naira	Aaa to Aa-	A+ to A-	Bbb+ to Bb-	Below Bb-	Unrated	**Total**
<u>Financial assets:</u>						
Balances with other banks						
- Operating balance with Central Bank of Nigeria	115,034	-	-	-	-	115,034
- Balances with banks in Nigeria	751,017	473,394	111,692	-	-	1,336,103
- Balances with banks outside Nigeria	8,635,681	606,663	1,292,853	2,118,263	31	12,653,491
- Mandatory reserve deposit with Central Bank of Nigeria	30,845,869	-	-	-	-	30,845,869
						-
Loans to banks						-
- Placements with banks	3,652,511	-	7,104,668	-	-	10,757,179
- Placements with other financial institutions	-	-	-	-	-	-
						-
Financial instruments held for trading						-
- Nigerian Treasury Bills	600,142	-	-	-	-	600,142
- Federal Government of Nigeria Bonds	1,811,695	-	-	-	-	1,811,695
						-
						-
Derivative financial instruments						-
- Foreign exchange forward contract	821,873	-	-	-		821,873
						-
Loans and advances						-
- Loans and advances	20,445,950	24,791,090	33,287,230	1,268,290	-	79,792,561
						-
Investment securities						-
- Nigerian Treasury Bills	1,945,859	-	-	-	-	1,945,859
- Federal Government of Nigeria bonds	2,762,154	-	-	-	-	2,762,154
- Corporate bonds	2,765,597	402,902	7,638,150	225,339	-	11,031,988
- Commercial Papers	23,542,373	93,792	-	-	-	23,636,165
						-
Pledged assets						-
- Nigerian Treasury Bills	347,175	-	-	-	-	347,175
- Federal Government of Nigeria bonds	1,419,780				-	1,419,780
- Corporate bonds	-				-	-
- Promissory Notes and Commercial Papers	10,990,610				-	10,990,610
						-
Other assets						-
- Receivables	3,692,582					3,692,582
Total	**115,145,902**	**26,367,841**	**49,434,593**	**3,611,892**	**31**	**194,560,260**

Balances with banks outside Nigeria are rated using the international Fitch ratings of these banks.

Company
31 December 2022

In thousands of Nigerian Naira	Aaa to Aa-	A+ to A-	Bbb+ to Bb-	Below Bb-	Unrated	**Total**
Financial assets:						
Cash and bank balances						
Balances with other banks						
- Balances with banks in Nigeria	-	33,641	-	-	-	**33,641**
Loans and advances						
- Loans and advances	-	-	4,212	-	-	**4,212**
Financial instruments held for trading						
- Mutual Funds	-	-	-	-	959,256	**959,256**
Other assets						
- Receivables	**-**	2,835,252	-	-	87,550	**2,922,802**
Total	**183,057,983**	**2,868,893**	**4,212**	**-**	**1,046,806**	**3,919,910**

Company
31 December 2021

In thousands of Nigerian Naira	Aaa to Aa-	A+ to A-	Bbb+ to Bb-	Below Bb-	Unrated	**Total**
Financial assets:						
Cash and bank balances						
Balances with other banks						
- Balances with banks in Nigeria	-	17,215	-	-	-	**17,215**
Loans and advances						**-** **-**
- Loans and advances	-	-	11,317	-	-	**11,317**
Financial instruments held for trading						**-**
- Mutual Funds	**-**	-	-	-	896,321	**896,321**
Other assets						**-**
- Receivables	**-**	1,426,618	-	-	87,550	**1,514,168**
Total	**-**	**1,443,832**	**11,317**	**-**	**983,871**	**2,439,020**

3.1.12 Financial Assets Individually Impaired

Individual assessment was conducted on all individually significant loans; and all non significant loans past due (91 days and above if any) in the portfolio. All individually significant loans are examined for any sign of impairment triggers. The triggers for impairments include:

1. significant financial difficulty of the issuer or obligor;
2. a breach of contract (such as a default or delinquency in interest or principal payments);
3. granting to the borrower a concession that FSDH would not otherwise consider, due to the borrower's financial difficulties;
4. becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
5. the disappearance of an active market for that financial asset because of financial difficulties;

IFRS 9 requires an entity to test a financial instrument for impairment at the end of each reporting period. If there is objective evidence that an impairment loss on individually significant loans has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the loan's interest rate computed at initial recognition.

At 31 December	**2022 Group Loans to customers at amortised cost N'000**	**2022 Group Loans to customers at amortised cost N'000**
Gross amount	1,352,531	2,280,392
Stage III impairment	850,842	2,069,508
Net amount	501,689	210,884
Fair value of collateral	-	-

3.1.12 Estimate of the value of collateral and other security enhancements held against loans and advances to customers is shown below:

Group In thousands of Naira	**Loans and advances to customers** **December 2022**	 **December 2021**
Property	529	-
Equities	4,347,370	2,286,677
Cash	14,102,160	14,243,634
Pledged goods/receivables	9,526,030	103,336
FGN Securities	23,678,300	3,304,209
All Asset Debenture	37,977,870	69,443,800
Corporate guarantee	9,650,390	8,794,699
Other	17,762,531	
Total	**117,045,180**	**98,176,355**

3.1.13 - Disclosure on significant changes in Gross Amount

The following table explain the changes in the gross carrying amount between the beginning and the end of the annual period due to the factors

31 December 2022

In thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Purchased Credit -	Total
	12-Month ECL	Lifetime ECL	Lifetime ECL		
Loss Allowance As At 1 January 2021	75,939,619	-	2,275,538	30,781	78,245,938
Transfers	-	-	-	-	-
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3		-	1,927,142		1,927,142
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Financial Assets derecognised during the period other than write-offs	-	-	70,841		70,841
New Financial Assets originated or purchased	37,531,380	-	-	-	37,531,380
FX and other movements		-	-	-	-
Gross Carrying Amount As At 31 December 20	**113,470,999**	**-**	**4,273,521**	**30,781**	**117,775,301**

31 December 2021

In thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Purchased Credit - Impaired	Total
	12-Month ECL	Lifetime ECL	Lifetime ECL		
Loss Allowance As At 1 January 2021	38,620,014	-	2,275,538		40,895,552
Transfers	-	-	-	-	-
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	(1,472,592)	-	1,441,811	(30,781)	(61,562)
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Financial Assets derecognised during the period other than write-offs	-	-	-	-	-
New Financial Assets originated or purchased	37,288,824	-	-	-	37,288,824
FX and other movements	1,503,373	-	-	-	1,503,373
Gross Carrying Amount As At 31 December 20	**75,939,619**	**-**	**2,275,538**	-	**79,626,187**

3.1.14 - Disclosure on changes in Loss Allowance

The following table explains the changes in the loss allowance between the beginning and the end of the annual period due to the factors mentioned there-in.

31 December 2022

In thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Purchased Credit -	Total
	12-Month ECL	Lifetime ECL	Lifetime ECL		
Loss Allowance As At 1 January 2021	422,398	- 163,699	2,152,686	-	2,411,384
Transfers	-	-	-	-	-
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-				-
Transfer from Stage 2 to Stage 3	-	(196,565)	643,038		446,473
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Financial Assets derecognised during the period other than write-offs	-	-	- 2,066,350		(2,066,350)
New Financial Assets originated or purchased	342,729	-	33,668	-	376,397
FX and other movements		-		-	-
Loss Allowance As At 31 December 2022	**765,127**	**- 360,264**	**763,042**	**-**	**1,167,904**

31 December 2021

In thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Purchased Credit -	Total
	12-Month ECL	Lifetime ECL	Lifetime ECL		
Loss Allowance As At 1 January 2021	332,072	-	1,946,082		2,278,153
Transfers	-	-	-		-
Transfer from Stage 1 to Stage 2	-	-	-		-
Transfer from Stage 1 to Stage 3	-	(163,699)	206,604	42,905	85,809
Transfer from Stage 2 to Stage 3	-	-	-		-
Transfer from Stage 3 to Stage 2	-	-	-		-
Transfer from Stage 2 to Stage 1	-	-	-		-
Financial Assets derecognised during the period other than write-offs	-	-	-		-
New Financial Assets originated or purchased	63,228	-	-		63,228
FX and other movements	27,098	-	-		27,098
Loss Allowance As At 31 December 2021	**422,398**	**- 163,699**	**2,152,686**	**42,905**	**2,454,289**

3.2 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises both currency risk and price risk. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Price risk is the earnings risk from changes in interest rates, foreign exchange rates, and equity and commodity prices. Price risk arises in non-trading portfolios, as well as in trading portfolios. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return on risk.

3.2.1 Management of market risk

The Group's market risk objectives, policies and processes are aimed at instituting a model that objectively identifies, measures and manages market risk in the Group and ensure that:

- The individuals who take or manage risk clearly understand it
- The Group's risk exposure is within established limits
- Risk taking decisions are in line with business strategy and objectives set by the Board of Directors
- The expected payoffs compensate for the risks taken
- Sufficient capital, as a buffer, is available to take risk'

3.2.2 Market risk measurement

The Group currently applies Non-Value at Risk measures in the measurement and management of market risks. The techniques currently used to measure and control market risk include:

Position Limit
The Board of Directors with the input of Risk Management unit sets limits on the aggregate trading portfolio for overnight positions. This limit, which is a product of our model tracking factor sensitivity, is reviewed frequently depending on market volatility

Trading Limit
Risk Management unit has put in place trading limit for all securities traders. Limits have been set based on experience and hierarchy, as it would be risky for traders to have equal ability to commit the Group. Limits are reviewed annually.

Mark-to-Market
The mark-to-market process is done by the Risk management unit of the subsidiaries involved in holding securities' position. Daily market quotes are obtained transparently and the unrealized profit or losses are computed. The results are presented to their respective management on daily basis for appropriate tracking and monitoring.

Other market risk measures
Other market risk measures specific to individual business units include permissible instruments, concentration of exposures, gap limits, issuer limits, maximum tenor and stop loss triggers. In addition, only approved products that can be independently priced and properly processed are permitted to be traded.

Pricing models and risk metrics used in production systems, whether these systems are off-the-shelf or in-house developed, are independently validated by the Risk Management unit before their use and periodically thereafter to confirm the continued applicability of the models. In addition, the Risk Management unit assesses the daily liquid closing price inputs (used to value instruments) and performs a review of less liquid prices from a reasonableness perspective at least monthly. Where differences are significant, mark-to-market adjustments are made.

Annual net interest income at risk

A dynamic forward-looking annual net interest income forecast is used to quantify the Group's anticipated interest rate exposure. This approach involves the forecasting of both changing balance sheet structures and interest rate scenario, to determine the effect these changes may have on future earnings. The analysis is completed under both normal market conditions as well as stressed market conditions.

Stress tests

Stress testing provides an indication of the potential losses that could occur in extreme market conditions and is carried out to augment other risk measures that are used by the Group, such as market risk factor sensitivities. These stress scenarios are typically used to highlight exposures that may not be explicitly incorporated by specific sensitivity calculations (such as basis, price and correlation) that can be the source of large losses when abnormally large market movements occur. Stress testing also attempts to indicate the size of the loss provoked by any of a number of unlikely but possible shock events given current positions held.

The stress tests carried out include individual market risk factor testing and combinations of market factors on individual asset classes and across different asset classes. Stress tests include a combination of historical and hypothetical simulations.

3.2.3 Foreign Exchange Risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows, primarily with respect to the US dollar. The Group is exposed to foreign exchange risk primarily through its assets, managing customers' deposits and through acting as an intermediary in foreign exchange transactions.

The Group has a robust risk management system that identifies, measures and mitigates the foreign currency exchange rate risk on its financial position and cash flows. In addition, there are regulatory imposed limits such as the net open position limit (OPL) which is set at 10% of Shareholders' funds for the banking subsidiary that helps to limit these exposures, the Group has market risk limits such as:

- Daily mark-to-market mechanism that revalues all currency positions daily, ensuring that foreign currency positions are valued at current market price and not at cost.
- An Open Position Limit that is more stringent than the regulatory limit.
- A Group wide limit on the maximum volume of foreign currency denominated securities to invest in.
- Aggregate position limits for individual currency positions, which limits exchange rate risk in all currencies that the Group has exposures.

The Group mitigates the changes in fair value attributable to foreign-exchange rate movements in certain transactions. Typically, entering into a forward foreign-exchange contract is used as a preferred hedging mechanism.

In addition, the Group enters into currency swaps to hedge against foreign exchange risk. It also carries out daily monitoring of its foreign currency balance sheet to ensure that Open positions do not exceed regulatory prescribed limit.

3.2.3 Foreign Exchange Risk (con'd)

The table below shows a breakdown of financial assets and financial liabilities by currency

Group	**31-Dec-22**	**31-Dec-22**	**31-Dec-22**	**31-Dec-22**	**31-Dec-21**	**31-Dec-21**	**31-Dec-21**
31 December 2022							
	NGN N'000	**USD N'000**	**GBP N'000**	**EUR N'000**	**CNY N'000**	**ZAR N'000**	**Total N'000**
ASSETS							
Cash and bank balances	30,262,192	12,042,547	140,832	1,102,064	(1,069)	64	43,546,630
Loans and receivables to banks	9,051,436	2,303,199.00	-	-	-	-	11,354,635
Financial assets held for trading	3,333,673	-	-	-	-	-	3,333,673
Trading assets	10,208,003						10,208,003
Derivative financial instruments	-	460,730	-	-		-	460,730
Loans and receivables to customers	68,925,942	48,888,928	-		-	-	117,814,870
Investment securities	48,978,386	7,394,399	-	-	-	-	56,372,785
Pledged assets	6,212,356		-	-	-	-	6,212,356
Right of use assets	194,472	-	-	-	-	-	194,472
Other assets	16,803,085	-	-	-	-	-	16,803,085
Total assets	193,969,545	71,089,803	140,832	1,102,064	(1,069)	64	266,301,239
LIABILITIES							
Due to banks	13,884,241	15,437,161		866,116	-		30,187,518
Due to customers	71,505,028	30,782,879	172,387	907,057	-	-	103,367,353
Derivative financial instruments	-	587,602	-	-		-	587,602
Lease liabilities	160,900	-	-	-	-	-	160,900
Other liabilities	12,625,971	5,395,948	-			-	18,021,919
Debt securities issued	35,119,803		-	-	-	-	35,119,803
Other borrowed funds	33,868,380	-	-	-	-	-	33,868,380
Total liabilities	167,164,323	52,203,589	172,387	1,773,173	-	-	221,313,475
Net on Balance Sheet Financial Position	**26,805,222**	**18,886,214**	**(31,556)**	**-671,109**	**(1,069)**	**64**	**44,987,764**
Credit Commitments							
- Letters of Credit	-	23,266,118.08	11,071.49	438,560.86	9,414.71	-	23,725,165
- Performance bonds and guarantees	5,376,331.67	46,110.00	-	-	-	-	5,422,442
- Loan commitments	32,990,504.14	-	-	-	-	-	32,990,504
	38,366,836	**23,312,228**	**11,071**	**438,561**	**9,414.71**	**-**	**62,138,111**

