

**FBNQUEST MERCHANT BANK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

FBNQUEST MERCHANT BANK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

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CORPORATE INFORMATION

Directors

Mr. Bello Maccido	Chairman	
Mr. Afolabi Olorode, FCA	Acting Managing Director	<i>Appointed 5 January 2024</i>
Mrs. Oyinkansade Adewale, FCA	Independent Non-Executive Director	
Mr. Nnamdi Okonkwo	Non-Executive Director	<i>Resigned 31 December 2024</i>
Dr. Irene Ubiawhe-Akpofure	Non-Executive Director	
Mr. Akinlolu Osinbajo, SAN	Non-Executive Director	

Registered Office

2 Broad Street
Lagos Island
Lagos

Bankers

Central Bank of Nigeria
First Bank of Nigeria Plc
Guaranty Trust Bank Plc
Sterling Bank Plc
FBN UK Limited
Bank of Beirut (UK) Ltd
FCMB UK Ltd
Access Bank Plc
Access Bank UK
UBA America
ABSA Bank Ltd
AFREXIM Bank
British Arab Commercial Bank
Standard Chartered Bank Nigeria Ltd
Oddo BHF

RC Number

264978

Tax Identification Number

00166797-0001

Company Secretary

Tolulope Adetugbo
2 Broad Street
Lagos Island
Lagos.

Independent Auditor

KPMG Professional Services
KPMG Towers
Bishop Aboyade Cole Street
Victoria Island
Lagos

**FBNQUEST MERCHANT BANK LIMITED
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DIRECTORS' REPORT

The Directors present their report on the affairs of FBNQuest Merchant Bank Limited (“the Bank”) and its subsidiary together with the audited consolidated and separate financial statements and the independent auditor’s report for the year ended 31 December 2024.

(a) Legal form

The Bank was initially incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on 14 February 1995. It was granted a license on 31 October 1995 to carry on the business of a discount house and commenced operations on 16 November 1995. The Central Bank of Nigeria (CBN) license for merchant banking was obtained in May 2015, while merchant banking operations commenced on 2 November 2015.

In August 2017, the Bank acquired 100% interest in two entities (FBNQuest Securities Limited and FBNQuest Asset Management Limited) and incorporated FBNQuest MB Funding SPV Plc on 28 March 2018 to form the FBNQuest Merchant Bank Group (“the Group”).

The Board of Directors of FBNQuest Merchant Bank Limited at the meeting held on 14 December 2023 and 7 February 2024 approved the transfer of its subsidiaries, FBNQuest Securities Limited and FBNQuest Asset Management respectively, to its Parent Company, FBNHoldings Plc, effective 31 December 2023. This transfer was approved by the Central Bank of Nigeria on 24 December 2024.

(b) Principal activities

The principal activities of the Bank are provision of finance and credit facilities to non-retail customers, the provision of treasury management services, trading in and holding of Federal Government of Nigeria (FGN) bonds and other money market activities, dealing in and provision of foreign exchange services, financial consultancy and advisory services, acting as issuing house or otherwise managing, arranging or coordinating the issuance of securities.

(c) Operating results

Highlights of the Group and Bank’s operating results for the year are as follows:

	Group	Group	Bank	Bank
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
	N'000	N'000	N'000	N'000
Gross earnings	63,074,624	47,937,219	63,074,624	35,504,216
Profit before minimum tax and income tax expense	12,897,611	10,718,191	12,897,611	4,089,547
Minimum tax	(318,994)	(177,037)	(318,994)	(177,037)
Profit after minimum tax	12,578,617	10,541,154	12,578,617	3,912,510
Income tax expense	(1,214,188)	(3,336,081)	(1,214,188)	(501,188)
Profit after tax	11,364,429	7,205,073	11,364,429	3,411,322

(d) Dividends

The Board of Directors, pursuant to the powers vested in it by the provisions of section 426 (2) of the Companies and Allied Matters Act (CAMA) 2020 of Nigeria, paid dividend of N1.01 billion (2023:N1.38 billion) from the retained earnings account for the year ended 31 December 2023. The Board has proposed a final dividend of N7.655 billion for the year ended 31 December 2024 (2023: interim and final dividend of N1.01 billion). See Note 49.

(e) Directors

The Directors of the Bank who held office during the year and up until date were as follows:

Mr. Bello Maccido	Chairman	
Mr. Afolabi Olorode, FCA	Acting Managing Director	<i>Appointed 5 January 2024</i>
Mrs. Oyinkansade Adewale, FCA	Independent Non-Executive Director	
Mr. Nnamdi Okonkwo	Non-Executive Director	<i>Resigned 31 December 2024</i>
Dr. Irene Ubiawhe-Akporfure	Non-Executive Director	
Mr. Akinlolu Osinbajo, SAN	Non-Executive Director	

(f) Directors' shareholding

The Directors do not have any direct and indirect interest in the issued share capital of the Bank (2023: Nil) as recorded in the register of Directors' shareholding and/or as notified by the Directors for the purposes of section 301 of the Companies and Allied Matters Act 2020.

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DIRECTORS' REPORT (CONTINUED)

(g) Directors' interests in contracts

For the purposes of section 303 of the Companies and Allied Matters Act 2020, none of the Directors had direct or indirect interests in contracts or proposed contracts with the Bank during the year (2023: Nil).

(h) Property and equipment and Intangible assets

Information relating to changes in property and equipment and intangible assets is given in Notes 29 and 30 to the consolidated and separate financial statements. In the Directors' opinion, the realisable value of the Group's properties is not less than the value shown in the consolidated and separate financial statements.

(i) Shareholding analysis

The shareholding pattern of the Bank as at 31 December 2024 (based on the issued and fully paid shares) is as stated below:

Share Range	Number of holders	Percentage of Holders %	Number of Holdings	Percentage of Holdings %
0 - 100,000,000	1	0	1	0.000000023%
101,000,000- 2,000,000,000	1	100	4,301,576,999	99.999999977%
	2	100	4,301,577,000	100%

The shareholding pattern of the Bank as at 31 December 2023 (based on the issued and fully paid shares) is as stated below:

Share Range	Number of holders	Percentage of Holders %	Number of Holdings	Percentage of Holdings %
0 - 100,000,000	1	0	1	0.000000023%
101,000,000- 2,000,000,000	1	100	4,301,576,999	99.999999977%
	2	100	4,301,577,000	100%

(j) Substantial interest in shares:

According to the register of members as at 31 December 2024 and 31 December 2023, two shareholders hold the issued share capital of the Bank:

Shareholders	Number of Shares held	Percentage of Shareholding (%)
Adewale Arogundade	1	0.000000023%
FBN Holdings	4,301,576,999	99.999999977%
	4,301,577,000	100

As part of the optimisation of its portfolio of businesses, as at 31 December 2024, the Board of Directors of FBN Holdings Plc had resolved to divest its entire shareholding in FBNQuest Merchant Bank Limited. Regulatory approvals for the proposed divestment were being sought as at the date of these financial statements.

(k) Customer complaints

In compliance with the Central Bank of Nigeria (CBN) Circular referenced FPR/DIR/CIR/GEN/01/020, the Bank established a Customer Helpdesk to handle all customers' complaints. During the year, the Bank received one (1) customer complaint. No complaint was reported to CBN (2023: Nil).

(l) Fraud and Forgeries

There were no fraud nor forgery incidents that occurred in 2024 (2023:Nil)

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DIRECTORS' REPORT (CONTINUED)

(l) Donations and charitable gifts

The Group and Bank made contributions to charitable and non-political organisations amounting to N76.10 million (2023: N32.71 million) and N76.10 million (2023: N28.56 million) respectively during the year.

<i>Donations to other organizations and individuals:</i>	Group 31-Dec-24 N'000	Group 31-Dec-23 N'000	Bank 31-Dec-24 N'000	Bank 31-Dec-23 N'000
Financial literacy and public enlightenment awareness	30,887	-	30,887	-
Contribution towards relief materials for flood victims (CIBN)	19,500	-	19,500	-
Sponsorship of The Chartered Institute of Bankers of Nigeria (CIBN) - Lagos Bankers' Night	8,500	5,000	8,500	5,000
Support to Industry IT standard compliance	8,000	-	8,000	-
Sponsorship of Indian Cultural Association	5,000	-	5,000	-
Sponsorship of Annual Bankers Committee Retreat	4,215	18,555	4,215	18,555
Sponsorship of 2023 Nigerian Cup Ikoyi Golf Tournament (26th Edition)	-	2,000	-	1,000
Sponsorship of Accounting and Entrepreneurship for Students by the Accounting students of UNILAG.	-	300	-	-
Sponsorship of Institute of Internal Auditors 2023 Hybrid Conference	-	500	-	-
Sponsorship of 6th African International Conference on Islamic Finance	-	1,200	-	-
Sponsorship of WIMBIZ	-	870	-	720
Sponsorship for Business day Banking	-	-	-	-
Sponsorship of Nigeria Diaspora Investment Summit	-	1,000	-	-
Sponsorship of Investiture of the 16th President of the Chartered Institute of Taxation of Nigeria (CITN)	-	280	-	280
Sponsorship of Nimbus Media Limited Women Empowerment Initiative	-	1,500	-	1,500
Sponsorship for Business day Bank's & Other Financial Institutions Awards (BFIA)	-	1,500	-	1,500
Total	76,102	32,705	76,102	28,555

(m) Events after the reporting period

There have been no significant events that have post-balance sheet adjustment effect, after the year ended 31 December 2024 (note 48).

(n) Human resources

Health, safety and welfare at work

The Group places a high premium on the health, safety and welfare of its employees in their place of work. Medical facilities are provided for employees and their immediate families at the Group's expense, up to stated limits.

(o) Employment of physically challenged persons

The Group and Bank had no physically challenged persons in its employment (2023: Nil). However, applications for employment by physically challenged persons are always duly considered, bearing in mind the aptitudes and abilities of the applicants concerned. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Group and Bank continues and that appropriate training is arranged. It is the policy of the Group and Bank that the training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

**FBNQUEST MERCHANT BANK LIMITED
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DIRECTORS' REPORT (CONTINUED)

(p) Employee involvement and training

The Group places considerable value on the involvement of its employees in its activities and continues to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Group. In line with this, formal and informal channels of communication are employed in keeping the staff abreast of various factors affecting the performance of the Group. The Group organises in-house and external training for its employees.

(q) Auditors

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as auditor to the Bank. In accordance with Section 401(2) of the Companies and Allied Matters Act (CAMA) 2020, therefore, the auditors will be reappointed at the next Annual General Meeting of the Fund without any resolution being passed.

BY ORDER OF THE BOARD



Tolulope Adetugbo
FRC/2017/NBA/00000016157
Company Secretary
2 Broad Street
Lagos Island
Lagos.
4 March 2025

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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

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

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

SIGNED ON BEHALF OF THE DIRECTORS BY:



Bello Maccido
Chairman
FRC/2013/CISN/0000002366
4 March 2025



Afolabi Olorode
Acting Managing Director
FRC/2023/PRO/ICAN/002/572771
4 March 2025

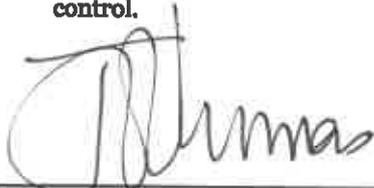
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REPORT OF THE BOARD AUDIT COMMITTEE

To the members of FBNQuest Merchant Bank Limited:

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act, the members of the Board Audit Committee of FBNQuest Merchant Bank Limited hereby report on the consolidated and separate financial statements for the year ended 31 December 2024 as follows:

- (a) 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.
- (b) We are of the opinion that the accounting and reporting policies of the Group and Bank 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 year ended 31 December 2024 are satisfactory and reinforce the Group and Bank's internal control systems.
- (c) As required by the provisions of the Central Bank of Nigeria circular BSD/1/2004 dated February 18, 2004 on "Disclosure of Insider-Related Credits in Financial Statements" we reviewed the insider - related credits of the Group and Bank and found them to be as disclosed (Note 44.2) in the consolidated and separate financial statements.
- (d) We have deliberated on the findings of the external auditors, who have confirmed that necessary cooperation was received from management in the course of the audit and are satisfied with management's responses thereon and with the effectiveness of the Group and Bank's system of accounting and internal control.



Mrs. Oyinkansade Adewale, FCA
Chairman, Board Audit Committee
FRC/2013/ICAN/00000001775
4 March 2025

Other members of the Board Audit Committee are:

Mr. Nnamdi Okonkwo *Resigned 31 December 2024*
Dr. Irene Ubiawhe-Akpofure

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CORPORATE GOVERNANCE REPORT

Corporate Governance

Strict adherence to good corporate governance is a core value at FBNQuest Merchant Bank Limited. The strategic thrust of the Bank is driven by corporate governance, which is embedded in the Bank's business practices for transparency and inclusion of all stakeholders.

The Board Credit Committee, the Board Audit Committee, the Board Risk Management Committee and the Board Governance and Nominations Committee all contribute to the effectiveness of the FBNQuest Merchant Bank Board. Non-Executive Directors chair the Board Risk Management and Governance and Nominations Committees, while an Independent Non-Executive Director chaired the Board Audit and Credit Committees. Each Committee is governed by a charter approved by the Board and the Central Bank of Nigeria.

Board of Directors

The Board of Directors is responsible and accountable for the overall performance and success of FBNQuest Merchant Bank Limited. Through the review and approval of major strategic plans and initiatives, the Board fulfils its oversight responsibilities and provides strategic direction to the Bank.

All Directors were in attendance at all Board and Committee meetings during the year.

Board Changes

Mr. Afolabi Olorode was appointed as Executive Director effective January 5, 2024. He was subsequently appointed as Acting Managing Director effective January 29, 2024.

Mr. Nnamdi Okonkwo resigned as Non-Executive Director effective December 31, 2024.

Board Activities

The Board met ten (10) times during the year, surpassing the minimum requirements for quarterly board meetings. Each of the Board Committees met a minimum of four (4) times during the year.

The Board complied significantly with the provisions of the NCCG 2018 and the CBN Corporate Governance Guidelines for Commercial, Merchant, Non-Interest and Payment Service Banks in Nigeria issued on 13 July 2023 ("CBN Guidelines").

The Board spent significant time discussing the Bank's strategy, performance, prospects, reports from its strategic business units, risk reports and regulatory compliance.

Board Appraisal

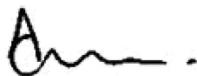
The Board of Directors commissioned PricewaterhouseCoopers (PwC) to conduct an appraisal of its activities and Directors' peer appraisal during the year in accordance with established regulations. PwC's report would be presented at the next Annual General meeting of the Bank.

**FBNQUEST MERCHANT BANK LIMITED
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**STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2024**

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Acting Managing Director and Chief Financial Officer hereby certify the financial statements of FBNQuest Merchant Bank Limited and its subsidiary for the year ended 31 December 2024 as follows:

- (a) That we have reviewed the audited consolidated and separate financial statements of the Bank for the year ended 31 December 2024.
- (b) That the audited consolidated and separate 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) The audited consolidated and separate 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 Bank as of and for the year ended 31 December 2024.
- (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 Bank and its subsidiaries is made known to us by other officers of the companies, during the period end 31 December 2024.
- (e) That we have evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of audited consolidated and separate financial statements, and certify that the Bank'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 Bank's Auditors and Audit Committee:
 - (i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarise and report financial data, and have identified for the Bank'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 Bank's internal control.



Olamide Adeosun
Chief Financial Officer
FRC/2020/001/00000022332
4 March 2025



Afolabi Olorode
Acting Managing Director
FRC/2023/PRO/ICAN/002/572771
4 March 2025

**FBNQUEST MERCHANT BANK LIMITED
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**REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING AS
OF 31 DECEMBER 2024**

The management of FBNQuest Merchant Bank Limited (“the Bank”) is responsible for establishing and maintaining adequate internal control over financial reporting as required by the Financial Reporting Council (Amendment) Act, 2023.

The management of FBNQuest Merchant Bank Limited assessed the effectiveness of internal control over financial reporting of the Bank and its subsidiary (together “the Group”) as of 31 December 2024 using the criteria set forth in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“the COSO Framework”) and in accordance with the Financial Reporting Council of Nigeria Guidance on Management Report on Internal Control Over Financial Reporting.

As of December 31, 2024, the management of FBNQuest Merchant Bank Limited did not identify any material weakness in its assessment of internal control over financial reporting.

As a result, management has concluded that, as of December 31, 2024, the Group’s internal control over financial reporting was effective.

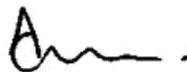
The Bank’s independent auditor, KPMG Professional Services, who audited the consolidated and separate financial statements included in this Annual Report, issued an unmodified conclusion on the effectiveness of the Group’s internal control over financial reporting as of 31 December 2024 based on the limited assurance engagement performed by them. KPMG Professional Services’ limited assurance report appears in the Annual Report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred subsequent to the date of our evaluation of the effectiveness of internal control over financial reporting that significantly affected, or are reasonably likely to significantly affect, the Group’s internal control over financial reporting.



Afolabi Olorode
Acting Managing Director
FRC/2023/PRO/ICAN/002/572771
7 May 2025



Olamide Adeosun
Chief Financial Officer
FRC/2020/001/00000022332
7 May 2025

**FBNQUEST MERCHANT BANK LIMITED
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CERTIFICATION PURSUANT TO SECTION 1.3 OF THE FINANCIAL REPORTING COUNCIL OF NIGERIA GUIDANCE ON MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

I, Afolabi Olorode, the Acting Managing Director, certify that:

- (a) I have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024 of FBNQuest Merchant Bank Limited (“the Bank”) and its subsidiary (together “the Group”);
- (b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (c) Based on my knowledge, the consolidated and separate financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;
- (d) The Group’s other certifying officer and I:
 - 1) are responsible for establishing and maintaining internal controls;
 - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, and its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;
 - 4) have evaluated the effectiveness of the Group’s internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- (e) The Group’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Bank’s auditor and the audit committee:
 - 1) That there are no significant deficiencies or material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Group’s ability to record, process, summarize and report financial information; and
 - 2) That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Group’s internal control system.
- (f) The Group’s other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation.