Group	**31-Dec-21**	**31-Dec-21**	**31-Dec-21**	**31-Dec-21**	**31-Dec-21**	**31-Dec-21**	**31-Dec-21**
31 December 2021							
	NGN N'000	**USD N'000**	**GBP N'000**	**EUR N'000**	**CNY N'000**	**ZAR N'000**	**Total N'000**
ASSETS							
Cash and bank balances	32,168,582	11,694,638	220,764	759,672	96,707	13,117	44,953,480
Loans and receivables to banks	10,757,179	-	-	-	-	-	10,757,179
Financial assets held for trading	3,960,411	-	-	-	-	-	3,960,411
Derivative financial instruments	-	820,675	-	-	1,198	-	821,873
Loans and receivables to customers	47,866,771	29,003,495	-	498,112	-	-	77,368,378
Investment securities	41,018,564	425,150	-	-	-	-	41,443,714
Pledged assets	10,590,779	2,166,786	-	-	-	-	12,757,565
Right of use assets	70,721	-	-	-	-	-	70,721
Other assets	3,692,582	-	-	-	-	-	3,692,582
Total assets	150,125,589	44,110,744	220,764	1,257,784	97,905	13,117	195,825,903
LIABILITIES							
Due to banks	56	25,480,229	-	654,507	-	13,112	26,147,904
Due to customers	58,948,112	17,707,280	198,966	13,620	-	-	76,867,978
Derivative financial instruments	-	794,976	-	-	1,070	-	796,046
Lease liabilities	102,588	-	-	-	-	-	102,588
Other liabilities	11,947,170	5,395,948	-	546,827	96,907	-	17,986,852
Debt securities issued	29,148,871	-	-	-	-	-	29,148,871
Total liabilities	117,445,013	49,378,433	198,966	1,214,954	97,977	13,112	151,050,239
Net on Balance Sheet Financial Position	**32,680,576**	**(5,267,689)**	**21,798**	**42,830**	**(72)**	**5**	**44,775,664**
Credit Commitments							
- Letters of Credit	0.39	16,825,315	36,563	510,086	53,213.22	964,287	18,389,465
- Performance bonds and guarantees	6,655,495	-	-	-	-	-	6,655,495
- Loan commitments	16,365,000	-	-	-	-	-	16,365,000
	23,020,495	**16,825,315**	**36,563**	**510,086**	**53,213**	**964,287**	**41,409,960**

Company	**31-Dec-22**	**31-Dec-22**	**31-Dec-22**	**31-Dec-22**	**31-Dec-22**	**31-Dec-22**	**31-Dec-22**
31 December 2022							
	NGN N'000	**USD N'000**	**GBP N'000**	**EUR N'000**	**CNY N'000**	**ZAR N'000**	**Total N'000**
ASSETS							
Cash and bank balances	33,150	1	490	-	-	-	33,641
Financial instruments held for trading	959,256	-	-	-	-	-	959,256
Loans and advances to customers	4,092	-	-	-	-	-	4,092
Other assets	2,922,802	-	-	-	-	-	2,922,802
	3,919,300	1	490	-	-	-	3,919,791
LIABILITIES							
Debt issued	3,151,259						3,151,259
Other liabilities	1,364,497	-	-	-	-	-	1,364,497
	4,515,756	-	-	-	-	-	4,515,756
	(596,456)	1	490	-	-	-	(595,965)

Company	**31-Dec-21**	**31-Dec-21**	**31-Dec-21**	**31-Dec-21**	**31-Dec-21**	**31-Dec-21**	**31-Dec-21**
31 December 2021							
	NGN N'000	**USD N'000**	**GBP N'000**	**EUR N'000**	**CNY N'000**	**ZAR N'000**	**Total N'000**
ASSETS							
Cash and bank balances	16,759	455	1	-	-	-	17,215
Financial instruments held for trading	896,321	-	-	-	-	-	896,321
Loans and advances to customers	11,198	-	-	-	-	-	11,198
Other assets	1,514,168	-	-	-	-	-	1,514,168
	2,438,445	455	1	0	0	0	2,438,901
LIABILITIES							
Other liabilities	1,150,575	-	-	-	-	-	1,150,575
	1,287,870	455	1	0	0	0	1,288,326

The table below shows the impact on the group's profit before tax of a 20% depreciation of the Naira against foreign exchange rates on financial instruments held at amortised cost or at fair value, with all other variables held constant.

Group

	31-Dec-22	**31-Dec-21**
	N'000	**N'000**
Assets	24,025,742	16,022,445
Liabilities	19,480,106	17,323,227
Impact on profit / loss	4,545,636	(1,300,782)

At 31 December 2022, if the local currency had weakened/strengthened by 20% against the US dollar, GB pound and Euro with all other variables held constant, this would have translated to a revaluation gain/loss to the tune of the amounts indicated above. It is however pertinent to note that losses sustained on the assets are offset by the gain on the liabilities and vice versa. The gains and losses do not exactly match because of the funding gap in that currency.

3.2.4 Interest Rate Risk

The Group is exposed to cash flow interest rate risk, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rate risk.

One of the Group's primary business functions is providing financial products that meet the needs of its customers. Loans and deposits are tailored to the customers' requirements with regard to tenor, and rate type. Net Interest Income (NII) is the difference between the yield earned on portfolio assets (including customer loans) and the rate paid on the liabilities (including customer deposits or wholesale borrowings). NII is affected by changes in the level of interest rates.

The exposure of other entities within the Group to interest rate risk is minimal as they are not deposit collecting agents. Their exposure is more limited to impact on their returns on investments.

Movements in interest rate on the Group's core activities affect its reported earnings and book capital by affecting the Net Interest Income (NII). The value of the Group's assets, liabilities, and interest-rate-related, off-balance-sheet items is affected by a change in rates because the present value of future cash flows, and in some cases the cash flows themselves, is changed.

The Group's primary strategy for managing interest rate risk is to match interest rate sensitivities of both sides of its Balance sheet. In this respect, the Group separately identifies and classifies its assets and liabilities based on their sensitivities i.e. floating vs. fixed rates. All floating rate components of the Balance sheet are managed against a defined benchmark rate. All fixed rate components are managed against a re-pricing profile benchmark to be determined by the ALM desk and approved by the ALCO.

The table below summarises the Group's interest rate gap position:

Group

31 December 2022	Carrying amount	Variable interest	Fixed Interest	Non interest-bearing
	N'000	N'000	N'000	N'000
Assets				
Cash and bank balances	43,546,630	-	-	43,546,630
Loans to banks and other financial institutions	11,354,635	-	11,355,764	(1,129)
Financial assets held for trading	3,333,673	-	2,022,493	1,311,180
Trading asset	10,208,003	-		
Derivative financial instruments	460,730	-	460,730.00	-
Loans and receivables to customers	117,814,870	9,999,532	107,775,769	39,569.00
Investment securities	56,375,561	-	56,375,561	-
Pledged assets	6,212,356	-		6,212,356
Other assets	16,803,085	-	-	16,803,085
	266,109,543	9,999,532	177,990,316	67,911,691
Liabilities				
Due to banks	30,187,518	-	30,187,518	
Due to customers	103,367,351	-	70,641,489	32,725,862
Derivative financial instruments	587,602	-	-	587,602
Lease liabilities	160,900	-	-	160,900
Other liabilities	18,021,919	-	18,021,919.00	
Debt securities issued	35,119,803	-	35,119,803.00	-
Other borrowed funds	33,868,380	-	33,868,380.00	
	221,313,473	-	187,839,109	33,474,364

Group

31 December 2021	Carrying amount	Variable interest	Fixed Interest	Non interest-bearing
	N'000	N'000	N'000	N'000
Assets				
Cash and bank balances	44,953,480	-	-	44,953,480
Loans to banks and other financial institutions	10,757,179	-	7,783,220	2,973,959
Financial assets held for trading	3,960,411	-	600,142	3,360,269
Derivative financial instruments	821,873	-	-	821,873
Loans and receivables to customers	77,368,378	5,104,547	69,736,099	2,527,732
Investment securities	41,446,490	-	37,584,076	3,862,414
Pledged assets	12,757,565	-	12,757,565	0
Other assets	3,692,582	-	-	3,692,582
	195,757,958	5,104,547	128,461,102	62,192,309
Liabilities				
Due to banks	26,147,904	-	26,104,330	43,574
Due to customers	76,867,978	-	71,794,882	5,073,096
Derivative financial instruments	796,046	-	-	796,046
Other liabilities	17,986,852	-	-	17,986,852
Debt securities issued	29,148,871	-	29,148,871	-
	168,348,455	-	144,346,299	24,002,156

Company

31 December 2022	Carrying amount	Variable interest	Fixed Interest	Non interest-bearing
	N'000	N'000	N'000	N'000
Assets				
Cash and bank balances	33,641	-	-	33,641
Financial assets held for trading	959,256	-	-	959,256
Loans and advances	4,092	-	4,092	-
Other assets	2,922,802	-	-	2,922,802
	3,919,791	-	4,092	3,915,699
Liabilities				
Other liabilities	1,364,497	-	-	1,364,497
	1,364,497	-	-	1,364,497

Company

31 December 2021	Carrying amount	Variable interest	Fixed Interest	Non interest-bearing
	N'000	N'000	N'000	N'000
Assets				
Cash and bank balances	17,215	-	-	17,215
Financial assets held for trading	896,321	-	-	896,321
Loans and advances	11,198	-	11,198	-
Other assets	1,514,168	-	-	1,514,168
	2,438,901	-	11,198	2,427,703
Liabilities				
Other liabilities	1,150,575	-	-	1,150,575
	1,150,575	-	-	1,150,575

In monitoring and measuring its Interest Rate Risk exposure, the Group monitors set gap limits and measures the potential impact on net interest revenue over a specified period, for the accrual positions, from a defined parallel shift in the yield curve. It is a forward-looking measure, analogous to factor sensitivity on the trading portfolios. We measure the potential change of interest rate margin of the Group for 100 basis points parallel change of interest rate curve in the horizon.

In order to manage these risks effectively, the Group may modify pricing on new customer loans and deposits, enter into transactions with other institutions or enter into forward exchange contracts that have the opposite risk exposures. Therefore, the Group regularly assesses the viability of strategies to reduce unacceptable risks to earnings and implements such strategies when the bank believes those actions are prudent.

The Group employs additional measurements, including stress testing on the impact of non-linear interest rate movements on the value of the balance sheet; the analysis of portfolio duration, volatility and the potential impact of the change in the spread between different market indices

The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities. The Group's interest rate risk exposure on assets and liabilities are categorised by the re–pricing dates.

Group

At 31 December 2022	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 Years	Above 5 years	Non-Interest Bearing	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Assets								
Cash and bank balances	43,546,630	-	-	-	-	-		43,546,630
Loans and receivables to banks	11,354,635	-		-	-	-	-	11,354,635
Financial assets held for trading	2,971,808	-	-	361,865	-	-	-	3,333,673
Trading asset	10,208,003							10,208,003
Derivative financial instruments	61,209	166,241	175,067	53,981	4,233	-	-	460,730
Loans and receivables to customers	6,778,315	18,247,987	21,558,853	12,815,579	4,008,638	54,405,496		117,814,870
Investment securities	20,734,979	2,878,653	2,546,014	6,952,678	14,327,219	8,917,576	15,666	56,372,785
Pledged assets	-	323,537	194,162	121,856		5,572,801	-	6,212,356
Other assets	-	-	-	-	-	-	16,969,040	16,969,040
Total financial assets (contractual maturity)	95,655,579	21,616,418	24,474,096	20,305,959	18,340,090	68,895,874	16,984,706	266,272,722

	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 Years	Above 5 years	Non-Interest Bearing	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Liabilities								
Due to banks	11,851,532	2,056,822	16,303,277	5,323,044	-	-		35,534,674
Due to customers	44,380,569	1,889,716	7,261,229	13,675,725	36,160,111	-		103,367,351
Derivative financial instruments	38,683	178,144	315,281	51,609	3,885	-	-	587,602
Lease liabilities	160,900	-	-	-	-	-	-	160,900
Other liabilities	18,021,919	-	-	-	-	-		18,021,919
Debt securities issued	2,072,134	2,127,996	13,424,731	14,494,942	3,000,000	-	-	35,119,803
Other borrowed funds	22,141,407	5,358,230	6,368,742.99			-	-	33,868,380
Total financial liabilities (contractual maturity)	98,667,144	11,610,908	43,673,261	33,545,320	39,163,996	-	-	226,660,629
Liabilities Commitments								
Letters of Credit		-	2,605,367	13,000,025	8,119,773	-	-	23,725,165
Performance bonds and Guarantees		1,860,400	-	46,110	3,353,932	162,000	-	5,422,442
Loan Commitments		8,574,842	10,483,029	3,589,029	2,344,315	7,999,289.09	-	32,990,504
Total	**-**	**10,435,242**	**13,088,395**	**16,635,164**	**13,818,020**	**8,161,289.09**	**-**	**62,138,111**
Interest Rate GAP	**(3,011,565)**	**10,005,510**	**(19,199,165)**	**(13,239,361)**	**-20,823,906**	**68,895,874**	**16,984,706**	**39,612,093**

Group

At 31 December 2021	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 Years	Above 5 years	Non-Interest Bearing	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Assets								
Cash and bank balances	754,001.00	-	-	-	-	-	44,199,479	44,953,480
Loans and receivables to banks	3,674,045	-	7,083,134.00	-	-	-	-	10,757,179
Financial assets held for trading	3,598,546	-	-	361,865	-	-	-	3,960,411
Derivative financial instruments	171,880	289,862.00	359,767.00	364.00	-	-	-	821,873
Loans and receivables to customers	16,099,755	15,680,715	12,477,961	4,249,072	20,317,486	8,466,740	76,649	77,368,378
Investment securities	5,805,908	2,878,653	2,546,014	6,952,678	14,327,219	8,917,576	15,666	41,443,714
Pledged assets	798,880	1,735,135	8,803,770	-	-	1,419,780	-	12,757,565
Other assets	-	-	-	-	-	-	3,098,554	3,098,554
Total financial assets (contractual maturity)	30,903,015	20,584,365	31,270,646	11,563,979	34,644,705	18,804,096	47,390,348	195,161,154

	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 Years	Above 5 years	Non-Interest Bearing	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Liabilities								
Due to banks	4,868,229	1,811,480	13,549,583	5,323,044	-	-	595,568.00	26,147,904
Due to customers	#########	8,618,886	11,380,252	1,957,839	-	-	30,932,488	76,867,978
Derivative financial instruments	167,820	277,168	350,699	359	-	-	-	796,046
Other liabilities	6,919,415	-	-	-	-	-	11,067,437	17,986,852
Debt securities issued	1,780,095	-	14,992,490	-	12,376,286	-	-	29,148,871
Total financial liabilities (contractual maturity)	37,816,660	10,707,534	40,273,024	15,213,721	21,742,023	-	42,595,493	127,138,651
Liabilities Commitments								
Letters of Credit	2,946,136	6,590,232	6,289,087	2,564,009.39	-	-	-	18,389,464
Performance bonds and Guarantees	-	1,007,796	-	5,390,732.41	273,331.7	-	-	6,671,860
Loan Commitments	5,251,320	13,382,116	8,008,486	11,317,840	-	-	-	37,959,762
Total	**8,197,456**	**20,980,144**	**14,297,573**	**19,272,582**	**273,332**	**-**	**-**	**63,021,087**
Interest Rate GAP	**(6,913,645)**	**9,876,831**	**(9,002,378)**	**(3,649,742)**	**12,902,682**	**18,804,096**	**4,794,855**	**26,812,699**

Company

At 31 December 2022	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 Years	Above 5 years	Non-Interest Bearing	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Assets								
Cash and bank balances	-	-	-	-	-	-	33,641	33,641
Loans and advances to customers	-		-	-	4,092	-	-	4,092
Financial assets held for trading	-	-	-	-	-	-	959,256	959,256
Other assets	-	-	-	-	-	-	2,922,802	2,922,802
Total financial assets (contractual maturity)	-	-	-	-	4,092	-	3,915,699	2,351,910

	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 Years	Above 5 years	Non-Interest Bearing	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Liabilities								
Other liabilities	-	-	-	-	-	-	1,364,497	1,364,497
Debt securities					3,151,259			3,151,259
Total financial liabilities (contractual maturity)	-	-	-	-	3,151,259	-	1,364,497	4,515,756
Interest Rate GAP	**-**	**-**	**-**	**-**	**(3,147,167)**	**-**	**2,551,202**	**(2,163,846)**

At 31 December 2021 (N'000)	Up to 1	1 - 3	3 - 6 months	6 - 12 months	1 - 5	Above 5 years	Non-Interest	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Assets								
Cash and bank balances	-	-	-	-	-	-	17,215	17,215
Loans and advances to customers	4,052	42	-	4,615	2,489	-	-	11,198
Financial Assets held for trading							896,320.72	896,321
Other assets	-	-	-	-	-	-	1,514,168	1,514,168
Total financial assets (contractual maturity)	4,052	42	-	4,615	2,489	-	2,427,703	2,351,910

	Up to 1	1 - 3	3 - 6 months	6 - 12 months	1 - 5	Above 5 years	Non-Interest	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Liabilities								
Other liabilities	-	-	-	-	-	-	1,150,575	1,150,575
Total financial liabilities (contractual maturity)	-	-	-	-	-	-	1,150,575	1,150,575
Interest Rate GAP	**4,052**	**42**	**-**	**4,615**	**7,623**	**-**	**2,423,124**	**1,900,564**

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to specific interest rate scenarios. The sensitivity analysis is the effect of the assumed changes in interest rates on the profit or loss for the period, based on the floating rate non-trading financial assets & liabilities and trading financial assets held as at 31 December 2022. The sensitivity analysis on both the trading & non-trading portfolio measures the change in value due to a 100 basis point parallel move in the interest rates.