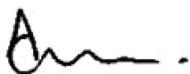
Afolabi Olorode
Acting Managing Director
FRC/2023/PRO/ICAN/002/572771
7 May 2025

**FBNQUEST MERCHANT BANK LIMITED
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CERTIFICATION PURSUANT TO SECTION 1.3 OF THE FINANCIAL REPORTING COUNCIL OF NIGERIA GUIDANCE ON MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

I, Olamide Adeosun, the Chief Financial Officer, certify that:

- (a) I have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024 of FBNQuest Merchant Bank Limited (“the Bank”) (and its subsidiary (together “the Group”));
- (b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (c) Based on my knowledge, the consolidated and separate financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;
- (d) The Group’s other certifying officer and I:
 - 1) are responsible for establishing and maintaining internal controls;
 - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, and its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;
 - 4) have evaluated the effectiveness of the Group’s internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- (e) The Group’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Bank’s auditor and the audit committee:
 - 1) That there are no significant deficiencies or material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Group’s ability to record, process, summarize and report financial information; and
 - 2) That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Group’s internal control system.
- (f) The Group’s other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation.



Olamide Adeosun
Chief Financial Officer
FRC/2020/001/00000022332
7 May 2025



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

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet home.kpmg/ng

Independent Auditor's Limited Assurance Report

To the Shareholders of FBNQuest Merchant Bank Limited

Report on Limited Assurance Engagement Performed on Management's Assessment of Internal Control Over Financial Reporting

Conclusion

We have performed a limited assurance engagement on whether internal control over financial reporting of FBNQuest Merchant Bank Limited ("the Bank") and its subsidiary (together "the Group") as of 31 December 2024 is effective in accordance with the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and the Financial Reporting Council of Nigeria Guidance on Management Report on Internal Control Over Financial Reporting.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Group's internal control over financial reporting as of 31 December 2024 is not effective, in all material respects, in accordance with the criteria established in the COSO Framework and the Financial Reporting Council of Nigeria Guidance on Management Report on Internal Control Over Financial Reporting.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board (IAASB) and the Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. Our responsibilities are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (*including International Independence Standards*) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



Other matter

We have audited the consolidated and separate financial statements of FBNQuest Merchant Bank Limited in accordance with the International Standards on Auditing, and our report dated 9 May 2025 expressed an unmodified opinion of those consolidated and separate financial statements.

Our conclusion is not modified in respect of this matter.

Responsibilities for Internal Control over Financial reporting

The Board of Directors of FBNQuest Merchant Bank Limited is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

Our responsibility is to express a conclusion on the Group's internal control over financial reporting based on our assurance engagement.

Our responsibilities

The Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting ("the Guidance") requires that we plan and perform the assurance engagement and provide a limited assurance report on the Group's internal control over financial reporting based on our assurance engagement.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Definition and Limitations of Internal Control Over Financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;



- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A handwritten signature in black ink, appearing to read 'Obaloje'.

Oseme J. Obaloje, FCA
FRC/2013/PRO/ICAN/004/00000004803
For: KPMG Professional Services
Chartered Accountants
9 May 2025
Lagos, Nigeria



KPMG Professional Services

KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
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Lagos

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FBNQuest Merchant Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of FBNQuest Merchant Bank Limited ("the Bank") and its subsidiary (together, "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2024;
- 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 material 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 Bank and its subsidiary as at 31 December 2024, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements* section of our report. We are independent of the Group and Bank 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 consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter applies to both the audit of the consolidated and separate financial statements.

Expected Credit Loss (ECL) allowance on loans and advances to customers

The ECL allowance on loans and advances to customers is considered to be of most significance in the audit due to the high level of subjectivity, judgement, and assumptions applied by management in determining the amount to be recognized as loss allowance on the loans and advances to customers.



The Group uses an ECL model to determine the loss allowance for loans and advances to customer. The ECL model requires the application of judgments, assumptions and certain financial indices estimated from historical data obtained within and outside the Group as input into the model.

The loss allowance on the loans and advances is the output of the model and key judgments and assumptions include the following:

- Definition of default adopted by the Group;
- Determination of the criteria for assessing the significant increase in credit risk (SICR);
- Incorporation of forward-looking information based on the economic scenarios within the model;
- Determination of the 12-month and lifetime probability of default (PD) used in the ECL model;
- Credit conversion factor (CCF) applied in modelling the exposure at default (EAD) for undrawn commitments; and
- Estimation of the Loss Given Default (LGD) based on collateral values and other cash flows.

Our audit procedures in these areas included the following:

- We evaluated the design and implementation of key controls over the impairment assessment process such as:
 - The Board Credit Committee's review and monitoring of the performance of loans and advances to customers;
 - Management's review of the model assumptions and inputs; and the resultant ECL allowance arising from the model.
- We assessed the Group's default definition and other qualitative default indicators by evaluating the requirements of the relevant accounting standards.
- We evaluated the appropriateness of the Group's determination of SICR, defaults and the resultant classification of loans and advances to customers into stages on a sample basis by inspecting customer files for the terms of the loans and account statements for due and unpaid obligations.
- For loans and advances to customers that have shown a significant increase in credit risk, we assessed the level of past due obligations and qualitative factors such as available industry information about the obligors to determine whether the Group should make an estimate based on the losses expected to result from default events within a year or defined default events over the life of the facilities.
- Assisted by our Financial Risk Management (FRM) specialists, we evaluated the appropriateness of the key data and assumptions used in the ECL model of the Group. Our procedures in this regard included the following:
 - We challenged the appropriateness and reasonableness of the Group's ECL methodology by considering whether it reflects unbiased and probability-weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money, reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions;
 - For forward-looking assumptions comprising the Prime lending rate and Crude oil price used, we corroborated the Group's assumptions using publicly available information from external sources and assessed for appropriateness in the Group's circumstances;
 - We agreed the CCF applied in modelling the EAD for undrawn commitments by evaluating the Group's computation for compliance with the portfolio segmentation;
 - For PD used in the ECL calculation, we inspected the model used for its calculation and evaluated the completeness and accuracy of the data used for default and non-default categories for corporate and staff loans;
 - We evaluated the calculation of the LGD used by the Group in the ECL calculations, including the appropriateness of the use of collateral, by recomputing the LGD, cashflow validation, and assessing the haircuts applied on the recoverability of collateral considering the current economic



conditions. On a sample basis, we challenged the valuation of collaterals applied in the ECL computations by evaluating the competence of the valuers;

- We independently re-performed the calculation of ECL allowance for loans and advances to customers using the Group's impairment model and inspected key inputs.
- We evaluated the adequacy of the consolidated and separate financial statements disclosures, including the disclosures of key assumptions and judgements, and also assessed whether disclosures in the consolidated and separate financial statements appropriately reflect the Group and Bank's exposure to credit risk in line with the requirements of the relevant accounting standards.

The Group's accounting policy on disclosure on judgments and estimates, and relevant financial risk disclosures are shown in Notes 7 and 6 respectively.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate information, Director's report, Statement of director's responsibilities, Report of the Board Audit Committee, Corporate Governance report, Statement of corporate responsibility, Report on the effectiveness of Internal Control over Financial Reporting, Certification pursuant to Section 1.3 of the Financial Reporting Council of Nigeria's guidance on management report on Internal Control over Financial Reporting, Statement of prudential adjustments and Other national disclosures, 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.

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Bank'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 Bank 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 Bank'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 Bank'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 Bank 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee and Board of Directors 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 Audit Committee and Board of Directors, 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 Bank, so far as appears from our examination of those books.
- iii. The Bank'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 Bank and Group paid penalties amounting to ₦4 million in respect of contraventions of Central Bank of Nigeria's Guidelines and Circulars during the year ended 31 December 2024 as disclosed in note 47 to the consolidated and separate financial statements.
- ii. Related party transactions and balances are disclosed in note 44 to the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

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

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Company's internal control over financial reporting as of December 31, 2024. The work performed was done in accordance with ISAE 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in our report dated 9 May 2025. That report is included in the annual report.

Signed:

Oseme J. Obaloje, FCA
FRC/2013/PRO/ICAN/004/00000004803
For: KPMG Professional Services
Chartered Accountants
9 May 2025
Lagos, Nigeria



FBNQUEST MERCHANT BANK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED

In thousands of Nigerian Naira

		Group	Group	Bank	Bank
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Interest income calculated using the effective interest method	8(a)	43,437,178	24,241,760	43,437,178	23,391,397
Other interest income	8(b)	5,579,927	255,970	5,579,927	255,970
Interest expense	9	(38,101,547)	(21,685,503)	(38,101,547)	(21,835,114)
Net interest income		10,915,558	2,812,227	10,915,558	1,812,253
Net impairment write-back/(charge) on financial assets	10	345,191	(2,625,910)	345,191	(2,470,624)
Net interest income after impairment charge/(writeback) on financial assets		11,260,749	186,317	11,260,749	(658,371)
Fee and commission income	11	8,159,045	14,367,752	8,159,045	6,126,188
Net gains on foreign exchange	12	5,745,655	4,313,196	5,745,655	1,442,874
Net (losses)/gains on financial assets at fair value	13	(488,875)	3,684,019	(488,875)	2,187,481
Other operating income	14	641,694	1,074,522	641,694	2,100,306
Operating income		25,318,268	23,625,806	25,318,268	11,198,478
Personnel expenses	16	(5,502,933)	(5,493,141)	(5,502,933)	(3,189,498)
Depreciation of property, plant and equipment	29	(769,751)	(460,684)	(769,751)	(405,077)
Depreciation of right of use assets	31	-	(21,778)	-	(21,778)
Amortisation of intangible assets	30	(119,592)	(54,773)	(119,592)	(43,714)
Other operating expenses	15	(6,028,381)	(6,877,239)	(6,028,381)	(3,448,864)
Operating expenses		(12,420,657)	(12,907,615)	(12,420,657)	(7,108,931)
Profit before minimum tax and income tax expense		12,897,611	10,718,191	12,897,611	4,089,547
Minimum tax	17a(i)	(318,994)	(177,037)	(318,994)	(177,037)
Profit before income tax		12,578,617	10,541,154	12,578,617	3,912,510
Income tax expense	17a(ii)	(1,214,188)	(3,336,081)	(1,214,188)	(501,188)
Profit for the year		11,364,429	7,205,073	11,364,429	3,411,322
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss					
Movement in fair value reserve (FVOCI debt instruments)					
Debt securities at FVOCI- net change in fair value		2,155,609	(2,536,717)	2,155,609	(2,691,974)
Fair value gain on derecognized FVOCI debt securities reclassified to P/L		(3,431,459)	-	(3,431,459)	-
Items that will not be reclassified to profit or loss					
Equity investment at FVOCI - net change in fair value		178,969	(744,494)	178,969	(744,494)
Other comprehensive loss for the year	41(a)	(1,096,881)	(3,281,211)	(1,096,881)	(3,436,468)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		10,267,548	3,923,862	10,267,548	(25,146)
Profit attributable to					
Holders of ordinary shares of the Bank		11,364,429	7,205,073	11,364,429	3,411,322
Total comprehensive income/(loss) attributable to		10,267,548	3,923,862	10,267,548	(25,146)
Holders of ordinary shares of the Bank		10,267,548	3,923,862	10,267,548	(25,146)
Basic/diluted earnings per share (kobo)	18(a)	264	167	264	79

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

FBNQUEST MERCHANT BANK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT

<i>In thousands of Nigerian Naira</i>	Note	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
ASSETS					
Cash and balances with Central Bank of Nigeria	19	29,007,013	73,953,341	29,007,013	73,953,341
Due from other banks	20	190,770,274	45,577,090	190,770,274	36,554,864
Financial assets at fair value through profit or loss	22	34,593,944	7,527,010	34,593,944	4,327,012
Loans and advances to customers	26	124,393,540	105,978,501	124,393,540	105,801,493
Investment securities:					
- Fair value through OCI	23	93,341,381	65,465,326	93,341,381	62,677,050
- Amortised cost	24	1,503,781	1,589,137	1,503,781	-
Pledged assets	25	7,725,993	40,600,000	7,725,993	40,600,000
Other assets	27	7,347,197	9,066,346	7,347,197	9,904,970
Investment in subsidiaries	28	-	-	1,000	1,518,248
Property and equipment	29	2,899,774	3,114,924	2,899,774	2,985,618
Intangible assets	30	153,974	164,609	153,974	92,436
Deferred tax asset	32	9,113,548	9,455,145	9,113,548	9,113,548
Total assets		500,850,419	362,491,429	500,851,419	347,528,580
LIABILITIES					
Due to banks	33	13,078,649	50,032,222	13,078,649	50,032,222
Due to customers	34	351,496,546	217,626,347	351,496,546	219,068,654
Current tax liabilities	17(b)	1,678,740	2,791,474	1,678,740	560,366
Borrowings	35	8,022,453	24,764,457	8,022,453	24,764,457
Other liabilities	36	83,547,846	24,795,998	83,548,846	20,344,245
Deferred tax liabilities	32	-	821,290	-	-
Total liabilities		457,824,234	320,831,788	457,825,234	314,769,944
EQUITY					
Share capital	39	4,301,577	4,301,577	4,301,577	4,301,577
Share premium	40	3,904,731	3,904,731	3,904,731	3,904,731
Retained earnings	40	25,287,269	24,493,680	25,287,269	15,815,424
Statutory reserve	40	11,345,154	9,640,489	11,345,154	9,640,489
Regulatory risk reserve	40	2,146,854	1,958,934	2,146,854	1,958,934
Fair value reserve	41	(3,959,400)	(2,666,368)	(3,959,400)	(2,862,519)
General reserve	41	-	26,598	-	-
Total equity		43,026,185	41,659,641	43,026,185	32,758,636
Total equity and liabilities		500,850,419	362,491,429	500,851,419	347,528,580

The consolidated and separate financial statements were approved by the Board of Directors on 4 March 2025 and signed on its behalf by:



Bello Maccido
Chairman
FRC/2013/CISN/00000002366



Afolabi Olorode
Acting Managing Director
FRC/2023/PRO/ICAN/002/572771



Olamide Adeosun
Chief Financial Officer
FRC/2020/001/00000022332

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

FBNQUEST MERCHANT BANK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED

Group								
<i>In thousands of Nigerian Naira</i>	Share capital	Share premium	Fair Value reserve	Retained earnings	Statutory reserves	Regulatory risk reserve	General reserve	Total Equity
Balance at 1 January 2024	4,301,577	3,904,731	(2,666,368)	24,493,680	9,640,489	1,958,934	26,598	41,659,641
Profit for the year	-	-	-	11,364,429	-	-	-	11,364,429
Other comprehensive loss								
Debt securities at FVOCI- net change in fair value	-	-	2,155,609	-	-	-	-	2,155,609
Fair value gain on derecognized FVOCI debt securities reclassified to P/L	-	-	(3,431,459)	-	-	-	-	(3,431,459)
Equity investment at FVOCI - net change in fair value	-	-	178,969	-	-	-	-	178,969
	-	-	(1,096,881)	-	-	-	-	(1,096,881)
Total comprehensive income	-	-	(1,096,881)	11,364,429	-	-	-	10,267,548
Derecognition of the disposed subsidiaries' reserves	-	-	(196,151)	(8,678,255)	-	-	(26,598)	(8,901,004)
Transfers during the year	-	-	-	(1,892,585)	1,704,665	187,920	-	-
At 31 December 2024	4,301,577	3,904,731	(3,959,400)	25,287,269	11,345,154	2,146,854	-	43,026,185
Group								
<i>In thousands of Nigerian Naira</i>	Share capital	Share premium	Fair Value reserve	Retained earnings	Statutory reserves	Regulatory risk reserve	General reserve	Total Equity
Balance at 1 January 2023	4,301,577	3,904,731	614,843	18,331,164	9,128,791	2,434,151	26,598	38,741,855
Profit for the year	-	-	-	7,205,073	-	-	-	7,205,073
Other comprehensive income								
Debt securities at FVOCI- net change in fair value	-	-	(2,536,717)	-	-	-	-	(2,536,717)
Equity investment at FVOCI - net change in fair value	-	-	(744,494)	-	-	-	-	(744,494)
	-	-	(3,281,211)	-	-	-	-	(3,281,211)
Total comprehensive income	-	-	(3,281,211)	7,205,073	-	-	-	3,923,862
Transactions with equity owners								
Dividend declared (See Note 49)	-	-	-	(1,006,076)	-	-	-	(1,006,076)
	-	-	-	(1,006,076)	-	-	-	(1,006,076)
Transfers during the year	-	-	-	(36,481)	511,698	(475,217)	-	-
At 31 December 2023	4,301,577	3,904,731	(2,666,368)	24,493,680	9,640,489	1,958,934	26,598	41,659,641

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

FBNQUEST MERCHANT BANK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED

Bank

In thousands of Nigerian Naira

	Share capital	Share premium	Fair Value reserve	Retained earnings	Statutory reserves	Regulatory risk reserve	Total Equity
Balance at 1 January 2024	4,301,577	3,904,731	(2,862,519)	15,815,424	9,640,489	1,958,934	32,758,636
Profit for the year	-	-	-	11,364,429	-	-	11,364,429
Other comprehensive income							
Debt securities at FVOCI- net change in fair value	-	-	2,155,609	-	-	-	2,155,609
Fair value gain on derecognized FVOCI debt securities reclassified to P/L	-	-	(3,431,459)	-	-	-	(3,431,459)
Equity investment at FVOCI - net change in fair value	-	-	178,969	-	-	-	178,969
	-	-	(1,096,881)	-	-	-	(1,096,881)
Total comprehensive income	-	-	(1,096,881)	11,364,429	-	-	10,267,548
Transfers during the year	-	-	-	(1,892,584)	1,704,665	187,920	-
At 31 December 2024	4,301,577	3,904,731	(3,959,400)	25,287,269	11,345,154	2,146,854	43,026,185