The table below shows the impact on the Group's profit before tax if interest rates on financial instruments (trading and non-trading) held at amortised cost and at fair value had increased by 100 basis points, with all other variables held constant.

	31-Dec-22	31-Dec-21
	N'000	N'000
Effect of 100 basis points movement on profit before tax & equity	74,629	(293,685)

3.2.5 Price Risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Group assess the potential impact that fluctuations of identified market risk factors would have on the bank income and the value of its holdings of financial instruments. The Group employs additional measurements, including stress testing on the impact of non-linear interest rate movements on the value of the balance sheet; the analysis of portfolio duration, volatility and the potential impact of the change in the spread between different market indices.

The Group is exposed to equity price risk through its subsidiaries' investments in quoted securities on the Nigerian Stock Exchange (NSE) and other non-quoted investments held by the Group. Equity securities quoted on the NSE are exposed to movement based on the general movement of the All Share Index and movement in prices of specific securities held by the Group. The Group does not deal in commodities hence it is not exposed to commodities price risk. The Group's exposure to price risk is largely limited to quoted securities.

The Group conducts a sensitivity analysis on its exposure to price risk. This is done by assuming a 10% negative movement on the market price of the financial assets exposed to price risk

The table below shows the impact of a 10% movement on the price of equities held by the group.

	31-Dec-22	31-Dec-21
	N'000	N'000
Effect of 10% movement on the price of equity securities & profit before tax	18,902	21,342

3.2.6 Liquidity Risk

Liquidity risk is one of the key risks we contend with at the Group. This is the risk that securities or assets held by the Group cannot be traded quickly enough to meet obligations as they become due. It occurs when the cushion provided by liquid assets is not sufficient to meet outstanding obligations.

Liquidity risk does not occur in isolation; it is often triggered by consequences of other financial risks like credit risk and market risks such as interest rate risk, foreign exchange risk and security price risk.

3.2.6.1 Managing Liquidity Risk

The Group's board of directors sets the Group's strategy for managing liquidity risk and delegates responsibility for oversight of the implementation of this policy to the Assets & Liability Committee (ALCO). ALCO approves the Group's liquidity policies and procedures. The Asset and Liability Management Desk manages the Group's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the Group. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The key elements of the Group's liquidity strategy are as follows.

- Maintaining a diversified funding base consisting of customer deposits and wholesale market deposits and maintaining contingency facilities.

- Carrying a portfolio of highly liquid assets, diversified by currency and maturity.

- Monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the Group's financial assets and financial liabilities, and the extent to which the Group's assets are encumbered and so not available as potential collateral for obtaining funding.

- Carrying out stress testing of the Group's liquidity position.

Liquidity limits establish boundaries for market access in business-as-usual conditions and are monitored against the liquidity position on a daily basis. The survival horizon of the Bank has been set to 14 days. To ensure this is the case, the Group intends to hold enough liquid assets to cover for any negative GAP over the next 14 days.

Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed taking into account both Group specific events (e.g. a rating downgrade) and market-related events (e.g. prolonged market illiquidity, reduced flexibility of currencies, natural disasters or other catastrophes).The Group has in place contingency funding lines with Nigerian financial institutions.

3.2.6.2 Funding approach

Our sources of liquidity are regularly reviewed by ALCO and ALM Desk in order to avoid undue reliance on large individual investors and ensure that a satisfactory overall funding mix is maintained at all times. The funding strategy is geared towards ensuring effective diversification in sources and tenor of funding.

The tables below analyse the group's financial assets and liabilities into relevant maturity groupings based on their contractual maturities for:

a)all non-derivative financial assets and liabilities, and

b)net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

3.2.6.2 Funding approach (con'd)

Our sources of liquidity are regularly reviewed by ALCO and ALM Desk in order to avoid undue reliance on large individual investors and ensure that a satisfactory overall funding mix is maintained at all times. The funding strategy is geared towards ensuring effective diversification in sources and tenor of funding.

The tables below analyse the Group's financial assets and liabilities into relevant maturity bankings based on their contractual maturities for:

All non-derivative financial assets and liabilities, and
Net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts in the table below are the contractual undiscounted cashflows

Group

At 31 December 2022	No Contractual Maturity	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Above 5 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Assets								
Cash and bank balances	43,546,630	-	-	-	-	-	-	43,546,630
Loans and receivables to banks	3,571,415	700,086	-	7,083,134	-	-	-	11,354,635
Financial assets held for trading	-	1,660,628	-	-	361,865	-	-	2,022,493
Trading asset		10,208,003						10,208,003
Derivative financial instruments	-	171,879	289,862	359,767	364	-	-	821,872
Loans and advances to customers	-	6,900,033	18,247,987	21,558,853	12,815,579	4,008,638	54,405,496	117,936,588
Investment securities	15,666	32,108,825	2,878,653	2,546,014	6,952,678	14,327,219	8,917,576	67,746,631
Pledged assets	-		323,537	194,162	121,856		5,572,801	6,212,356
Right of use assets	-	-		-		168,386	-	168,386
Other assets	16,803,085	-	-	-	-	-	-	16,803,085
Total financial assets (contractual maturity)	63,936,796	51,749,454	21,740,039	31,741,930	20,252,342	18,504,243	68,895,874	276,820,679

	No Contractual Maturity	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Above 5 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Liabilities								
Due to banks		11,851,532	2,056,822	16,303,277	5,323,044	-	-	35,534,674
Due to customers		41,718,439	1,889,716	7,261,229	13,675,725	36,160,111	-	100,705,221
Derivative financial instruments		38,683	178,144	315,281	51,609	3,885	-	587,602
Lease liabilities			0	0	141,343	74,252		215,594
Other liabilities		33,933,805	0	0	0	0	-	33,933,805
Debt securities issued	-	2,072,134	2,127,996	13,424,731	14,494,942	3,000,000	-	35,119,803
Other borrowed funds	-	3,994,330	5,358,230	6,368,743			-	15,721,303.00
Total financial liabilities (contractual maturity)	-	93,608,923	11,610,908	43,673,261	33,686,662	39,238,248.27	-	221,818,003
Liabilities Commitments								
Letters of Credit			-	2,605,367	13,000,025	8,119,773	-	23,725,165
Performance bonds and Guarantees			1,860,400	-	46,110	3,353,932	162,000	5,422,442
Loan Commitments			8,574,842	10,483,029	3,589,029	2,344,315	7,999,289	32,990,504
Total	-	-	10,435,242	13,088,395	16,635,164	13,818,020	8,161,289	62,138,111
Interest Rate GAP	**63,936,796**	**(41,859,469)**	**10,129,131**	**(11,931,331)**	**(13,434,320)**	**(20,734,005)**	**68,895,874**	**55,002,676**

Group

At 31 December 2021	No Contractual Maturity	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Above 5 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Assets								
Cash and bank balances	44,953,480	-	-	-	-	-	-	44,953,480
Loans and receivables to banks	2,986,339	700,086	-	7,083,134	-	-	-	10,769,559
Financial assets held for trading	-	238,277	-	-	361,865	-	-	600,142
Derivative financial instruments	-	171,879	289,862	359,767	364	-	-	821,872
Loans and advances to customers	-	15,358,280	15,680,715	12,477,961	4,249,072	20,317,486	8,466,739	76,550,253
Investment securities	15,666	2,689,762	2,878,653	2,546,014	6,952,678	14,327,219	8,917,576	38,327,568
Pledged assets	-	798,880	1,735,135	8,803,770	-	-	1,419,780	12,757,565
Right of use assets	-	-	19,699	-	8,643	42,380	-	70,722
Other assets	3,692,582	-	-	-	-	-	-	3,692,582
Total financial assets (contractual maturity)	51,648,067	19,957,164	20,604,064	31,270,646	11,572,622	34,687,085	18,804,095	188,543,743
	No Contractual Maturity	**Up to 1 months**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**Above 5 years**	**Total**
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Liabilities								
Due to banks	595,568	4,868,282	1,811,480	13,549,583	5,323,044	-	-	26,147,957
Due to customers	30,932,488	18,905,415	8,618,886	11,380,252	1,957,839	-	-	71,794,880
Derivative financial instruments	-	167,820	277,168	350,699	359	-	-	796,046
Lease liabilities	66,810	-	-	-	-	-	-	66,810
Other liabilities	11,067,437	-	-	-	-	-		
Debt securities issued	-	1,780,095	-	14,992,490	-	12,376,286	-	29,148,871
Other borrowed funds	-	-	-	-	7,932,479	9,365,737	-	17,298,216
Total financial liabilities (contractual maturity)	42,662,303	25,721,612	10,707,534	40,273,024	15,213,721	21,742,023	-	145,252,780
Liabilities Commitments								
Letters of Credit	-	2,946,136	6,590,232	6,289,087	2,564,010	-	-	18,389,465
Performance bonds and Guarantees	-	-	1,007,796	-	5,390,730	273,332	-	6,671,858
Loan Commitments	-	5,251,320	13,382,116	8,008,486	11,317,840	-	-	37,959,762
Total	-	8,197,456	20,980,144	14,297,573	19,272,580	273,332	-	63,021,085
Interest Rate GAP	8,985,764	**(5,764,448)**	**9,896,530**	**(9,002,378)**	**(3,641,099)**	**12,945,062**	**18,804,095**	**43,290,963**

Company

At 31 December 2022	No Contractual Maturity	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 Years	Above 5 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Assets								
Cash and bank balances	33,641	-	-	-	-	-	-	33,641
Loans and receivables to customers	-					4,092	-	4,092
Other assets	2,922,802	-	-		-	-		2,922,802
Total financial assets (contractual maturity)	2,956,443	-	-	-	-	4,092	-	2,960,535

	No Contractual Maturity	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 Years	Above 5 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Liabilities								
Lease liabilities	-	-	-	8,695	-	-	-	8,695
Other liabilities	451,346	-	-	-	-	-	-	451,346
Debt securities						3,151,258.92		3,151,259
Total financial liabilities (contractual maturity)	**451,346**	**-**	**-**	**8,695**	**-**	**3,151,259**	**-**	**3,611,300**
GAP	**2,505,097**	**-**	**-**	**(8,695)**	**-**	**(3,147,167)**	**-**	**(650,765)**

Company

At 31 December 2021	No Contractual Maturity	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 Years	Above 5 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Assets								
Cash and bank balances	17,215	-	-	-	-	-	-	17,215
Loans and receivables to customers	-	5,041	53	-	2,213	8,918	-	16,225
Other assets	139,554	-	-	1,374,613	-	-	-	1,514,168
Total financial assets (contractual maturity)	156,769	5,041	53	1,374,613	2,213	8,918	-	1,547,607

	No Contractual Maturity	Up to 1 months	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 Years	Above 5 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial Liabilities								
Lease liabilities	-	-	-	5,775	-	-	-	5,775
Other liabilities	451,346	-	-	-	-	-	-	451,346
Total financial liabilities (contractual maturity)	451,346	-	-	5,775	-	-	-	457,121
GAP	**(294,577)**	**5,041**	**53**	**1,368,838**	**2,213**	**8,918**	**-**	**1,090,486**

3.3 Fair Value

Financial instruments measured at fair value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflects market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices) This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the observable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect the difference between the instruments.

The Group uses the following procedures to determine the fair value of financial assets and liabilities:

Trading / Investment securities

Where available, the Group uses the quoted market prices to determine the fair value of trading assets and such items are classified as Level 1 of the fair value hierarchy. Quoted market prices are gotten from the website of the FMDQ Group.

Investment securities classified as available-for-sale are measured at fair value by reference to quoted market prices when available and therefore are classified as Level 1

Where there are securities that are not actively traded, the Group uses internal valuation techniques which are based on observable inputs obtained from the quoted market prices of similar actively traded securities. In this instance, these are classified as level 2

Derivatives Instruments

The fair value of financial instruments including forward foreign exchange contracts traded in active markets is based on quoted market prices at the closing date. Known calculation techniques, such as estimated discounted cash flows, are used to determine fair value of interest rate and currency financial instruments.

The Group bases the calculation on existing market conditions at each closing date. Financial instruments used in FSDH are standardised products that are either cleared via exchanges or widely traded in the market. Forward foreign exchange contracts are entered into with creditworthy financial institutions and with corporates.

Unquoted equity

If quoted market prices are not available, the fair values are estimated based on internal valuation techniques or the last traded price on an OTC exchange. The key inputs depend upon the type of equity and the nature of inputs to the valuation technique. The item is placed in either Level 2 or Level 3 depending on the type of investment and valuation technique used

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

There was no transfer within fair value hierarchies during the period.

The table below shows the classification of financial instruments held at fair value into the valuation hierarchy set out below as at 31 December 2022:

Group

At 31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**	
	N'000	**N'000**	**N'000**	**N'000**	
Financial assets					
Financial assets held for trading					
- Treasury bills	206,478	-	-	206,478	
- Federal Government of Nigeria Bonds	1,309,146	-	-	1,309,146	
- Equities	162,993	-	-	162,993	
- Mutual Funds	-	1,655,056	-	1,655,056	
Trading asset	10,208,003			10,208,003	
	11,886,620	1,655,056	0	13,541,676	
Derivative financial instruments					
- FX forward contract	-	460,730	-	460,730	
	-	460,730	-	460,730	
Investment securities classified as FVOCI					
-Treasury bills	3,291,463	-	-	3,291,463	
-Federal Government of Nigeria Bonds	2,337,452	-	-	2,337,452	
-State Government bonds	1,896,414			1,896,414	
-Corporate bonds	600,076	8,338,748	-	8,938,824	
-Promissory notes and commercial papers	139,927	39,086,164	-	39,226,091	
	8,265,331	47,424,912	0	55,690,244	0

	Level 1	Level 2	Level 3	Total
Unquoted Equity	-	-	15,666	15,666
Investment securities classified as amortised cost	666,875			666,875
Pledged Securities				
FVTFL				
-Treasury bills	249,050	-	-	249,050
FVOCI				
-Treasury bills	-	-	-	0
-Federal Government of Nigeria Bonds	5,963,306	-	-	5,963,306
-Corporate bonds	-	-	-	-
-Promissory notes and commercial papers	-	0	-	0
	6,212,356	0	-	6,212,356

Group
At 31 December 2021

	Level 1	Level 2	Level 3	Total
	N'000	N'000	N'000	N'000
Financial assets				
Financial assets held for trading				
- Treasury bills	600,142	-	-	600,142
- Federal Government of Nigeria Bonds	1,811,695	-	-	1,811,695
- Equities	166,769	-	-	166,769
- Mutual Funds	-	1,381,805	-	1,381,805
	2,578,606	1,381,805	-	3,960,411
Derivative financial instruments				
- FX forward contract	-	821,873	-	821,873
	-	821,873	-	821,873
Investment securities classified as FVOCI				
-Treasury bills	872,615	-	-	872,615
-Federal Government of Nigeria Bonds	1,835,593	-	-	1,835,593
-State Government Bonds	2,051,853			2,051,853
-Corporate bonds	-	11,031,988	-	11,031,988
-Promissory notes and commercial papers	-	23,000,975	-	23,000,975
-Unquoted Equity	-	-	15,666	15,666
	4,760,061	34,032,963	15,666	38,808,690
Pledged Securities				
FVTFL				
-Treasury bills		-	-	-
FVOCI				
-Treasury bills	347,175	-	-	347,175
-Federal Government of Nigeria Bonds	1,419,780	-	-	1,419,780
-Corporate bonds	-	-	-	-
-Promissory notes and commercial papers	-	10,990,610	-	10,990,610
	1,766,955	10,990,610	0	12,757,565

The following table presents changes in level 3 instruments - Group

Investment securities classified as FVOCI	Dec-22	Dec-21
	N'000	**N'000**
At 1 January	15,666	743,563
Additions	-	
Disposals/Reclassification		(727,897)
At 31 December	15,666	15,666

Company
At 31 December 2022

	Level 1	Level 2	Level 3	Total
	N'000	N'000	N'000	N'000
Financial assets				
Financial assets held for trading				
- Mutual Funds	-	959,256	-	959,256
	-	959,256	-	959,256

Company
At 31 December 2021

	Level 1	Level 2	Level 3	Total
	N'000	N'000	N'000	N'000
Financial assets				
Financial assets held for trading				
- Mutual Funds	-	896,321	-	896,321
	-	896,321	-	896,321

3.4 Fair value of financial assets and liabilities not measured at fair value
Investment securities have been fair valued using market prices and is within level 1 of the fair value hierarchy.

The carrying value of the following financial assets and liabilities for the group approximate their fair values: - cash and bank balances, loans and advances to banks, loans and advances to customers, other assets, due to banks, due to customers, lease liabilities and other liabilities.

The table below sets out the Group’s classification of each class of financial assets and liabilities, and their fair values.

Group

	At 31 December 2022		31 December 2021	
	Carrying value N'000	**Fair value N'000**	**Carrying value N'000**	**Fair value N'000**
Financial assets				
Cash and bank balances	43,546,630	43,546,630	44,953,480	44,953,480
Loans and advances to banks	11,354,635	11,354,635	7,778,275	7,778,275
Loans and advances to customers	117,814,870	117,814,870	77,368,378	77,368,378
Other assets	16,803,085	16,803,085	3,692,582	3,692,582
	189,519,220	189,519,220	133,792,715	133,792,715
Financial liabilities				
Due to banks	30,187,518	26,147,904	26,147,904	26,147,904
Due to customers	103,367,351	76,867,978	76,867,978	76,867,978
Other liabilities	18,021,919	17,986,852	17,986,852	17,986,852
Debt securities issued	35,119,803	29,148,871	29,148,871	29,148,871
Other borrowed funds	33,868,380	17,298,216	17,298,216.00	17,298,216.00
	220,564,971	167,449,821	167,449,821	167,449,821

Company

	Carrying value N'000	**Fair value N'000**	**Carrying value N'000**	**Fair value N'000**
Financial assets				
Cash and bank balances	33,641	33,641	17,215	17,215
Loans and advances to customers	4,092	4,092	11,198	11,198
Other assets	2,922,802	2,922,802	1,514,168	1,597,642
	2,960,535	2,960,535	1,542,580	1,626,055
Financial liabilities				
Other liabilities	1,364,497	1,364,497	1,150,575	1,150,575
Debt securities	3,151,259	3,151,259		
	4,515,756	4,515,756	1,150,575	1,150,575

Fair value hierarchy for financial assets and financial liabilities not measured at fair value

Group

At 31 December 2022 (N'000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets	**N'000**	**N'000**	**N'000**	**N'000**
Cash and bank balances	-	-	43,546,630	43,546,630
Loans and advances to banks	-	-	11,354,635	11,354,635
Loans and advances to customers	-	-	117,814,870	117,814,870
Other assets	-	-	16,803,085	16,803,085
	-	-	189,519,220	189,519,220
Financial liabilities				
Due to banks	-	-	30,187,518	30,187,518
Due to customers	-	-	103,367,351	133,554,869
Other liabilities	-	-	18,021,919	18,021,919
Debt securities issued	19,734,983	15,384,820	-	18,021,919
Other borrowed funds	-	-	33,868,380	33,868,380
	19,734,983	15,384,820	185,445,168	220,564,971

At 31 December 2021 (N'000)	**Level 1**	**Level 2**	**Level 3**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Financial Assets				
Cash and bank balances	-	-	44,953,480	44,953,480
Loans and advances to banks	-	-	7,778,275	7,778,275
Loans and advances to customers	-	-	77,368,378	77,368,378
Other assets	-	-	3,692,582	3,692,582
	-	-	133,792,715	133,792,715
Financial liabilities				
Due to banks	-	-	26,147,904	26,147,904
Due to customers	-	-	76,867,978	76,867,978
Other liabilities	-	-	17,986,852	17,986,852
Debt securities issued	-	29,148,871	-	29,148,871
	-	29,148,871	138,300,950	150,151,605

Company

At 31 December 2022 (N'000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets	**N'000**	**N'000**	**N'000**	**N'000**
Cash and bank balances	-	-	33,641	33,641
Loans and advances to customers	-	-	4,092	4,092
Other assets	-	-	2,922,802	2,922,802
	-	-	2,960,535	2,960,535
Financial liabilities				
Other liabilities	-	-	1,364,497	1,364,497
Debt securities issued			3,151,259	3,151,259
	-	-	4,515,756	4,515,756

At 31 December 2021 (N'000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets	**N'000**	**N'000**	**N'000**	**N'000**
Cash and bank balances	-	-	17,215	17,215
Loans and advances to customers	-	-	11,198	11,198
Other assets	-	-	1,514,168	1,514,168
	-	-	1,542,580	1,542,580
Financial liabilities				
Other liabilities	-	-	1,150,575	1,150,575
	-	-	1,150,575	1,150,575

3.5 Capital Management

The Group’s objectives in managing Capital are:

- To comply with the regulatory requirements of the Central Bank of Nigeria and Securities and Exchange Commission
- To ensure that the Group continues as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders by ensuring that capital deployed meets our RAAC (Risk Asset Acceptance Criteria)

Capital adequacy and the use of regulatory capital are monitored daily by the Group’s management, employing techniques based on the guidelines developed by the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission where applicable, for supervisory purposes.

In line with the CBN circular BSD/DIR/GR/GEN/LAB/06/053 regarding Regulatory Capital Measurement for the Nigerian Banking System for the implementation of Basel II/III in Nigeria, Capital adequacy is measured daily and reported monthly to the Central Bank of Nigeria in line with Basel II set principles, which measures Credit, Market and Operational Risks.

Over this review period, the Group complied with all the externally imposed capital requirements to which it was and is subject.

3.6 Critical accounting estimates and judgements

The Group's financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the consolidated financial statements.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

(a) Impairment losses on financial assets
The Group has set policies to guide staging criteria in determining significant increase in credit risk. The Group has also developed the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight has been established around the process.

The methodology and assumptions used for estimating probability of default, loss given default, discount factor, exposure at default, forward looking macro-economic factors and timing of future cash flows are reviewed regularly as the Group builds historical data in computation of its expected credit loss.

(b) Fair value of financial instruments
The determination of fair value for financial assets and liabilities for which there is no observable market prices requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Fair valuation techniques and assumptions

1.Bonds
The fair values for illiquid bonds are gotten from an independent source. The source's bond prices are model prices derived from a modelled yield. The modelled yield is calculated by adding a risk premium to the valuation yield (corresponding Tenor To Maturity (TTM) yield interpolated off the FGN bond theoretical spot rate curve). This is used to calculate the bond bid price.

Risk premiums are derived by 2 methods described below;

(i). Apply risk spread on latest acceptable trade for the respective bonds i.e. determine the spread between the bond yield on the latest acceptable trade and the FGN bond spot rate of comparable TTM.
(ii). Apply risk spread at issuance i.e. determine the spread between the bond yield at issuance and the FGN bond spot rate of comparable TTM. However, where the risk spread at issuance is less than 1% (100 basis points), a base risk premium of 100 basis points is applied.
The fair value of quoted equity securities are determined by reference to quoted prices (unadjusted) from the Nigerian Stock Exchange.

However, fair value of unquoted equity investments have been derived from the last OTC (over the counter) transaction.

2.Derivatives
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are presented as financial assets or financial liabilities. Derivative assets and liabilities are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle on a net basis.
Known calculation techniques, such as estimated discounted cash flows, are used to determine fair value of interest rate and currency financial instruments. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the closing date.

(c) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future taxable profits based on expected revenues for the next five years. Details of the Group's recognised and unrecognised deferred tax assets and liabilities are as disclosed in note 24.

(d) Extension and termination options - Determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).
For leases of properties, the following factors are normally the most relevant:

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

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

4 Segment Information

The Group segmental reporting is in compliance with IFRS 8 Operating segments. Operating Segments are reported in accordance with the internal reports provided to the Group's Board of Directors which is responsible for the Group's resources allocation and performance review of the Operating segments. All transactions between operating segments are conducted on fair value principle.

The group has identified the following reportable operating segments:

Merchant Banking

This segment provides wholesale and investment banking services ranging from corporate finance, fund raising, investment and other financial advisory activities to the middle and top end of the banking value chain across diverse sectors.

Asset Management

This segment engage in portfolios management and investment advisory services

Pension Funds management

This segment engage in the management of pension funds and other retirement benefit related activities.

Stockbroking

This segment engage in stock trading with proprietary portfolio and customers' portfolio as well as issuing house activities.

Segment result of operation

Total revenue in the segment represents: interest income, fees and commissions, net gains or loss from financial assets, dividend income, foreign exchange translation, and other operating income.

Segment Assets and Liabilities

Segment assets and liabilities are measured in the same way as presented in the financial statements.

31 December 2022	**Holding Company**	**Merchant Banking**	**Asset Management**	**Pensions Fund Management**	**Stockbroking & Advisory**	**Group Adjustment**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Total segment revenue	2,142,703	24,447,487	1,344,346	6,537,615	869,513	(2,086,137)	33,255,527
Inter segment revenue	(2,086,137)		-			2,086,137	-
Segment result – revenue from external customers	56,566	24,447,487	1,344,347	6,537,615	866,520	-	33,252,535
Segment result - profit after tax	490,690	3,560,216	125,045	1,965,322	162,303	(2,086,137)	4,217,438
Interest expense	(209,341)	(12,758,928)	(472,687)	-	(7,279)	(12,877)	(13,461,112)
Impairment write-back/(charge)	-	(1,327,878)	(19,060)	2,652	719	-	(1,343,567)
Depreciation- plant & equipment	45,397	295,218	24,225	219,437	18,935	-	603,212
Depreciation – right of use assets	4,866	41,442	5,166	55,020	4,838	-	111,332
Amortisation	-	170,332	14,288	19,921	-	-	204,541

	Holding Company	**Merchant Banking**	**Asset Management**	**Pensions Fund Management**	**Stockbroking & Advisory**	**Group Adjustment**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Total Assets	34,698,619	257,029,332	4,042,963	8,839,610	1,368,171	(34,612,375)	271,366,321
Other measure of assets							
Loans and advances to customer	4,248	117,211,421	7,170	48,143	504,213		117,775,195
Capital expenditure – Fixed Asset	2,511	411,278	30,798	293,383	2,603	16,079	756,652
Capital expenditure - Intangibles	-	34,314	23,821		-	111,446	169,581
Investment securities	-	54,970,827	1,384,887		15,666	-	56,371,380
Total Liabilities	4,528,887	231,975,618	3,669,575	1,862,410	313,968	(3,446,698)	238,903,760

31 December 2021	**Holding Company**	**Merchant Banking**	**Asset Management**	**Pensions Fund Management**	**Stockbroking & Advisory**	**Group Adjustment**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Total segment revenue	1,778,680	13,786,960	(1,686,810)	5,667,361	617,093	(1,940,775)	18,222,509
Inter segment revenue	(1,715,503)	(177,993)	-	(44,512)	(2,767)	1,940,775	-
Segment result – revenue from external customers	63,177	13,608,967	(1,686,810)	5,622,849	614,326	-	18,222,509
Segment result - profit after tax	524,689	889,258	(3,222,637)	1,724,663	32,564	(2,663,797)	(2,715,260)
Interest expense	(620)	(7,562,722)	(813,014)	-	(1,400)	204,151	(8,173,605)
Impairment write-back/(charge)	-	(146,411)	(153,643)	11,157	101	-	(288,796)
Depreciation- plant & equipment	49,010	281,196	19,699	222,056	21,738	-	593,700
Depreciation – right of use assets	4,760	46,673	4,797	85,564	1,015	-	142,809
Amortisation	-	163,208	11,542	21,062	-	-	195,812

	Holding Company N'000	Merchant Banking N'000	Asset Management N'000	Pensions Fund Management N'000	Stockbroking & Advisory N'000	Group Adjustment N'000	Total N'000
Total Assets	30,843,491	159,448,730	1,790,092	7,427,630	1,369,468	715,600	201,595,010
Other measure of assets							
Loans and advances to customer	11,198	76,626,902	27,677	59,627	612,296	30,679	77,368,378
Capital expenditure – Fixed Asset	28,315	517,925	3,146	192,594	1,080	(5,161)	737,899
Capital expenditure - Intangibles	-	66,733	8,837	4,496	-	-	80,066
Investment securities	-	38,327,639	1,056,148	977,046	42,859	-	40,403,692
Total Liabilities	1,163,841	161,864,902	6,414,979	2,435,752	477,528	(3,708,432)	168,648,570

5. Interest income

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
5(a) Financial assets fair value through profit or loss				
- Debt securities	2,663,363	513,272	-	-
- Trading asset	83,462	-	-	-
	2,746,825	513,272	-	-

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
5(b) Financial assets fair value through other comprehensive income				
- Debt securities	3,273,118	3,959,468	-	-
	3,273,118	3,959,468	-	-

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
5(c) Financial assets at amortised costs				
- Debt securities	112,793	112,793	-	-
- Loans to banks and other financial institutions	1,636,104	692,331	-	-
- Loans and advances to customers	11,658,285	6,116,853	526	980
- Correspondent credit lines	223,329	244,725	-	-
	13,630,511	7,166,702	526	980

Interest income on stage III impaired loans was N139m for the year ended 31 December 2022 (December 2021: 175million)

6. Interest and similar expense

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Customer deposits	3,184,351	1,382,721	-	-
Interbank call borrowings	918,913	370,170	-	-
Interest expense on debt securities (i)	4,099,398	2,463,597	209,341	-
Interest on borrowings	2,552,475	1,295,956	-	-
Correspondent credit lines	966,099	1,160,824	-	-
Clients' investment fund	1,716,221	1,482,582	-	-
Interest expense on leases	23,655	17,755	-	619
	13,461,112	8,173,605	209,341	619

(i) The interest expense on debt securities includes interest on FSDH Holding Company's N3 Billion private bond issued in August 2022.