Bank

In thousands of Nigerian Naira

	Share capital	Share premium	Fair Value reserve	Retained earnings	Statutory reserves	Regulatory risk reserve	Total Equity
Balance at 1 January 2023	4,301,577	3,904,731	573,949	13,446,659	9,128,791	2,434,151	33,789,858
Profit for the year	-	-	-	3,411,322	-	-	3,411,322
Other comprehensive income							
Debt securities at FVOCI- net change in fair value	-	-	(2,691,974)	-	-	-	(2,691,974)
Equity investment at FVOCI - net change in fair value	-	-	(744,494)	-	-	-	(744,494)
	-	-	(3,436,468)	-	-	-	(3,436,468)
Total comprehensive income	-	-	(3,436,468)	3,411,322	-	-	(25,146)
Transactions with equity owners							
Dividend declared (See Note 49)	-	-	-	(1,006,076)	-	-	(1,006,076)
	-	-	-	(1,006,076)	-	-	(1,006,076)
Transfers during the year	-	-	-	(36,481)	511,698	(475,217)	-
At 31 December 2023	4,301,577	3,904,731	(2,862,519)	15,815,424	9,640,489	1,958,934	32,758,636

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

FBNQUEST MERCHANT BANK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED AND SEPARATE STATEMENTS OF CASHFLOW
FOR THE YEAR ENDED

In thousands of Nigerian Naira

	Note	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Operating activities					
Cash generated from operations	42	179,112,745	47,680,365	179,112,745	46,386,114
Interest received	42(xiv)	43,101,216	21,430,072	43,101,216	20,658,229
Interest paid	42(xv)	(28,599,933)	(14,146,720)	(28,599,933)	(14,296,331)
Income tax paid	17(b)	(95,880)	(347,445)	(95,880)	(276,080)
Net cash generated from operating activities		193,518,148	54,616,272	193,518,148	52,471,932
Investing activities					
Proceeds from sale of investment securities	42(xiii(b))	53,673,046	38,432,637	53,673,046	39,686,357
Purchase of investment securities	42(xiii(a))	(79,450,335)	(80,136,509)	(79,450,335)	(79,236,510)
Purchase of property and equipment	29	(794,810)	(1,397,032)	(794,810)	(1,335,443)
Proceeds from sale of property and equipment	42(xi)	67,065	95,349	67,065	95,349
Purchase of intangible asset	30	(112,715)	(69,849)	(112,715)	(3,931)
Net cash used in investing activities		(26,617,749)	(43,075,404)	(26,617,749)	(40,794,177)
Financing activities					
Interest paid on borrowings	42(xvii)	(1,436,631)	(3,745,794)	(1,436,631)	(3,745,794)
Proceeds from borrowings	42(xvi)	-	51,152,473	-	51,152,473
Repayment of borrowings	42(xvi)	(16,764,457)	(75,248,150)	(16,764,457)	(75,248,150)
Net cash used in financing activities		(18,201,088)	(27,841,471)	(18,201,088)	(27,841,471)
Increase/(decrease) in cash and cash equivalents		148,699,311	(16,300,603)	148,699,311	(16,163,716)
Cash and cash equivalents at beginning of year		45,765,543	57,752,950	36,721,415	51,442,257
Derecognized on disposal of subsidiaries	28(c)	(9,044,128)	-	-	-
Effect of exchange rate fluctuations on cash held		5,574,320	4,313,196	5,574,320	1,442,874
Cash and cash equivalents at the end of the year	21	190,995,046	45,765,543	190,995,046	36,721,415

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

1 Reporting entity

These are the consolidated and separate financial statements of FBNQuest Merchant Bank Limited "the Bank", and its subsidiary (hereafter referred to as "the Group"). FBNQuest Merchant Bank Limited (formerly called Kakawa Discount House Limited) was initially incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on 14 February 1995. It was granted a license on 31 October 1995 to carry on the business of a discount house and commenced operations on 16 November 1995. The Central Bank of Nigeria (CBN) license for merchant banking was obtained in May 2015 while merchant banking operations commenced on 2 November 2015.

The principal activities of the Bank are portfolio management and provision of finance and credit facilities to non-retail customers, the provision of treasury management services, trading in and holding of Federal Government of Nigeria (FGN) bonds and other money market activities, dealing in and provision of foreign exchange services, financial consultancy and advisory services, acting as issuing house or otherwise managing, arranging or coordinating the issuance of securities.

FBNQuest Merchant Bank is a limited liability company incorporated and domiciled in Nigeria. It is a subsidiary of FBN Holdings Plc. The address of its registered office is as follows:

2 Broad Street
Lagos Island
Lagos

2.1 Statement of Compliance

The consolidated and separate financial statements of the Group and Bank have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), Companies and Allied Matters Act (CAMA), 2020, Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars. Additional information required by national regulations is included where appropriate.

The accounting policies adopted are consistent with those of the previous financial period.

The consolidated and separate financial statements of the Group and Bank for the year ended 31 December 2024 were approved for issue by the Board of Directors on 4 March 2025.

2.2 Basis of measurement

These consolidated and separate financial statements have been prepared on a historical cost basis, except for the following:

- Financial assets which are measured at amortized cost using effective interest rate.
- Financial assets measured at fair value through profit or loss.
- Financial instruments measured at fair value through other comprehensive income.
- Financial liabilities that which are measured at amortized cost using the effective interest rate method.

2.3 Functional and presentation currency

Items included in the consolidated and separate 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 financial statements are presented in Nigerian Naira (N), which is the Bank's functional currency and the Group's presentation currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

2.4 Use of estimates and judgements

In preparing these consolidated and separate financial statements, management has made judgements and estimates about the future that affect the application of the Group and Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group and Bank's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in Note 7.

2.5 Changes in material accounting policies

The Group and Bank does not have changes in material accounting policies in the current annual reporting period.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

New IFRS® Accounting Standards or amendments	Effective date	Summary of the requirements and impact assessment
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	1-Jan-26	<p>The International Accounting Standards Board (IASB) issued amendments to the classification and measurement requirements in IFRS 9 <i>Financial Instruments</i>. The key amendments include the following:</p> <ul style="list-style-type: none"> • Settlement of financial liabilities through electronic payment systems: The amendments clarify that a financial liability is derecognised on the 'settlement date'. However, the amendments provide an exception for the derecognition of financial liabilities. This exception allows the company to derecognise its trade payable before the settlement date when it uses an electronic payment system, provided that specified criteria are met. • Additional SPPI Test for Contingent Features: The amendments introduce an additional SPPI test for financial assets with contingent features that are not directly related to a change in basic lending risks or costs – for example, where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. Under the amendments, certain financial assets, including those with ESG-linked features, could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. • Clarification on Contractually Linked Instruments (CLIs): The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. They also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). • Additional Disclosure Requirements: The amendments require additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that are not directly related to a change in basic lending risks or costs and are not measured at fair value through profit or loss. <p>The Group is yet to carry-out an assessment to determine the impact that the amendments could have on its business; however, the Group will adopt the standard for the year ending 31 December 2026.</p>
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1-Jan-27	<p>IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> replaces IAS 1 <i>Presentation of Financial Statements</i>. The new standard introduces the following key new requirements:</p> <ul style="list-style-type: none"> • It promotes a more structured income statement, in particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be classified into three new distinct categories, operating, investing, and financing, based on a company's main business activities. • All companies are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of a company's operating results – i.e. investing and financing results are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the 'investing' category. • Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements. • Enhance guidance is provided on how to group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so. • Entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. • It also requires Companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature. <p>The Group is yet to carry-out an assessment to determine the impact that the amendments could have on its business; however, the Group will adopt the standard for the year ending 31 December 2027.</p>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

New IFRS® Accounting Standards or amendments	Effective date	Summary of the requirements and impact assessment
IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>	1-Jan-26	Paragraphs B5–B6 of IFRS 1 First-time Adoption of International Financial Reporting Standards was amended to: a. improve their consistency in wording with the requirements in IFRS 9 Financial Instruments; and b. add cross-references to improve the understandability of IFRS 1.
IFRS 7 <i>Financial Instruments: Disclosures</i>	1-Jan-26	1. Gain or loss on derecognition. The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued. 2. Disclosure of deferred difference between fair value and transaction price. The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance. 3. Introduction and credit risk disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.
IFRS 9 <i>Financial Instruments</i>	1-Jan-26	1. Initial measurement of trade receivables. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price – e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. Amendment on trade receivables could prompt accounting policy change. 2. Derecognition of a lease liability. If a lease liability is derecognised, then the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the modification is accounted for under IFRS 16 Leases. The IASB's amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.
IFRS 10 <i>Consolidated Financial Statements</i>	1-Jan-26	The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
IAS 7 <i>Statement of Cash Flows</i>	1-Jan-26	This amendment replaces the term 'cost method' in paragraph 37 of IAS 7 with 'at cost'.
The Group is yet to carry-out an assessment to determine the impact that the amendments could have on its business; however, the Group will adopt the standard for the year ending 31 December 2026.		

2.7 Basis of accounting

These consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards, and on a going concern basis, as management is satisfied that the Group and Bank has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Group.

Details of the Group's accounting policies, including changes thereto, are included in Note 3.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.8 Measurement of fair values

A number of the Bank's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities. The Bank has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the Chief Risk Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or prices services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Bank's Board Risk Management Committee.