7 Fee and commission income

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Credit related fees	837,443	717,271	-	-
Fiduciary fees	5,931,030	5,274,016	-	-
Comission on trade related transactions	304,466	371,548	-	-
Financial advisory & issuing house activities' fees	617,224	276,281	-	-
Other commissions, fees and charges	651,367	427,065	-	-
	8,341,530	7,066,181	-	-
Fees and commission expense	(6,116)	(3,519)	-	-
	8,335,414	7,062,662	-	-

Other commissions, fees and charges includes brokerage commission, current account maintenance charge and funds transfer charges

The fees and commission income can be further analysed as below in line with IFRS 15

Point in time	928,127	928,127	-	-
Over time fees	7,413,403	6,138,054	-	-
	8,341,530	7,066,181	-	-

8 Impairment charge for credit losses

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Impairment charge for credit loss on loans and advances (Note 20)	1,178,144	160,106	-	-
Impairment write-back for credit loss on bank placements (Note 16)	(21,931)	26,480	-	-
Impairment write-back for credit loss on investment securities measured at FVOCI (Note 21)	54,958	(46,919)	-	-
Impairment write-back for credit loss on investment securities measured at amortised cost (Note 21)	(2,745)	(31)	-	-
Impairments write-back for credit loss on off balance sheets (Note 32)	89,735	(10,654)	-	-
Uncollectable amounts written off	-	159,783		-
	1,298,161	288,765	-	-

9 Net gains/(losses) on financial instruments held for trading

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Equity securities	(1,631)	121,806	-	-
Bonds	832,245	(1,450,316)	-	-
Treasury bills	465,223	(289,919)	-	-
Foreign exchange	1,938,652	(43,659)	-	-
Derivatives	(152,699)	15,693	-	-
Mutual funds	62,935	59,391	62,935	59,391
	3,144,725	(1,587,004)	62,935	59,391

10 Net gains on debt instruments classified as fair value through other comprehensive income

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Bonds	585,226	336,249	-	-
Treasury bills	384,427	100,363	-	-
Promissory notes	(78,176)	31,939	-	-
	891,477	468,551	-	-

11 Dividend income

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Dividend income were received/receivable from the entities below:				
Subsidiaries:				
FSDH Merchant Bank Limited	-	-	2,268,068	719,048
Pensions Alliance Limited	-	-	-	510,000
FSDH Asset Management Limited	-	-	-	210,000
FSDH Capital Limited	-	-	-	-
	-	-	2,268,068	1,439,048
WHT on dividends	-	-	(221,362)	-
Proprietary and other equity investments	52,284	25,332	-	-
	52,284	25,332	2,046,706	1,439,048

12 Other income

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Profit on disposal of property & equipment	3,480	13,882	(21,250)	1,250
Foreign currency translation	375,121	464,060	(12)	26
Intermediation income	345,903	63,289	-	-
Income on bonus share issue	-	-	-	225,000
Directors fees	-	-	47,290	50,475
Other fees, charges and sundry income	458,747	77,676	6,508	2,511
	1,183,251	618,907	32,536	279,262

Other fees, charges and sundry income includes mainly administrative charges and commissions on non-banking transactions, other capital market services such as dematerialisation, indemnity fees and charges for embassy letters etc.

13 Operating expenses

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Staff related expenses (Note (i) below)	6,587,960	5,327,382	596,952	530,433
Depreciation (Note 28)	607,798	593,702	45,396	49,010
Amortisation (Note 27)	204,837	195,813	-	-
Right-of-use asset amortisation (Note 23(i))	110,963	146,900	4,866	4,760
Auditors' remuneration	92,146	76,580	5,375	4,300
Directors' fees	905,536	834,319	292,909	279,975
Deposit Insurance	333,053	275,868	-	-
Minimum Pensions Guarantee	173,782	154,391	-	-
Occupancy costs	280,036	171,639	7,737	9,648
Insurance	130,452	137,429	17,100	13,379
Corporate advert and other business development	441,174	198,392	11,755	35,968
Donations (Note (iii) below)	277,854	361,495	5,000	-
Consultancy and other professional fees (Note (ii) below)	669,229	447,634	179,378	213,592
Information technology and related expenses	1,068,601	816,202	2,162	2,825
Legal retainer fees and consultancy	399,794	129,021	192,942	50,422
Licsense fees	176,199	106,812	219	150
Subscriptions - journals & periodicals, professional ass.	133,901	107,926	484	55
Transport and travelling	88,499	70,165	8,344	3,712
Office supplies and consumables	45,480	31,770	9,743	6,178
Repairs and motor running expenses	67,345	41,320	1,477	3,751
Other repairs and renewals	27,190	25,864	2,224	-
Impairment charge on other assets (Note 24)	42,983	11,098	-	-
Other administrative and operating expenses	282,079	262,026	57,999	44,125
	13,146,891	10,523,748	1,442,062	1,252,283

(i) Staff related costs, excluding executive directors, during the year amounted to:

Wages, salaries and staff costs	6,195,444	4,954,466	551,791	472,745
Pension costs - Defined contribution plan	322,782	299,457	40,692	37,682
Post employment costs - Defined contribution plan	69,734	73,459	4,469	20,005
	6,587,960	5,327,382	596,952	530,433

The average number of persons employed by the group during the year was as follows -

Executive	6	6	1	1
Management staff	112	49	3	4
Non management staff	338	420	9	6
	456	475	13	11

The number of employees of the group, who received emoluments (excluding pension contributions and other benefits) in the following ranges were -

Below N3,000,000	159	238	2	3
N3,000,001 - N5,000,000	115	71	1	1
N5,000,001 - N7,000,000	71	42	3	-
Above N7,000,000	154	124	7	7
	499	475	13	11

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Directors' remuneration paid in respect of the group:				
Fees and sitting allowances	905,536	834,319	292,909	279,975
Executive compensation	653,061	653,061	241,250	241,250
	1,558,597	1,487,380	534,159	521,225

The directors' remuneration shown above (excluding pension and other benefits) includes:

Chairman	50,000	50,000	50,000	50,000
Highest paid director	241,250	241,250	241,250	241,250

(ii) Included in the consultancy & other professional fees expense of the group is the sum of N27.9m (Company: nil) paid to Messrs KPMG Professional Services for non-audit services provided during the year (2021: Company - N2.92, Group - N18.7m)

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
ICAAP review	11,019	4,300	-	-
Ethics Line	-	1,530	-	-
Board appraisal	7,300	5,520	-	-
Employee renumeration survey	1,075	7,306	-	-
Stamp duty training	8,600	-	-	-
NEDs remuneration and staff performance bonus survey	-	-	-	2,921
	27,994	18,656	-	2,921

(iii) Included in donations for the current period is the sum of N250 million accrued towards the Police Equipment Fund.

14 Income tax expense

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Tax charge for the year comprises:				
a) Income Tax Charge				
Income tax/Minimum tax	1,045,890	786,031	578	744
Education tax	92,044	62,459	-	-
NITDA Levy	70,744	35,351	-	-
Police Trust Fund	787	164	32	112
NASENI Levy	-	2,517	-	-
Tax under-provision	-	-	-	233
Total current tax charge	1,209,465	886,522	610	1,089
b) Deferred tax				
Recognised in income statement:				
Origination and reversal of temporary differences	272,894	78,846	-	-
Total deferred tax charge/(credit)	272,894	78,846	-	-
Income tax expense	1,482,359	965,368	610	1,089
(ii) Reconciliation of effective tax				
Profit before income tax	5,351,441	(758,228)	491,300	525,778
Effective tax as per accounts:				
Income tax using the companies income tax rate at 30%	1,605,432	(227,468)	147,390	157,733
Non-deductible expenses	238,253	549,651	13,619	14,703
Tax exempt income	(1,260,488)	(805,142)	(427,855)	(434,774)
Tax loss unutilised	266,846	1,232,736	266,846	262,338
Minimum tax	67,416	36,254	578	744
Education tax	92,044	62,459	-	-
NITDA levy	70,744	35,351	-	-
Police Trust Fund	787	164	32	112
NASENI Levy	-	2,517	-	-
Tax under-provision	-	-	-	233
Effect of deferred tax	272,894	78,846	-	-
Income tax	1,353,929	965,368	610	1,089
Effective tax rate	25.30%	NA	0.12%	0.21%

Based on Nigerian tax law, Companies Income Tax Act provides that current tax is determined as the higher of amount computed based on 30% of taxable profit and minimum tax. There were no changes in corporate and education tax rates during the year. The Group's corporate income tax charge for the year was based on the tax provisions as it applies to the respective entities within the group.

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
The movement in the current income tax liability is as follows:				
At start of the period	744,218	562,578	856	154
Tax paid	(149,015)	(119,362)	-	-
WHT utilised	(726,987)	(585,753)	(744)	(387)
Prior period under provision	-	233	-	233
Income tax charge	1,209,465	886,522	610	856
At end of the period	1,077,681	744,218	722	856
The current income tax balance is analsyed into:				
Current income tax assets (Note i.)	-	(125,546)	-	-
Current income tax liability	1,077,681	869,764	722	856
	1,077,681	744,218	722	856

(i) The merchant banking subsidiary had a curent income asset as at 31 December 2021 and was recognised as an asset on the statement of financial position. This has been utilised to offset current tax liabilities.

15 Cash and bank balances

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Cash in hand	2,931	2,983	-	-
Balances held with other banks:				
- Operating balance with Central Bank of Nigeria	3,322,926	115,034	-	-
- Balances with banks in Nigeria	993,316	1,336,103	33,641	17,215
- Balances with banks outside Nigeria	12,665,088	12,653,491	-	-
Cash on hand and balances with banks	16,984,261	14,107,611	33,641	17,215
- Mandatory reserve deposit with Central Bank of Nigeria	26,562,369	30,845,869	-	-
	43,546,630	44,953,480	33,641	17,215
Current	16,984,261	14,107,611	33,641	17,215
Non-Current	26,562,369	30,845,869	-	-
	43,546,630	44,953,480	33,641	17,215

Included in the Group's balances with banks is the amount of N6.60billion (31 Dec 2021: N3.59billion) representing the Naira value of foreign currencies held on behalf of customers to cover letters of credit transactions.The corresponding liability is reported as customers' deposit for foreign trade under other liabilities

Mandatory reserve deposits with the Central Bank of Nigeria represents a percentage of customers' deposits which is not available for daily use.

16 Loans to banks and other financial institutions

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Placements with banks	11,359,184	10,783,659	-	-
	11,359,184	10,783,659	-	-
Impairment on investment securities at amortised cost				
Stage 1 ECL provision	(4,549)	(26,480)	-	-
	(4,549)	(26,480)	-	-
Loans to banks & other financial institutions net of impairment	11,354,635	10,757,179	-	-
Current	11,359,184	10,783,659	-	-
	11,359,184	10,783,659	-	-
Balance at beginning of the year	26,480	-	-	-
Increase/(Decrease) in impairment for the year (see note 8)	(21,931)	26,480	-	-
Balance as at year end	4,549	26,480	-	-

Included in the Group balance is the sum of N1.26billion (December 2021: 975.25million) which represents a part of Pensions Alliance Limited's statutory reserve account balance placed with banks in compliance with the Pensions Reform Act of 2004. This amount is excluded from cash and cash equivalents for the purpose of the statement of cashflow.

17 Financial instruments held for trading

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Quoted equity securities FVPL	162,993	166,769	-	-
Nigerian Treasury Bills	206,478	600,142	-	-
Federal Government of Nigeria Bonds FVPL	1,309,146	1,811,695	-	-
Mutual funds	1,655,056	1,381,805	959,256	896,321
	3,333,673	3,960,411	959,256	896,321
Current	206,478	600,142	-	-
Non-current	3,127,195	3,360,269	959,256	896,321
	3,333,673	3,960,411	959,256	896,321

Gains or losses are recognised in the income statement under ‘Net gains on financial instruments held for trading’

18 Trading asset

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Federal Government of Nigeria bonds	10,208,003	-	-	-
	10,208,003	-	-	-

This relates to repurchase agreement where the Group obtained securities (FGN Bonds) from counterparties to be returned at pre-aggreed prices.

19 Derivative financial instruments

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Assets				
- FX forward contracts	460,730	821,873	-	-
	460,730	821,873	-	-

Liabilities				
- FX forward contracts	587,602	796,046	-	-
	587,602	796,046	-	-
Notional principal				
- FX forward contracts	11,335,739	17,314,901	-	-

(i) This represents the notional principal amounts, the positive (assets) and negative (liabilities) fair values of the Group's FX forward contracts. Fair value changes are recognised in the statement of comprehensive income. All derivative financial instruments are current.

20 Loans and advances to customers

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Loans and advances at amortised cost	119,193,749	79,792,561	4,212	11,317
Allowance for impairment	(1,378,879)	(2,438,260)	(120)	(120)
	117,814,870	77,354,301	4,092	11,198
Analysis of gross loans at amortised cost:				
Stage 1 loans and advances	117,195,766	76,070,435	4,212	11,317
Stage 3 loans and advances	1,997,983	3,722,126	-	-
	119,193,749	79,792,561	4,212	11,317
Current	96,055,527	54,584,831	-	7,290
Non-Current	23,138,222	25,207,730	4,027	4,027
	119,193,749	79,792,561	4,027	11,317
Analysis of impairment on loans and advances:				
Stage 1 impairment on loans and advances	715,352	368,752	120	120
Stage 3 impairment on loans and advances	662,409	2,069,508	-	-
	1,377,761	2,438,260	120	120

Reconciliation of impairment movement:

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Balance at 1 January	2,438,260	2,278,154	120	174
Write-off of provisions	(2,223,602)	-	-	-
Reclassifications	(13,923)	-	-	-
Increase in loan provision for the year	1,178,144	160,106	-	(54)
Balance at 31 December	1,378,879	2,438,260	120	120

21 Investment securities

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Analysis of investment securities				
Debt securities (Note (i))	56,357,119	41,428,048	-	-
Equity securities (Note (ii))	15,666	15,666	-	-
	56,372,785	41,443,714	-	-
Current	24,777,691	11,897,593	-	-
Non-current	31,595,093	32,525,025	-	-
	56,372,785	44,422,618	-	-
(i) **Debt securities**				
Classified as fair value through other comprehensive income				
Nigerian Treasury Bills	3,291,463	872,615	-	-
Federal Government of Nigeria bonds	2,337,452	1,835,593	-	-
State Government bonds	1,896,414	2,051,853	-	-
Corporate bonds	8,938,824	11,031,988	-	-
Promissory notes,bankers acceptance & commercial papers	39,226,091	23,000,975	-	-
	55,690,244	38,793,024	-	-
Reconciliation of Impairment on investment securities FVOCI			-	-
Balance at 1 January	139,011	185,930	-	-
Charge/(write-back)/charge in impairment allowance	54,958	(46,919)	-	-
At 31 December	193,969	139,011	-	-
Classified as amortised cost				
Nigerian Treasury Bills	-	1,073,244	-	-
Federal Government of Nigeria bonds	-	929,335	-	-
Promissory notes	666,875	635,190	-	-
	666,875	2,637,769	-	-
Impairment on investment securities at amortised cost Stage 1 ECL provision	-	(2,745)	-	-
	-	(2,745)	-	-

Net debt securities at amortised cost	666,875	2,635,024	-	-
Total debt securities	56,357,119	41,428,048	-	-

The reconciliation of the impairment allowance on debt securities is as below:

Balance at 1 January	2,745	2,776	-	-
Increase/(write-back) in provision for the year	(2,745)	(31)	-	-
At 31 December	-	2,745	-	-

(ii) **Equity securities**

Classified as fair value through other comprehensive income				
Unquoted equity securities	15,666	15,666	-	-
	15,666	15,666	-	-

i. The N15.66M investment in equity securities represents N15M investment in FMDQ GROUP PLC and N0.67M investment in the Nigeria Inter-bank Settlement Scheme (NIBSS) by the merchant banking subsidiary. Total dividend of N0.17M was received as dividend from NIBSS during the year (2021: N0.7M). The Group chose this alternative presentation because these investments were made based on regulatory directives rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

22 Pledged assets

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Financial instruments at fair value through profit or loss				
Nigerian treasury bills	249,050	-	-	-
	249,050	-	-	-
Classified as fair value through other comprehensive income				
Nigerian treasury bills	-	347,175	-	-
Federal Government of Nigeria bonds	5,963,306	1,419,780	-	-
Promissory notes and Commercial papers	-	10,990,610	-	-
	5,963,306	12,757,566	-	-
Total pledged assets	6,212,356	12,757,566	-	-
Current	6,212,356	12,757,565	-	-
	6,212,356	12,757,565	-	-

Debt securities are pledged for purpose of providing collateral to secure liabilities with counterparties. The disclosure above includes any transferred assets associated with secured borrowing.