When measuring the fair value of an asset or a liability, the Bank uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

3.1 Basis of consolidation

(a) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(c) Non-controlling interest (NCI)

NCIs are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(d) Loss of control

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(e) Transactions eliminated on consolidation

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

(f) Acquisition under common control

Business combinations between entities that are under common control are accounted for at book values. The assets and liabilities acquired or transferred are recognised or derecognised at the carrying amounts previously recognised in the Bank controlling shareholder's consolidated and separate financial statements. The components of equity of the acquired entities are added to the same components within the Bank's equity and any gain/loss arising is recognised directly in equity.

3.2 Foreign currency

i Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences arising from translation are generally recognised in profit or loss and presented within finance costs.

ii Determination of exchange rate used for translation

The Group translates and records its foreign currency transactions and balances based on the exchange rate at which the future cash flows represented by the transactions or balances could have been settled, if those cash flows had occurred at the reporting date. The Nigerian Autonomous Foreign Exchange (NAFEX) rate has been used for the translation of foreign currency balances as this remains the main source of foreign currencies for the Bank's transactions.

3.3 Interest income and interest expense

i. Effective interest rate

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

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

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

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

ii. Amortised cost and gross carrying amount

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

iii. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date on which amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at FVOCI;

Interest expense presented in the statement of profit or loss and OCI includes:

- financial liabilities measured at amortised cost;
- interest expense on lease liabilities.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income and from other financial instruments at FVTPL.

3.4 Fees and commissions income and expenses

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

3.5 Net trading and foreign exchange income

Net trading income and foreign exchange income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences. Net gains or losses on derivative financial instruments measured at fair value through profit or loss are also included in net trading income.

3.6 Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other operating income and recognised gross of the associated withholding tax. The withholding tax expense is included as a component of taxation charge for the relevant period.

3.7 Income tax

a. Income tax comprises current Company Income Tax, Tertiary Education Tax and National and Information Technology Development Agency levy, the Nigeria Police Trust Fund levy and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

b. Current tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is assessed as follows:

- Company income tax is assessed on taxable profits
- Tertiary tax is computed on assessable profits
- National Information Technology Development levy is computed on profit before tax
- Nigerian Police Trust Fund is computed on profit after tax
- National Agency for Science and Engineering Infrastructure is computed on profit before tax
- Windfall levy is computed on realized foreign exchange gains.

c. Minimum tax

Total amount of tax payable under Company Income Tax Act is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

The minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The minimum tax is determined based on the sum of 0.5% of gross earnings.

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

d. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax is not recognised for:

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the subsidiary in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

3.8 Cash and bank balances

Cash and bank balances include notes and coins in hand, current balances with other banks, balances held with Central Bank and placements with banks which are used by the Group in the management of its short-term commitments.

Cash and cash equivalents as referred to in the cash flow statement comprises cash in hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

Cash and bank balances are carried at amortised cost in the consolidated and separate statement of financial position.

3.9 Trading assets

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

Trading assets are measured at fair value with changes in fair value recognised as part of net gain on financial assets at fair value through profit or loss in the income statement.

3.10 Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

(b) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(c) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives for the current and comparative period are as follows:

Land	Not depreciated
Freehold buildings	50 years
Leasehold improvements	Over the shorter of the useful life of item or the lease period
Motor vehicles	4 years
Furniture and Fittings	5 years
Computer equipment	3 years
Office equipment	5 years
Work in progress	Not depreciated

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

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

(d) 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 at the date of de-recognition) is included in profit or loss in the year the asset is derecognised.

3.11 Intangible assets

(a) Goodwill

Goodwill represents the excess of consideration over the Group's interest in net fair value of net identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition. When the excess is negative, it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(b) Software

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

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life not exceeding five years, from the date that it is available for use. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date.

3.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Impairment losses relating to goodwill are not reversed in future periods.

3.13 Repossessed collateral

Repossessed collateral represents financial and non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in the relevant assets depending on the nature and the Group's intention in respect of recovery of these assets; and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets. Where repossessed collateral results in acquiring control over a business, the business combination is accounted for using the acquisition method of accounting with fair value of the settled loan representing the cost of acquisition (refer to the accounting policy for consolidation).

3.14 Deposits and debt securities issued

Deposits and debt securities in issue are the group's source of debt funding. The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits and debt securities in issue are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

3.15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

3.16 Financial guarantee

Financial guarantee contracts are contracts that require the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the expected credit loss provision and the unamortised premium. Financial guarantees are included within other liabilities.

3.17 Employee benefits

Short term employee benefits

Short-term employee benefit obligations are measured on 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 employee benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

Defined contribution plans

The Group operates defined contribution pension scheme. A defined contribution plan is a pension plan under which the Group makes fixed contributions on contractual basis. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due. In accordance with the provisions of the Pensions Reform Act 2014, the Bank contributes 10% of the employees' basic salary, housing and transport allowances while the employees contribute 8%.

Termination benefits

The Group recognises termination benefits as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Group settles termination benefits within twelve months and are accounted for as short-term benefits.

3.18 Share capital and reserves

(a) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(b) Dividend on ordinary shares

Dividends on the Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

(c) Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities designated at FVOCI; and
- the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is adjusted by the amount of loss allowance.

(d) Statutory reserve

This reserve is in compliance with the Prudential Guidelines for commercial, merchant and non-interest banks that mandates that every bank shall maintain a reserve fund appropriated out of its net profits for each year (after due provision made for taxation) and before any dividend is declared. The amount to be transferred to this reserve funds is equal to 15% of the net profit because the reserve fund is in excess of the bank's paid up capital as stipulated by the guideline.

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(e) Regulatory risk reserve

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

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

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

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

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

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

(f) General reserve

This comprises reserves attributable to the acquisition of the subsidiaries and non-distributable to shareholders.

3.19 Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.20 Fiduciary activities

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

3.21 Stock of consumables

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

3.22 Financial instruments

a. (i) Recognition and initial measurement

Loans and advance, trade receivables, deposits and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

b. Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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c. SPPI assessment

Instruments held within a hold to collect or hold to collect and sell business model are assessed to evaluate if their contractual cash flows are comprised of solely payments of principal and interest. SPPI payments are those which would typically be expected from basic lending arrangements. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

d. Investment securities

Investment securities include all securities classified as FVOCI and amortised cost. All investment securities are initially recorded at fair value and subsequently measured according to the respective classification.

Investment securities carried at amortised cost are measured using the effective interest method, and are presented net of any allowance for credit losses, calculated in accordance with our policy for allowance for credit losses, as described below (See Note 23 & 24). Interest income, including the amortization of premiums and discounts on securities measured at amortised cost are recorded in interest income. Impairment gains or losses recognized on amortised cost securities are recorded in Allowance for credit losses. When a debt instrument measured at amortised cost is sold, the difference between the sale proceeds and the amortised cost of the security at the time of the sale is recorded as a net gain/(loss) on Investment securities in Net trading and foreign exchange income.

Debt securities carried at FVOCI are measured at fair value with unrealized gains and losses arising from changes in fair value included in fair value reserve. Impairment gains and losses are included in allowance for credit losses and correspondingly reduce the accumulated changes in fair value included in fair value reserve. When a debt instrument measured at FVOCI is sold, the cumulative gain or loss is reclassified from fair value reserve to net gain/(loss) on Investment securities in net trading and foreign exchange income.

Equity securities carried at FVOCI are measured at fair value. Unrealized gains and losses arising from changes in fair value are recorded in fair value reserve and not subsequently reclassified to profit or loss when realized. Dividends from FVOCI equity securities are recognized in other operating income.

The Group accounts for all securities using settlement date accounting and changes in fair value between the trade date and settlement date are reflected in income for securities measured at FVTPL, and changes in the fair value of securities measured at FVOCI between the trade and settlement dates are recorded in OCI except for changes in foreign exchange rates on debt securities, which are recorded in net trading and foreign exchange income.

e. Fair value option

A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing related gains and losses on a different basis (an "accounting mismatch"). The fair value option can be elected for financial liabilities if: (i) the election eliminates an accounting mismatch; (ii) the financial liability is part of a portfolio that is managed on a fair value basis, in accordance with a documented risk management or investment strategy; or (iii) there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract. These instruments cannot be reclassified out of the FVTPL category while they are held or issued.

Financial assets designated as FVTPL are recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in net trading and foreign exchange income, depending on our business purpose for holding the financial asset.

Financial liabilities designated as FVTPL are recorded at fair value and fair value changes attributable to changes in our own credit risk are recorded in OCI. Own credit risk amounts recognized in OCI are not reclassified subsequently to net income. The remaining fair value changes not attributable to changes in our own credit risk are recorded in Other operating income, depending on our business purpose for holding the financial liability. Upon initial recognition, if we determine that presenting the effects of own credit risk changes in OCI would create or enlarge an accounting mismatch in net income, the full fair value change in our debt designated as at FVTPL is recognized in net income. To make that determination, we assess whether we expect that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. Such an expectation is based on an economic relationship between the characteristics of the liability and the characteristics of the other financial instrument.

The determination is made at initial recognition and is not reassessed. To determine the fair value adjustments on our debt instruments designated as at FVTPL, we calculate the present value of the instruments based on the contractual cash flows over the term of the arrangement by using our effective funding rate at the beginning and end of the period.

Financial assets are reclassified when and only when the 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.

f. Loans and advances to customers

Loans and advances are debt instruments recognized initially at fair value and are subsequently measured in accordance with the classification of financial assets policy provided above. Loans are carried at amortised cost using the effective interest method, which represents the gross carrying amount less allowance for credit losses.

Interest on loans is recognized in interest income using the effective interest method. The estimated future cash flows used in this calculation include those determined by the contractual term of the asset and all fees that are considered to be integral to the effective interest rate. Also included in this amount are transaction costs and all other premiums or discounts. Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as Interest income over the expected term of such loans using the effective interest method. Where there is a reasonable expectation that a loan will be originated, commitment and standby fees are also recognized as interest income over the expected term of the resulting loans using the effective interest method. Otherwise, such fees are recorded as other liabilities and amortised into Other operating income over the commitment or standby period.

Impairment losses on loans are recognized at each balance sheet date in accordance with the three-stage impairment model outlined below.

g. Allowance for credit losses

An allowance for credit losses (ECL) is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include loans, overdrafts, debt securities and accrued interest receivable. These are carried at amortised cost and presented net of ECL on the Statement of Financial Position. ECL on loans is presented in Allowance for credit losses - loans and advances. ECL on debt securities measured at FVOCI is presented in Fair value reserve in equity.

Off-balance sheet items subject to impairment assessment include financial guarantees and undrawn loan commitments. For all other off-balance sheet products subject to impairment assessment, ECL is separately calculated and included in Other Liabilities – Provisions.

The Group measures loss allowances at an amount equal to lifetime ECL except for the following, for which they are measured as 12-month ECL - debt investment securities that are determined to have low credit risk at the reporting date, and - other financial instruments on which credit risk has not increased significantly since their initial recognition

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instrument

12-month ECL are the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as stage 1 financial instruments. Financial instruments allocated to stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit impaired are referred to as Stage 2 financial instruments. Financial instruments allocated to stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as Stage 3 financial instruments.

h. Measurement of expected credit losses

ECL are probability weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

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When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- lease receivables: the discount rate used in measuring the lease receivable;
- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

i. Expected life

For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life.

An exemption is provided for certain instruments with the following characteristics: (a) the instrument includes both a loan and undrawn commitment component; (b) we have the contractual ability to demand repayment and cancel the undrawn commitment; and (c) our exposure to credit losses is not limited to the contractual notice period. For products in scope of this exemption, the expected life may exceed the remaining contractual life and is the period over which our exposure to credit losses is not mitigated by our normal credit risk management actions. This period varies by product and risk category and is estimated based on our historical experience with similar exposures and consideration of credit risk management actions taken as part of our regular credit review cycle. Products in scope of this exemption include credit cards, overdraft balances and certain revolving lines of credit. Determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices requires significant judgment.

j. Incorporation of forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

The PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in our expected credit loss calculation includes a projection of all relevant macroeconomic variables applying scenario weights. Macroeconomic variables used in our expected credit loss models include GDP growth rate, interbank FX rates, inflation rate, crude oil prices and population growth rate.

Our estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Our base case scenario is based on macroeconomic forecasts published by relevant government agencies. Upside and downside scenarios vary relative to our base case scenario based on reasonably possible alternative macroeconomic conditions. Additional and more severe downside scenarios are designed to capture material non-linearity of potential credit losses in portfolios. Scenario design, including the identification of additional downside scenarios, occurs at least on an annual basis and more frequently if conditions warrant.

Scenarios are designed to capture a wide range of possible outcomes and weighted according to our best estimate of the relative likelihood of the range of outcomes that each scenario represents. Scenario weights take into account historical frequency, current trends, and forward-looking conditions and are updated on a quarterly basis. All scenarios considered are applied to all portfolios subject to expected credit losses with the same probabilities.

Our assessment of significant increases in credit risk is based on changes in probability-weighted forward-looking lifetime PD as at the reporting date, using the same macroeconomic scenarios as the calculation of expected credit losses.

k. Assessment of significant increase in credit risk

The assessment of significant increase in credit risk requires significant judgment. The Bank's process to assess changes in credit risk is multifactor and has three main categories:

- Primary indicators (this incorporates a quantitative element);
- Secondary indicators (qualitative element);
- 'Backstop' indicators.

i) Primary indicators: The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on:

a) the change in lifetime PDs by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

PD multiple and PD delta shall be considered based on the portfolio buckets. Justification shall also be provided for the use of either approach when applied.

b) Movement along the rating grades:

- the rating as at the reporting date; with
- the rating that was assigned at the time of initial recognition of the exposure:

The following shall indicate a significant increase in credit risk:

- For investment grade – Two rating grade movement within investment grade and one grade out of investment grade.
- For speculative grade – one rating grade movement.

ii) Secondary indicators: In general, qualitative factors that are indicative of an increase in credit risk are reflected in PD models on a timely basis and thus are included in the quantitative assessment and not in a separate qualitative assessment. However, if it is not possible to include all current information about such qualitative factors in the quantitative assessment, they are considered separately in a qualitative assessment as to whether there has been a significant increase in credit risk. If there are qualitative factors that indicate an increase in credit risk that have not been included in the calculation of PDs used in the quantitative assessment, the bank recalibrates the PD or otherwise adjusts its estimate when calculating ECLs.

Regardless however, the bank shall consider the following as evidence of significant increase in credit risk:

- Putting the loan on watch list status
- Classification of the exposure by any of the licensed private credit bureau or the credit risk management system;
- Deterioration of relevant credit risk drivers for an individual obligor (or pool of obligors);
- Expectations of forbearance or restructuring due to financial difficulties;
- Evidence that full repayment of principal or interest without realization of collateral is unlikely, regardless of the number of days past due;
- Deterioration of credit worthiness due to factors other than those listed above.

iii) 'Backstop' indicators: Instruments which are more than 30 days past due may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption shall be applied unless the bank has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

The following shall be considered as exceptions:

1. Outstanding obligation is a result of an amount being disputed between the bank and obligor where the dispute is not more than 90 days.
2. Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% shall be considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on a case by case basis.

The assessment is generally performed at the instrument level and it is performed at least on quarterly basis. If any of the factors above indicate that a significant increase in credit risk has occurred, the instrument is moved from Stage 1 to Stage 2. The assessments for significant increases in credit risk since initial recognition and credit-impairment are performed independently as at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1 after 90 days. Similarly, an asset that is in Stage 3 will move back to Stage 2 if it is no longer considered to be credit-impaired after 90 days. An asset shall not move back from stage 3 to stage 1 until after a minimum of 180 days, if it is no longer considered to be credit impaired. This is in line with Central Bank of Nigeria (CBN) IFRS 9 guidelines.

For certain instruments with low credit risk as at the reporting date, it is presumed that credit risk has not increased significantly relative to initial recognition. Credit risk is considered to be low if the instrument has a low risk of default, and the borrower has the ability to fulfill their contractual obligations both in the near term and in the longer term, including periods of adverse changes in the economic or business environment.

1. Definition of default

A default is considered to have occurred with regard to a particular obligor when either or both of the following events have taken place.

- The bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the bank to actions such as realising security (if held).
- The obligor is past due more than 90 days on any material credit obligation to the bank (principal or interest). Overdrafts will be considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than current outstanding.
- Interest payments equal to 90 days or more have been capitalized, rescheduled, rolled over into a new loan (except where facilities have been reclassified)

The elements to be taken as indications of unlikelihood to pay include:

- The bank sells the credit obligation at a material credit-related economic loss.
- The bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.
- The bank has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the banking group.

The following shall be considered as exceptions:

- Outstanding obligation is a result of an amount being disputed between the bank and obligor where the dispute is not more than 150 days.
- In the case of specialized loans, default shall be defined as where the obligor is past due more than 180 days on any material credit obligation to the bank (principal or interest). This is consistent with CBN guidelines on IFRS 9. In addition, it is consistent with the Bank's historical default pattern on this category of loans. The specialized loans to which this shall be applicable are Project Financing, Object Financing, Income Producing Real Estate, Commercial Real Estate and Mortgage Loans.
- Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% of amount due shall be considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on a case by case basis.
- Exposure is still in default due to a new debit when the initial debit has been cleared. Usually occurs when the debit that initiated the initial days past due has been paid but the days past due continues to reflect a debit.

m. Credit-impaired financial assets (Stage 3)

When a financial asset has been identified as credit-impaired, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. For impaired financial assets with drawn and undrawn components, expected credit losses also reflect any credit losses related to the portion of the loan commitment that is expected to be drawn down over the remaining life of the instrument.

When a financial asset is credit-impaired, interest ceases to be recognised on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortised cost of the asset, which is the gross carrying amount less the related ECL.

Following impairment, interest income is recognized on the unwinding of the discount from the initial recognition of impairment. ECL for credit-impaired loans in Stage 3 are established at the borrower level, where losses related to impaired loans are identified on individually significant loans, or collectively assessed and determined through the use of portfolio-based rates, without reference to particular loans.

n. Individually assessed loans (Stage 3)

When individually significant loans are identified as impaired, we reduce the carrying value of the loans to their estimated realizable value by recording an individually assessed ECL to cover identified credit losses. The individually assessed ECL reflects the expected amount of principal and interest calculated under the terms of the original loan agreement that will not be recovered, and the impact of time delays in collecting principal and/or interest (time value of money). The estimated realizable value for each individually significant loan is the present value of expected future cash flows discounted using the original effective interest rate for each loan.