23 Leases

Office spaces	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
i) Right of use of assets				
Opening balance as at 1 January	166,630	259,664	4,866	9,943
Additions during the period	131,037	54,184	8,695	-
Lease remeasurement	7,768	(318)	-	(318)
Charge during the period	(110,963)	(146,900)	(4,866)	(4,760)
Closing balance as at 31 December	194,472	166,630	8,695	4,866
ii) Lease liabilities				
Opening balance as at 1 January	102,588	175,595	5,776	5,456
Additions	131,039	7,852	8,695	-
Interest expense (see note 6)	23,655	17,755	-	620
Lease remeasurement	3,210	(300)	-	(300)
Payments made during the period	(99,592)	(98,314)	(5,775)	-
Closing balance as at 31 December	160,900	102,588	8,695	5,776
iii) Amounts recognised in the statement of profit or loss				
Depreciation charge of right-of-use assets	110,963	146,900	4,866	4,760
Interest expense	23,655	17,755	-	620

iv) Liquidity risk (maturity analysis of lease liabilities)

	<12 months	1-2 years	Above 2 years
Lease liability	141,343	57,158	17,094

24 Other assets

Financial assets	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Fees and other income receivables	1,495	515,397	1,861,476	846,960
Deposit for shares (Note i)	-	379,658	668,749	379,658
Deposit for investment (Note ii)	915,523	889,289	-	-
Deposit for microfinance license (Note iii)	200,000	200,000	200,000	200,000.00
Foreign exchange forward receivables (Note iv)	14,528,849	1,454,587	-	-
Other receivables	1,160,761	271,270	192,577	87,550
Gross other financial assets	16,806,628	3,710,201	2,922,802	1,514,168
Credit impairment on other financial assets - receivables	(3,543)	(3,543)	-	-
	16,803,085	3,706,658	2,922,802	1,514,168
Non financial assets				
Prepaid staff benefits	155,218	314,477	6,103	33,289
Prepaid assets	622,309	487,199	553	37,762
Withholding tax receivable	355,679	402,529	11,680	12,424
Others	168	48,387	-	-
Gross non financial assets	1,133,374	1,252,592	18,336	83,474
less: provision for doubtful receivables	(66,278)	(23,295)	-	-
	1,067,096	1,229,297	18,336	83,474
	17,870,181	4,935,955	2,941,138	1,597,642
Movements in impairment credit loss for other assets				
Financial other assets				
At start of year	3,543	-	-	-
impairment charge for year on non-financial assets	-	3,543	-	-
At end of the year	3,543	3,543	-	-
Non-financial other assets				
At start of year	23,295	15,740	-	-
impairment charge for year on non-financial assets	42,983	7,555	-	-
At end of the year	66,278	23,295	-	-
Current	16,954,658	3,652,931	2,272,388	1,217,984
Non-current	915,523	1,268,947	668,749	379,658
	17,870,181	4,921,878	2,941,138	1,597,642

(i) Deposit for shares represents amount contributed for planned fintech subsidiary for which a regulatory license is being sought as part of requirements of entities within a financial holding structure licensed by the Central Bank of Nigeria. The activities of the entity has been consolidated in the current financial year based on control exercised over its activities by the Group.

(ii) Deposit for investment represents amounts paid to date in respect of the Agricultural/Small and Medium Enterprises Investment Scheme (AGSMEIS) which was made based on regulatory directives.

(iii) This represents deposit of N200million with the Central Bank of Nigeria as part of requirements for the application for a microfinance banking license. This is part of initiatives to establish a fintech subsidiary.

(iv This represents matured FX forwards receivable from the Central Bank of Nigeria and other counterparties.

25 Investment in subsidiaries

	% Holding	31 December 2,022 N'000	31 December 2,021 N'000
FSDH Merchant Bank Limited	100.0	26,993,322	26,993,322
FSDH Asset Management Limited	99.7	2,700,000	200,000
Pensions Alliance Limited	51.0	587,010	587,010
FSDH Capital Limited	99.9	399,367	399,367
		30,679,699	28,179,699

All subsidiaries are incorporated and operated in Nigeria. During the year, FSDH Holding Company injected equity capital of N2.5 billion into the asset management subsidiary.

Further disclosures on the control and line of business of the subsidiaries are as stated in Note 39 of this financial statements.

26 Deferred tax

Deferred income taxes are calculated on temporary differences under the liability method using a statutory tax rate of 30% (2021: 30%)

Deferred income tax are attributable to the following items:
GROUP

Deferred tax liabilities				
Accelerated tax depreciation	(166,044)	(195,597)	-	-
Foreign exchange translation	(19,601)	(19,601)	-	-
	(185,645)	(215,198)	-	-
Deferred tax assets				
Accelerated tax depreciation	-	1,950	-	-
Tax loss carry forward	2,332,081	2,620,901	-	-
Lease liability	(2,642)	1,746	-	-
Credit impairment	1,049	8,339	-	-
	2,330,488	2,632,936	-	-

Movements in temporary differences during the year:

2022

Deferred tax liabilities

	1 January 2022 N'000	Recognised in P&L N'000	Recognised in OCI N'000	31 December 2022 N'000
Accelerated tax depreciation	(195,597)	29,553	-	(166,044)
Foreign exchange translation	(19,601)	-	-	(19,601)
	(215,198)	29,553	-	(185,645)

Deferred tax assets

	1 January 2022 N'000	Recognised in P&L N'000	Recognised in OCI N'000	31 December 2022 N'000
Accelerated tax depreciation	1,950	(1,950)	-	-
Tax loss carry forward	2,620,901	(288,820)	-	2,332,081
Lease liability	1,746	(4,388)	-	(2,642)
Credit impairment	8,339	(7,290)	-	1,049
	2,632,936	(302,448)	-	2,330,488

2021 Recognised Recognised

Deferred tax liabilities

	1 January 2021 N'000	Recognised in P&L N'000	Recognised in OCI N'000	31 December 2021 N'000
Accelerated tax depreciation	(183,130)	(12,467)	-	(195,597)
Foreign exchange translation	(19,601)	-	-	(19,601)
	(202,731)	(12,467)	-	(215,198)

Deferred tax assets

	1 January 2021 N'000	Recognised in P&L N'000	Recognised in OCI N'000	31 December 2021 N'000
Accelerated tax depreciation	5,594	(3,644)	-	1,950
Tax loss carry forward	2,693,721	(72,820)	-	2,620,901
Lease liability	-	1,746	-	1,746
Credit impairment	-	8,339	-	8,339
	2,699,315	(66,379)	-	2,632,936

The Group has assessed that based on its profit forecast, it is probable that there will be future taxable profits against which the tax losses from which deferred tax asset has been recognised, can be utilised. The value of unrecognised deferred tax asset as at 31 December 2022 was N13.4B (2021: N10.3B)

The company as an entity had no deferred tax assets or liabilities as at December 2022

27 Intangible asset

GROUP

Cost	Computer Software N'000	Work in progress N'000	Total N'000
At 1 January 2022	1,863,701	26,219	1,889,920
Additions	64,941	104,640	169,581
Reclassifications	-	(51,045)	(51,045)
Disposals	(59,218)	-	(59,218)
At 31 December 2022	1,869,424	79,814	1,949,238
Accumulated amortisation			
At 1 January 2022	(1,540,544)	-	(1,540,544)
Charge for the year	(205,024)	-	(205,024)
Write offs	59,219	-	59,219
At 31 December 2022	(1,686,349)	-	(1,686,349)
Net book amount at 1 January 2022	323,157	26,219	349,376
Net book amount at 31 December 2022	183,075	79,814	262,889

Cost	Computer Software N'000	Work in progress N'000	Total N'000
At 1 January 2021	1,743,052	119,162	1,862,214
Additions	13,333	66,733	80,066
Reclassifications	(4,101)	(48,259)	(52,360)
Transfers	111,417	(111,417)	-
At 31 December 2021	1,863,701	26,219	1,889,920
Accumulated amortisation			
At 1 January 2021	(1,344,732)	-	(1,344,732)
Charge for the year	(195,812)	-	(195,812)
At 31 December 2021	(1,540,544)	-	(1,540,544)
Net book amount at 1 January 2021	398,320	119,162	517,482
Net book amount at 31 December 2021	323,157	26,219	349,376

The software was not internally generated. The amortisation charge for the year is included within operating expenses. There were no impairment losses on any class of intangible assets during the year (2021: Nil).

FSDH HOLDING COMPANY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
At 31 December 2022

28 Property and equipment

GROUP	Leasehold Improvement **N'000**	Office Equipment **N'000**	Computer Equipment **N'000**	Office Furniture & Fittings **N'000**	Motor Vehicles **N'000**	Work in Progress **N'000**	Total **N'000**
Cost							
At 1 January 2022	399,247.00	268,878	941,976	137,421	1,913,756	70,034	3,731,312
Additions	93,720.16	31,590	101,641	26,168	443,128	60,404	756,652
Reclassifications	(21,046)	537	-	21,046	(27,000)	-	(26,464)
Disposals	-	(1,585)	(3,251)	(2,004)	(289,075)	-	(295,915)
At 31 December 2022	471,921	299,420	1,040,366	182,631	2,040,809	130,438	4,165,585
Accumulated depreciation							
At 1 January 2022	(325,286)	(211,551)	(721,432)	(117,219)	(1,019,781)	-	(2,395,269)
Charge for the year	(39,434)	(36,081)	(126,588)	(7,862)	(397,833)	-	(607,798)
Reclassifications	8,067	-	(2,537)	(8,067)	-	-	(2,537)
Disposals	-	4,790	2,095	177	237,566	-	244,628
At 31 December 2022	(356,653)	(242,842)	(848,462)	(132,971)	(1,180,048)	-	(2,760,976)
Net book amount at 31 December 2022	**115,268**	**56,578**	**191,904**	**49,660**	**860,761**	**130,438**	**1,404,609**
Cost							
At 1 January 2021	315,645	266,168	744,270	140,731	1,878,750	139,302	3,484,866
Additions	-	7,354	203,354	673	461,646	64,872	737,899
Transfer	83,602	537	-	-	50,000	(134,140)	-
Disposals	-	(5,181)	(5,648)	(3,983)	(476,640)	-	(491,452)
At 31 December 2022	471,921	236,820	1,040,366	182,631	2,103,409	130,438	3,731,313
Accumulated depreciation							
At 1 January 2021	(289,358)	(179,034)	(616,321)	(105,762)	(953,686)	-	(2,144,161)
Charge for the year	(35,928)	(37,307)	(108,053)	(12,834)	(399,580)	-	(593,702)
Disposals	4,790	2,942	1,377	333,485	-	-	342,594
At 31 December 2021	(320,496)	(242,842)	(848,462)	(132,971)	(1,178,578)	-	(2,395,269)
Net book amount at 31 December 2022	**151,425**	**(6,022)**	**191,904**	**49,660**	**924,831**	**130,438**	**1,336,044**

(i) There were no authorised or contracted capital commitments as at the reporting date (2021: Nil). All property and equipment are non-current.
(ii) There were no impairment losses on any class of property and equipment or intangible assets during the year (2021: Nil).
(iii) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2021: Nil).

COMPANY	Leasehold Improvement **N'000**	Office Equipment **N'000**	Computer Equipment **N'000**	Office Furniture & Fittings **N'000**	Motor Vehicles **N'000**	Work in Progress **N'000**	Total **N'000**
Cost							
At 1 January 2022	83,603	691	9,562	557	101,077	-	195,489
Additions	-	-	2,511	-	-	-	2,511
Reclassifications	(21,046)	-	-	21,046	-	-	-
Disposals	-	-	(712)	-	(60,000)	-	(60,712)
At 31 December 2022	62,557	691	11,361	21,602	41,077	-	137,288
Accumulated depreciation							
At 1 January 2022	(16,721)	(328)	(5,408)	(166)	(36,317)	-	(58,939)
Charge for the year	(16,369)	(138)	(2,984)	(463)	(25,442)	-	(45,397)
Reclassifications	8,067.00	-	-	(8,067)	-	-	-
Disposals	-	-	396	-	38,750	-	39,146
At 31 December 2022	(25,023)	(466)	(7,996)	(8,696)	(23,009)	-	(65,189)
Net book amount at 31 December 2022	37,534	225	3,364	12,906	18,068	0	72,098
Cost							
At 1 January 2021	-	691	6,246	557	153,337	83,603	244,434
Additions	-	-	3,316	-	25,000	-	28,315
Reclassifications	83,603	-	-	-	-	(83,603)	-
Disposals	-	-	-	-	(77,260)	-	(77,260)
At 31 December 2021	83,603	691	9,562	557	101,077	-	195,489
Accumulated depreciation							
At 1 January 2021	-	(190)	(2,446)	(55)	(49,164)	-	(51,854)
Charge for the year	(16,721)	(138)	(2,961)	(111)	(29,079)	-	(49,010)
Disposals	-	-	-	-	41,926	-	41,926
At 31 December 2021	(16,721)	(328)	(5,408)	(166)	(36,317)	-	(58,939)
Net book amount at 31 December 2021	66,882	363	4,153	391	64,760	-	136,550

(i) There were no authorised or contracted capital commitments as at the reporting date (2021: Nil). All property and equipment are non-current.
(ii) There were no impairment losses on any class of property and equipment or intangible assets during the year (2021: Nil).
(iii) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2021: Nil).

29 Trading liabilities	**GROUP 2022 N'000**	**GROUP 2021 N'000**	**COMPANY 2022 N'000**	**COMPANY 2021 N'000**
CBN special bill (short position)	11,011,640	5,576,479	-	-
Repurchase agreement	4,996,788	-	-	-
	16,008,427	**5,576,479**	**-**	**-**

30 Due to banks and other financial institution	**GROUP 2022 N'000**	**GROUP 2021 N'000**	**COMPANY 2022 N'000**	**COMPANY 2021 N'000**
Call borrowings	7,665,808	-	-	-
Secured borrowings	6,218,433	-	-	-
Trade related obligations to foreign banks	16,303,277	26,104,330	-	-
Other balances	-	43,574	-	-
	30,187,518	26,147,904	-	-
Current	30,187,518	26,147,904	-	-
	30,187,518	26,147,904	-	-

Secured borrowings represent various transactions in which financial assets are transferred in exchange for cash and a concurrent obligation to re-acquire the financial asset at a future date for a pre-determined consideration. The transferred asset have not been de-recognised in the books and form part of the financial assets in the statement of financial position disclosed as pledged assets.

31 Due to customers	**GROUP 2022**	**GROUP 2021**	**COMPANY 2022**	**COMPANY 2021**
Demand	32,389,947	26,453,814	-	-
Term	65,062,274	33,977,626	-	-
Client investment products accounts	5,915,130	16,436,538	-	-
	103,367,351	76,867,978	-	-
Current	103,367,351	76,867,978	-	-
	103,367,351	76,867,978	-	-

32 Other liabilities and provisions	**GROUP 2022**	**GROUP 2021**	**COMPANY 2022**	**COMPANY 2021**
Financial liabilities:				
Customers' deposit for foreign trade (Note (i))	6,597,666	3,586,970	-	-
Amounts held on behalf of third parties	3,464,530	6,219,635	-	-
Unclaimed third party deposits	12,326	12,324	-	-
Sundry creditors	22,607	29,331	-	898
Accruals	1,698,039	523,427	102,479	45,413
Minimum pension guarantee (Note ii)	173,782	154,391	-	-
Dividends payable	304,012	794,012	304,012	304,012
Intercompany payables	-	-	614,175	754,667
Account payables	5,748,957	1,090,283	343,831	45,585
	18,021,919	12,410,373	1,364,497	1,150,575
Non financial liabilities:				
Non financial liabilities				
VAT payable	65,731	48,350	-	-
WHT payable	63,509	40,684	3,714	6,635
ECL provisions on financial guarantee contracts (Note iii)	125,657	35,922	-	-
Others	3,230	-	-	-
	258,127	124,956	3,714	6,635
	18,280,046	12,535,329	1,368,211	1,157,210
Current	18,280,046	12,535,328	1,368,211	1,157,210
	18,280,046	12,535,328	1,368,211	1,157,210

(i) This represents the naira value of foreign currencies held on behalf of customer(s) to cover letters of credit transactions.

(ii) In line with PenCom guideline on the implementation of the minimum pension guarantee and the establishment of the Pension Protection Fund, Pension Fund Administrators are required to contribute 3% of their management fees into the Fund annually. This provision is meant to cater for eventualities of exhaustion of fund in retirement savings account of retirees.

(iii) This represents IFRS 9 ECL impairment provisions on off-balance sheet financial assets such as loan commitments and financial guarantee contracts - letters of credits.

The movement in ECL impairment provision on off balance sheet financial assets:

Opening balance - 1 January	35,922	46,576	-	-
Additions/(Write-back) for the year (Note 8)	89,735	(10,654)	-	-
Closing balance - 31 December	125,657	35,922	-	-

33 Debt instruments issued

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Debt instrument at amortised cost:				
Fixed rate unsecured bonds (Note (i) below)	3,151,259	-	3,151,259	-
FSDH Commercial Papers (Note (ii) below)	19,734,983	16,772,584	-	-
Senior unsecured debt Naira (Note (iii) below)	5,015,806	5,099,721	-	-
Subordinated fixed rate notes- Naira (Note (iv) below)	7,217,755	7,276,566	-	-
	35,119,803	29,148,871	3,151,259	-
Current	22,886,242	16,772,584	3,151,259	-
Non-current	12,233,561	12,376,287	-	-
	35,119,803	29,148,871	3,151,259	-

(i) This represent the outstanding FSDH Holding Company Limited private bond Series I debt issued on 3 August 2022 at a fixed rate of 13.33% per annum payable semi-annually. It has a tenor of 5 years. The debt is unsecured.

(ii) This represent the outstanding FSDH CP Notes that were issued during the year by FSDH Merchant Bank Limited. The face value of the CP Notes as at the reporting date is N19.65billion and listed on the FMDQ OTC Securities Exchange.

(iii) This represents Naira denominated unsecured senior debt issued on 16 February 2021 at a fixed interest rate of 8.00% per annum payable semi-annually. It has a tenor of 5 years. The debt is unsecured.

(iv This represents Naira denominated surbodinated debt issued on 16 February 2021 at a fixed interest rate of 8.50% per annum payable semi-annually. It has a tenor of 5 years. The debt is unsecured.

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Movement in debt securities for the year:				
Opening position	29,148,871	23,050,499	-	-
Net discounted value of notes issued	45,211,766	29,521,325	2,990,000	-
Redemptions during the year	(43,340,232)	(25,886,550)	-	-
Interest expense (Note 6)	4,099,398	2,463,597	161,259	-
Closing position	35,119,803	29,148,871	3,151,259	-

34 Other borrowed funds

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Due to Access Bank UK (Note (i) below)	10,151,335	-	-	-
Due to SCB (Note (ii) below)	1,900,846	-	-	-
Due to NEXIM (Note (iii) below)	-	1,927,671	-	-
Due to Interntional Finance Corporation (Note (iv) below)	9,398,043	-	-	-
Due to Development Bank of Nigeria (Note (v) below)	12,418,156	15,370,545	-	-
	33,868,380	17,298,216	-	-
Current	21,450,224	1,927,671	-	-
Non-current	12,418,156	15,370,545	-	-
	33,868,380	17,298,216	-	-

(i) This represents N9.91billion on-lending facility obtained during the year at the average rate of 16.6% for 9 months.
(ii) This represents N1.8billion on-lending facility obtained in during the year at the average rate of 12.89% for 6 months.
(iii) This N2bn on-lending facility obtained in August 2021 from Nigeria Export Import Bank (NEXIM) was fully repaid during the year.
(iv) This represents N9.2billion on-lending facility obtained in October 2022 at the rate of 8.7% for 1 year.
(v) This represents N12.42bn on-lending facility obtained in 2022 from the Developments Bank of Nigeria at the average rate of 13.17%. Interest is payable monthly. The debt is unsecured. payable monthly. The debt is unsecured.

	GROUP 2022 N'000	GROUP 2021 N'000	COMPANY 2022 N'000	COMPANY 2021 N'000
Movement in other borrowed funds for the year:				
Opening position	17,298,216	-	-	-
Additions	50,824,143	17,227,671		-
Interest expense	2,351,391	619,872		-
Interest paid	(2,017,614)	(549,327)		-
Repayments	(34,587,756)	-	-	-
Closing position	33,868,380	17,298,216	-	-

35 Share capital

	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
GROUP AND COMPANY				
Authorised				
2,000,000,000 Ordinary shares of N1 each	2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid				
2,000,000,000 Ordinary shares of N1 each	2,000,000	2,000,000	2,000,000	2,000,000

36 Share premium and reserves

GROUP AND COMPANY

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

(a) Share premium: Premiums from the issue of shares are reported in share premium.

	2022 N'000	2021 N'000
Value of assets transferred under the scheme of arrangement to FSDH Holding Company Limited	28,954,699	28,954,699
Issued shares	(2,000,000)	(2,000,000)
Share premium	26,954,699	26,954,699

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

(c) Restructuring reserve: This reserve arose as a result of the implementation of the financial holding company restructuring. It represents the difference between pre-restructuring share premium/share capital and the post-restructuring share premium/share capital.

	Pre-Restructuring N'000	Post-restructuring N'000	Business restructuring N'000
Share capital	2,794,794	2,000,000	
Share premium	1,539,587	26,954,699	
	4,334,381	28,954,699	(24,620,318)

(d) Statutory reserve: In accordance with the Banks and Other Financial Institutions Act of 1991 (Amended), 15% of profit after taxation of FSDH Merchant Bank Limited, a subsidiary in the group has been transferred to statutory reserve. In addition, Pensions Alliance Limited, another subsidiary company in the group, has transferred 12.5% of its profit after taxation to a statutory reserve account which is required to be done on an annual basis under existing legislation of the Pensions Act.

(e) Fair value through other comprehensive income (FVOCI) reserve: The revaluation reserve shows the effects from the fair value measurement of financial instruments of the FVOCI category. Any gains or losses on this class of financial instruments are not recognised in the consolidated income statement until the asset has been sold or impaired.

Movement in fair value through other comprehensive income	GROUP		COMPANY	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
Opening balance	(1,426,512)	2,804,779	-	-
Movement during the year	(3,122,790)	(4,231,291)	-	-
Closing balance	(4,549,302)	(1,426,512)	-	-

(f) AGSMEIS reserve: In 2017, the Central Bank of Nigeria (CBN) issued guidelines to govern the operations of the Agricultural, Small and Medium Enterprises Scheme (AGSMIES), which was established to support the Federal Government's efforts at achieving sustainable economic development and employment generation.

37 Credit risk reserve

The credit (regulatory) risk reserve represents the difference between the impairment on loans and advances determined using the prudential guidelines issued by the Central Bank of Nigeria compared with the expected loss model used in determining the impairment loss under IFRSs.

Movement in credit risk reserve

	GROUP		COMPANY	
	31 December 2022 N '000	**31 December 2021 N '000**	**31 December 2022 N '000**	**31 December 2021 N '000**
Opening balance	2,094,907	-	-	-
Transfer to retained earnings	807,648	2,094,907	-	-
Closing balance	2,902,555	2,094,907	-	-

38 Prudential adjustment

	2022 N '000	2021 N '000
Prudential guideline provisions - merchant banking subsidiary		
- Specific provisions on loans and advances	1,953,475	3,001,674
- General provisions on loans and advances	2,301,611	1,511,049
- Provision on off-balance sheet items	125,657	35,922
- Provision on placements	3,420	21,535
- Provision on debt securities	228,785	130,844
	4,612,948	4,701,024
IFRS impairment provisions - merchant banking subsidiary		
- Impairment allowance on financial assets: loans & advances	1,352,531	2,417,816
- Impairment allowance on off balance sheet	125,657	35,922
- Impairment allowance on placements	3,420	21,535
- Impairment allowance on debt securities	228,785	130,844
	1,710,393	2,606,117
Difference in IFRS impairment over prudential guidelines accounted for in credit risk reserve	2,902,555	2,094,907

In line with the regulatory requirements of the Central Bank of Nigeria, provisions for loans recognised in the statement of comprehensive income determined based on the impairments provision requirements under IFRS should be compared with provisions determined under prudential guidelines and the difference should be treated as follows:
i. If impairment provisions under Prudential Guidelines exceeds the IFRS provisions; the resulting excess provision should be transferred from the general reserve account to a non-distributable "credit risk reserve".
ii. If provisions under the Prudential guidelines is less than the IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account.
As at 31 December 2022, the IFRS impairment provision was lower than provision under the prudential guidelines, thus, the sum of N2.90 billion has been designated to a non-distributable credit risk reserve classified under Tier 1 as part of core capital.

39 Statement of cashflow notes

Reconciliation of profit before tax to cash generated from operations

	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
Profit before income tax	5,351,441	(758,228)	491,300	525,778
Adjustments for:				
– Amortisation (Note 27)	205,024	195,812	-	-
– Depreciation (Note 28)	607,798	593,702	45,397	49,010
– Depreciation on right of use asset (Note 23)	110,963	146,900	4,866	4,760
– Foreign exchange revaluation	(375,121)	(464,060)	12	(26)
– Profit on disposal of property and equipment (Note 12)	(3,480)	(13,882)	21,250	(1,250)
– Net interest income	(6,189,342)	(3,465,837)	208,815	(361)
– Dividend income (Note 11)	(52,284)	(25,332)	(2,046,706)	(1,439,048)
– Bonus issue in subsidiary	-	-	-	(225,000)
– Fair value (gain)/loss on financial instruments held for trading	(62,935)	(43,698)	(62,935)	(59,391)
– Impairment (write-back)/charge on loans and advances (Note 8)	1,178,144	160,106	-	-
– Uncollectable amounts written off (Note 8)	-	159,783	-	-
– Impairment charge on other financial assets	120,017	(31,124)	-	-
Changes in working capital:				
– Balances with banks inside Nigeria (restricted cash)	4,283,500	(3,784,310)	-	-
– Balances with banks outside Nigeria (restricted cash)	11,653	(461,371)	-	-
– Loans to banks (restricted cash)	-	(387,290)	-	-
– Loans and receivables to customers	(41,625,143)	(38,897,009)	7,106	5,134
– Financial instruments held for trading	10,897,676	1,154,760	62,935	546,297
– Derivatives financial assets	361,143	(583,182)	-	-
– Pledged assets	6,545,209	3,793,524	-	-
– Other assets	(13,661,213)	(3,048,274)	516,378	(546,436)
– Due to banks	4,039,614	6,526,832	-	-
– Due to customers	26,499,373	(2,132,431)	-	-
– Derivatives financial liabilities	(208,444)	567,489	-	-
– Other liabilities	2,734,021	12,274,728	(78,515)	173,016
Cash (used)/generated from operations	767,614	(28,522,392)	(830,097)	(967,516)
Other operating activities cashflow				
– Interest received	18,047,028	10,290,842	526	980
– Interest paid	(8,952,599)	(7,327,005)	58,082	-
– Redemption/purchase of investment securities	(25,014,334)	(2,098,666)	-	-
Interest received				
Financial assets at fair value through profit or loss	869,742	1,832,043		
Financial assets at fair value through other comprehensive Income	5,611,443	1,957,344		
Financial assets at amortised cost	11,565,843	6,501,454	526	980
	18,047,027	10,290,842	526	980
Interest paid				
Financial assets measured at amortised cost	(8,952,599)	(7,327,005)	58,082	-
Proceeds from sale of plant, property and equipment				
Cost of disposed assets (Note 28)	295,915	491,452	60,712	77,260
Accumulated depreciation on disposed assets (Note 28)	(244,628)	(342,594)	(39,146)	(41,926)
Profit on disposal of property and equipment (Note 12)	3,480	13,882	(21,250)	1,250
Sundry write-offs	-	(107)	-	-
Proceeds from disposal	54,767	162,633	316	36,584
Dividend received				
Opening dividend receivable	-	-	846,960	1,374,613
Dividends earned for the year	52,284	25,332	2,046,706	1,439,048
Dividends receivable at end of year	-	-	(1,861,476)	(846,960)
Dividend received for the year	52,284	25,332	1,032,190	1,966,701

40 Cash and cash equivalents

For the purposes of statement of cash flow, cash and cash equivalents are balances that are held for the primary purpose of meeting short term cash commitments. This includes cash-on-hand, deposit held at call with banks and other short-term highly liquid investments which originally matures in three months or less from when the group became a party to the instrument.

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
	N'000	**N'000**	**N'000**	**N'000**
Cash and bank balances (Note 15)	43,546,630	44,953,480	33,641	17,215
Placements with banks and other financial institution (Note 16)	11,359,184	10,783,659	-	-
	54,905,814	55,737,139	33,641	17,215
Mandatory reserve with Central Bank of Nigeria	(26,562,369)	(30,845,869)	-	-
Restricted placements with banks and other financial institution	(975,252)	(975,252)	-	-
Customers' deposit for foreign trade (Note 32)	(6,597,666)	(3,586,970)	-	-
	20,770,527	20,329,048	33,641	17,215

41 Group entities

The Group is controlled by FSDH Holding Company Limited "the ultimate parent". The controlling interest of FSDH Holding Company Limited in the Group entities is as disclosed in the accompanying disclosures below -

The basis of consolidation of the Group's subsidiaries is as stated in Note 2.2. The following disclosures are provided as regards the company's interest in other entities and information relating to significant non-controlling interests in entities within the Group.

	Type of holding	**Principal line of business**	**Ownership Interest**	
			2022	**2021**
FSDH Merchant Bank Limited, incorporated in Nigeria	Direct	Merchant Banking	100.0%	100.0%
FSDH Asset Management Limited, incorporated in Nigeria	Direct	Fund & portfolio management	99.7%	99.7%
Pensions Alliance Limited, incorporated in Nigeria	Direct	Pension fund administration	51.0%	51.0%
FSDH Securities Limited, incorporated in Nigeria	Direct	Stockbroking	99.9%	99.9%
FSDH Funding SPV PLC, incorporated in Nigeria *	Control	Fund Raising	0.0%	0.0%
Perophs Investments Limited, incorporated in Nigeria**	Control	Digital platform	0.0%	0.0%

*FSDH Funding SPV PLC was established as a special purpose vehicle for the purpose of issuing bonds to fund working capital, enhance the liquidity and the capital base of FSDH Merchant Bank. Its shares are held by nominees under the declaration of a trust.

**Perophs Investments Limited is a placeholder company for purpose researching and building the necessary digital platform for launch of a fintech subsidiary for the Group. As at 31 December 2022, an application was pending for a microfinance license with the Central Bank of Nigeria by company under which the placeholder company would be renamed and operate to become a full fledged subsidiary of FSDH Holding Company Limited.

The Group is deemed to have control over the activities of the entities.

Significant restrictions

There are no significant restrictions on the Group's ability to access and use assets or settle liabilities of the group other than those resulting from regulatory frameworks within which the subsidiaries operate. FSDH Merchant Bank Limited, a licensed banking entity by the Central Bank of Nigeria and Pensions Alliance Limited, a pension fund administration company are the only group subsidiaries that regulatory framework requires them to keep certain percentages of their profits in a restricted statutory reserve account (as disclosed in Note 36).

Non-Controlling Interests (NCI) in subsidiaries
Information relating to the Group's subsidiary with material NCI is as below -

Pensions Alliance Limited

NCI ownership interests & voting rights percentage	49%	49%
	2022	**2021**
	N'000	**N'000**
Total assets	8,839,610	7,427,630
Total liabilities	1,862,410	2,420,969
Net assets	6,977,200	5,006,661
Carrying amount of NCI	3,418,828	2,453,264
Pensions Alliance Limited (cont'd)	**2022**	**2021**
	N'000	**N'000**
Revenue	6,537,615	5,667,361
Profit before tax	2,848,089	2,563,830
Total comprehensive income	1,965,322	1,739,446
Profit allocated to NCI	899,743	845,085
Dividend payable/paid to NCI during the year	-	490,000
Summarised cashflows		
Cashflow from operating activities	2,719,361	1,764,290
Cashflow from in investing activities	251,774	(675,473)
Cashflow used in financing activities	(1,034,896)	(71,517)
Net increase/(decrease) in cash and cash equivalents	1,936,239	1,017,300

Non-Controlling Interests (NCI) in other consolidated entities

The sum of N103 million arose as non-controlling interests as a result of the consolidation of the activities of Perophs Investments, a non-subsidiary component which is to serve as platform to launch the Group's fintech strategy.

42 Contingent liabilities and commitments

(a) Legal proceedings

The Group has litigation and claims which arose in the normal course of business amounting to N409.2m and they are being contested by the Group. The directors, having sought professional legal counsel, are of the opinion that no loss will eventuate, hence no provision has been made for them in these financial statements.

(b) Credit related commitments

In the normal course of business, the banking subsidiary of the Group is party to financial instruments with off-balance sheet risk. The instruments are used to meet credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	GROUP		COMPANY	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
Letters of Credit	23,725,165	11,516,711	-	-
Performance bonds and guarantees	5,422,442	4,249,293	-	-
Loan Commitments	32,990,504	10,297,432	-	-
	62,138,111	26,063,436	-	-

The total outstanding contractual amount of the undrawn credit lines which represents loan commitments does not necessarily represent future cash outflows, as these lines may expire or terminate without being drawn. Likewise, there are varying conditions to be met before such commitments can be drawn upon.

43 Related party transactions

The parent company of the Group is FSDH Holding Company Limited

A number of transactions are entered into with related parties in the normal course of business. The volumes of related party transactions, outstanding balances at the year-end, and related expense and income for the year are as follows -

Related entities

Directors and related entities

The aggregate value of transactions of services rendered to directors and their related entities over which they have control or significant influence were as follows:

	31 December 2022 N'000	31 December 2021 N'000
Expense paid	77,750	10,750

The company engaged the services of Udo Udoma & Belo-Osagie, a professional service law firm (related to directors of the company) during the year. The firm has an approved retainership agreement for annual fee of N10million with the company. During year, legal fees of N67million was approved by the board for UUBO's representation for the company in an-ongoing litigation matter.

Key management personnel

(a) Compensation	31 December 2022 N'000	31 December 2020 N'000
Wages and salaries	327,422	367,344
Pension costs	31,455	35,035
	358,877	402,379

(b) Loans and advances	31 December 2022 N'000	31 December 2021 N'000
Loans outstanding	2,666	7,360
Interest income	447	375

Loans to key management personnel as disclosed above represent staff loans which are payable between 1 to 15 years depending on the loan type. The significant loan type is the mortgage loans advanced to qualifying staff in employ of the Group for over 5 years. Mortgage loans are collateralised by the underlying property. There were no specific loan loss provision related to the amounts outstanding.

No loan was granted to any key management staff or employee outside their employment scheme of service.

Subsidiaries

(a) Transaction and balances

Name of entity	Relationship	Transaction	31 December 2022 N'000	31 December 2021 N'000
FSDH Merchant Bank Limited	Subsidiary	Current account	33,641	17,215
FSDH Merchant Bank Limited	Subsidiary	Intercompany payable	614,175	754,667
FSDH Asset Management Limited	Subsidiary	Intercompany receivable	1,079	5,178
FSDH Capital Limited	Subsidiary	Intercompany receivable	6,094	6,780

(b) Dividends

Dividend income accrued or received by the Holding Company during the year from its subsidiaries are as listed below:

Name of entity	Relationship		31 December 2022 N'000	31 December 2021 N'000
FSDH Merchant Bank Limited	Subsidiary	Received	406,595	592,088
FSDH Merchant Bank Limited	Subsidiary	Receivable	1,861,476	126,960
Pensions Alliance Limited	Subsidiary	Receivable	-	510,000
FSDH Asset Management Limited	Subsidiary	Receivable	-	210,000

44 Insider related credits

There were no extension of credits to directors of the Group or affiliated entities as at December 2022.

Insider-related credits include transactions involving shareholders, employees, directors and their related interests; the term director being as defined in section 20(5) of BOFIA 1991 (as amended). Under the circular, credits to employees under their employment scheme of service and shareholders' whose shareholding and related interest are less than 5% of the bank's paid up capital, are excluded. Impairment charge has been recognised in these financials with respect to the loans.

45 Earnings per share

(i) Basic

Basic earnings per share is calculated by dividing the net profit after tax attributable to the equity holders of the Group by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares held as treasury shares.

	GROUP		COMPANY	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Profit after tax attributable to equity holders of the parent bank (N'000)	2,969,339	(2,568,681)	490,690	524,689
Weighted average number of ordinary shares ('000)	2,000,000	2,000,000	2,000,000	2,000,000
Basic earnings per share (in kobo per share)	148	(128)	25	26

(ii) Diluted

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.

46 Dividends

	31 December 2022 N'000	31 December 2021 N'000
Proposed dividend (2022: 18.4k per share)	368,000	-

For the financial year ended 31st December 2022, the directors have recommended the payment of N0.184 per share subject (subject to applicable withholding taxes). These financial statements do not reflect this resolution as dividends are not accounted for until they have been ratified at the Annual General Meeting (AGM).

47 Compliance with regulations

During the year, the sum of N19.6million was paid as penalties to regulators (2021: N2.9million) as below -

Entity	Nature of Infraction	Regulator	N'000
FSDH Merchant Bank	Infraction arising from CBN's AML/CFT examination of July - April 2021	Central Bank of Nigeria	17,250
PAL Pension	Ratings related issues	PENCOM	2,000
FSDH Capital	Incomplete filing of a bond issuance documentation to SEC	Securities & Exchange Commission	250
FSDH Asset Management	Failure to adequately disclose financial assets it acquired from underlying instruments in CIF as at Q1 2021.	Securities & Exchange Commission	100
			19,600

48 Events after statement of financial position date

There were no other events subsequent to the financial position date which require adjustments to, or disclosure in these financial statements.

Other National Disclosures

STATEMENT OF VALUE ADDED

GROUP

	Dec 2022	%	Dec 2021	%
	₦'000		₦'000	
Gross earnings	**33,257,605**		18,227,890	
Interest and similar expenses	**(13,461,112)**		(8,173,605)	
	19,796,493		10,054,285	
Impairment allowance on risk assets	**(1,298,161)**		(288,765)	
Administrative Overheads- local	**(4,729,797)**		(3,414,534)	
Value added	**13,768,535**	100	6,350,986	100
Distribution of value added				
To employees and directors:				
Salaries and benefits	**7,493,496**	54	6,161,701	97
To government:				
Government as taxes	**1,482,359**	11	965,368	15
The future:				
For replacement of fixed assets (depreciation)	**607,798**	4	593,702	9
For replacement of intangible assets (amortisation)	**204,837**	1	195,813	3
For amortisation of Right of use asset	**110,963**	1	146,900	2
Due to non-controlling Interest	**899,743**	7	845,085	13
To reserves	**2,969,339**	22	(2,568,681)	-41
	13,768,535	100	6,339,988	100

These statements shows the distribution of the wealth created by the Group during the periods.

COMPANY

	Dec 2022	%	Dec 2021	%
	₦'000		₦'000	
Gross earnings	**2,142,703**		2,729,119	
Interest and similar expenses	**(209,341)**		(591)	
	1,933,362		2,728,528	
Impairment allowance on risk assets	**-**		(326)	
Administrative Overheads- local	**(501,940)**		(283,425)	
Value added	**1,431,422**	100	2,444,777	100
Distribution of value added				
To employees and directors:				
Salaries and benefits	**889,861**	62	697,187	29
To government:				
Tax	**610**	0	362	-
The future:				
For replacement of fixed assets (depreciation)	**45,396**	3	39,938	2
For amortisation of Right of use asset	**4,866**	0	6,749	0
To reserves	**490,690**	34	1,700,542	70
	1,431,424	100	2,444,777	100

These statements shows the distribution of the wealth created by the company during the period.

FSDH HOLDING COMPANY LIMITED
OTHER NATIONAL DISCLOSURES
FIVE YEAR FINANCIAL SUMMARY - GROUP

	Dec 2022	Dec 2021	Dec 2020	Dec 2019	Dec 2018
	₦'000	₦'000	₦'000	₦'000	₦'000
Gross earnings	**33,205,321**	18,202,558	22,574,038	25,617,178	23,248,640
Interest and similar expenses	**(13,461,112)**	(8,173,605)	(6,812,102)	(10,971,272)	(10,287,949)
Operating income	**19,744,209**	10,028,953	15,761,936	14,645,906	12,960,691
Profit before tax	**5,351,441**	(758,228)	5,172,074	5,755,788	6,754,848
Tax	**(1,482,359)**	(965,368)	(1,095,010)	(2,114,004)	(1,388,148)
Profit after tax	**3,869,082**	(1,723,596)	4,077,064	3,641,784	5,366,700
Minority interest	**(899,743)**	(845,085)	(731,138)	(657,258)	(719,945)
Profit attributable to equity holders	**2,969,339**	(2,568,681)	3,345,926	2,984,526	4,646,755
Earnings per share (kobo)	**148**	(128)	167	149	149

	Dec 2022	**Dec 2021**	Dec 2020	Dec 2019	Dec 2018
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash and bank balances	**43,546,630**	44,953,480	50,075,510	16,666,306	11,222,251
Loans to banks and other financial institutions	**11,354,635**	10,757,179	6,742,925	10,516,423	17,740,029
Financial instruments held for trading	**3,333,673**	3,960,411	5,071,473	3,300,199	1,827,142
Trading asset	**10,208,003**	-	-	-	-
Derivative financial instruments	**460,730**	821,873	238,691	414,929	607,076
Loans and advances to customers	**117,814,870**	77,354,301	38,617,398	45,853,754	40,870,509
Investment securities	**56,372,785**	41,443,714	44,205,402	46,004,983	37,521,440
Pledged assets	**6,212,356**	12,757,565	16,551,089	33,105,753	8,894,229
Other assets	**17,870,181**	4,935,955	1,887,681	1,941,115	2,041,710
Leases - Right of use assets	**194,472**	166,630	259,664	367,102	-
Current income tax asset	**-**	125,546	116,119	-	-
Deferred tax assets	**2,330,488**	2,632,936	2,699,315	2,871,049	3,231,220
Intangible assets	**262,889**	349,376	517,482	515,970	315,687
Property and equipment	**1,404,609**	1,336,044	1,340,705	1,164,949	1,039,052
Total assets	**271,366,321**	201,595,010	168,323,454	162,722,532	125,310,345
Assets classified as held for sale	-	-	-	-	-
	271,366,321	201,595,010	168,323,454	162,722,532	125,310,345
LIABILITIES					
Trading liabilites	**16,008,427**	5,576,479	**-**	**-**	**-**
Derivative financial instruments	**587,602**	796,046	228,557	395,283	590,903
Due to banks	**30,187,518**	26,147,904	19,621,072	27,684,828	4,744,992
Due to customers	**103,367,351**	76,867,978	79,000,409	54,639,029	46,542,640
Lease liabilities	**160,900**	102,588	175,595	252,167	-
Current income tax liability	**1,077,681**	869,764	678,489	1,122,912	989,978
Deferred tax liabilities	**185,645**	215,198	202,731	-	-
Other liabilities	**18,280,046**	12,535,329	5,375,709	11,489,613	5,137,097
Borrowed funds	**33,868,380**	17,298,216	-	18,737,312	18,725,951
Debt securities issued	**35,119,803**	29,148,871	23,050,499	14,086,009	14,341,909
	238,843,353	169,558,373	128,333,061	128,407,153	91,073,470
NET ASSETS	**32,522,968**	32,036,637	39,990,393	34,315,379	34,236,875
SHAREHOLDERS' FUNDS:					
Share capital	**2,000,000**	2,000,000	2,000,000	2,000,000	2,794,794
Share premium	**26,954,699**	26,954,699	26,954,699	26,954,699	1,539,587
Business restructure reserve	**(24,620,318)**	(24,620,318)	(24,620,318)	(24,620,318)	-
Retained earnings	**15,996,692**	14,764,629	21,330,017	20,554,069	21,229,882
Statutory reserve	**9,420,403**	8,877,288	8,528,692	7,850,504	7,141,272
Fair value reserve	**(4,549,302)**	(1,426,512)	2,804,779	31,384	(429,782)
AGSMEIS reserve	**1,114,136**	936,126	891,789	-	-
Credit risk reserve	**2,902,554**	2,094,906	-	-	157,039
	29,218,864	29,580,818	37,889,659	32,770,338	32,432,792
Non-controlling interest	**3,304,104**	2,455,819	2,100,734	1,545,041	1,804,083
SHAREHOLDERS' FUNDS	**32,522,968**	32,036,637	39,990,393	34,315,379	34,236,875