When the amounts and timing of future cash flows cannot be estimated with reasonable reliability, the estimated realizable amount may be determined using observable market prices for comparable loans, the fair value of collateral underlying the loans, and other reasonable and supported methods based on management judgment.

Individually-assessed allowances are established in consideration of a range of possible outcomes, which may include macroeconomic or non-macroeconomic scenarios, to the extent relevant to the circumstances of the specific borrower being assessed. Assumptions used in estimating expected future cash flows reflect current and expected future economic conditions and are generally consistent with those used in Stage 1 and Stage 2 measurement.

Significant judgment is required in assessing evidence of credit-impairment and estimation of the amount and timing of future cash flows when determining expected credit losses. Changes in the amount expected to be recovered would have a direct impact on the Provision for credit losses and may result in a change in the ECL.

o. Write-off of loans

Loans and the related ECL are written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, they are generally written off after receipt of any proceeds from the realization of collateral. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write off may be earlier.

p. Modifications

The credit risk of a financial asset will not necessarily decrease merely as a result of a modification of the contractual cash flows. If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, the Bank shall assess whether there has been a significant increase in the credit risk of the financial by comparing:

- (1) the risk of a default occurring at the reporting date (based on the modified contractual terms); and
- (2) the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

A modification shall however lead to derecognition of existing loan and recognition of a new loan i.e. substantial modification if:

- the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

The following shall be applicable to modified financial assets:

- The modification of a distressed asset shall be treated as an originated credit-impaired asset requiring recognition of life-time ECL after modification.
- The cumulative changes in lifetime expected credit losses since initial recognition shall be recognized as a loss allowance for purchase or originated credit-impaired financial asset at the reporting date.
- The general impairment model does not apply to purchased or originated credit-impaired assets.

The following situations (qualitative) may however not lead to a derecognition of the loan:

- Change in interest rate arising from a change in MPR which is the benchmark rate that drives borrowing rates in Nigeria;
- Change in financial asset's tenor (increase or decrease);
- Change in installment amount to higher or lower amount;
- Change in the annuity repayment pattern, for example, from monthly to quarterly, half-yearly or yearly
- Change in the applicable financial asset fee

Modification gain or loss shall be included as part of allowance for credit loss for each financial year.

q. Classification and measurement of financial liabilities

The Group recognizes financial liabilities when it first becomes a party to the contractual rights and obligations in the relevant contracts.

Under IFRS 9, financial liabilities are either classified as financial liabilities at amortised cost or financial liabilities at FVTPL.

The Group classifies its financial liabilities as measured at amortised cost, except for:

i. Financial liabilities at FVTPL: 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 from 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 Group's own credit risk, 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 Group's credit risk are also presented in profit or loss.

ii. Financial guarantee contracts and commitments.

Borrowings and subordinated liabilities are included as part of financial liabilities measured at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

3.23 Leases

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

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

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

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

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

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

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

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

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

Where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

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

Short-term leases and leases of low-value assets

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 N50,000 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 has no short term or low value leases as at the reporting date.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

4 Classification of financial assets and liabilities

The Group's financial instruments are categorised as stated below:

Group			Financial assets			Financial liabilities
31-Dec-24	Note	FVTPL	FVOCI	Amortised cost		Amortised cost
Cash and balances with Central Bank of Nigeria	19	-	-	29,007,013		-
Due from other banks	20	-	-	190,770,274		-
Financial assets at FVTPL	22	34,593,944	-	-		-
Financial assets at FVOCI	23	-	93,341,381	-		-
Amortised cost	24	-	-	1,503,781		-
Pledged assets	25	-	7,725,993	-		-
Loans and advances to customers	26	-	-	124,393,540		-
Other assets	27	-	-	4,720,303		-
Due to banks	33	-	-	-		13,078,649
Due to customers	34	-	-	-		351,496,546
Borrowings	35	-	-	-		8,022,453
Other liabilities	36	-	-	-		82,699,419
		34,593,944	101,067,374	350,394,911		455,296,067

Bank			Financial assets			Financial liabilities
31-Dec-24	Note	FVTPL	FVOCI	Amortised cost		Amortised cost
Cash and balances with Central Bank of Nigeria	19	-	-	29,007,013		-
Due from other banks	20	-	-	190,770,274		-
Financial assets at FVTPL	22	34,593,944	-	-		-
Financial assets at FVOCI	23	-	93,341,381	-		-
Amortised cost	24	-	-	1,503,781		-
Pledged assets	25	-	7,725,993	-		-
Loans and advances to customers	26	-	-	124,393,540		-
Other assets	27	-	-	4,720,303		-
Due to banks	33	-	-	-		13,078,649
Due to customers	34	-	-	-		351,496,546
Borrowings	35	-	-	-		8,022,453
Other liabilities	36	-	-	-		82,699,419
		34,593,944	101,067,374	350,394,911		455,297,067

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Classification of financial assets and liabilities (cont'd)

The Bank's financial instruments are categorised as stated below:

Group	Note	Financial assets			Financial liabilities
		FVTPL	FVOCI	Amortised cost	Amortised cost
31-Dec-23					
Cash and balances with Central Bank of Nigeria	19	-	-	73,953,341	-
Due from other banks	20	-	-	45,577,090	-
Financial assets at FVTPL	22	7,527,010	-	-	-
Financial assets at FVOCI	23	-	65,465,326	-	-
Amortised cost	24	-	-	1,589,137	-
Pledged assets	25	-	40,600,000	-	-
Loans and advances to customers	26	-	-	105,978,501	-
Other assets	27	-	-	6,220,750	-
Due to banks	33	-	-	-	50,032,222
Due to customers	34	-	-	-	217,626,347
Borrowings	35	-	-	-	24,764,457
Other liabilities	36	-	-	-	20,451,663
		7,527,010	106,065,326	233,318,819	312,874,689

Bank	Note	Financial assets			Financial liabilities
		FVTPL	FVOCI	Amortised cost	Amortised cost
31-Dec-23					
Cash and balances with Central Bank of Nigeria	19	-	-	73,953,341	-
Due from other banks	20	-	-	36,554,864	-
Financial assets at FVTPL	22	4,327,012	-	-	-
Financial assets at FVOCI	23	-	62,677,050	-	-
Pledged assets	25	-	40,600,000	-	-
Loans and advances to customers	26	-	-	105,801,493	-
Other assets	27	-	-	7,713,269	-
Due to banks	33	-	-	-	50,032,222
Due to customers	34	-	-	-	219,068,654
Borrowings	35	-	-	-	24,764,457
Other liabilities	36	-	-	-	17,817,615
		4,327,012	103,277,050	224,022,967	311,682,948

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

5 Fair value measurement of financial instruments

a Financial instruments measured at fair value.

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the bank'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

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3

Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

This hierarchy requires the use of observable market data when available. The bank considers relevant and observable market prices in its valuations where possible.

Financial instruments in this category relates to unlisted instruments and since quoted market prices are not available, the fair values are estimated based on valuation techniques such as market approach (EV/EBITDA and EV/Revenue) where the adjusted price/earnings multiple of comparable companies is utilised.

Description of valuation methodology and inputs of unquoted equities:

The steps involved in estimating the fair value of the company's unquoted equity investments are as follows:

Step 1: The most appropriate valuation methodology was selected to value each of the unquoted equity investment.

Step 2: Comparative multiples were sourced from S & P Capital IQ based on available comparable companies in Sub-Saharan Africa and Emerging Asia and an average multiple was computed.

Step 3: The enterprise value was derived by multiplying the average multiple to the relevant financial metric.

Step 4: Equity value of the firm was derived by deducting the value of the debt of the company and adding the closing cash balance

Step 5: A lack of illiquidity discount of 19.2% was applied to the equity value.

Step 6: The equity value was derived by multiplying the company's equity value by FBNQuest Merchant Bank equity stake.

Fair value hierarchy - financial instruments measured at fair value

Group

31 December 2024

In thousands of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Financial assets					
<i>Financial assets at FVTPL:</i>					
- Treasury bills	22	32,965,744	-	-	32,965,744
- Federal Government of Nigeria bonds	22	1,490,606	-	-	1,490,606
- Corporate bonds	22	137,594	-	-	137,594
		34,593,944	-	-	34,593,944
<i>Investment securities at FVOCI</i>					
- Treasury bills	23	24,154,721	-	-	24,154,721
- Pledged FGN bonds	25	7,725,993	-	-	7,725,993
- Federal Government of Nigeria bonds	23	60,418,001	-	-	60,418,001
- Other Sovereign bonds	23	3,737,342	-	-	3,737,342
- Corporate bonds	23	3,626,418	-	-	3,626,418
- Unlisted equities	23	-	-	1,404,899	1,404,899
		99,662,475	-	1,404,899	101,067,374

Bank

Fair value hierarchy - financial instruments measured at fair value

31 December 2024

In thousands of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Financial assets					
<i>Financial assets at FVTPL:</i>					
- Treasury bills	22	32,965,744	-	-	32,965,744
- Federal Government of Nigeria bonds	22	1,490,606	-	-	1,490,606
- Corporate bonds	22	137,594	-	-	137,594
		34,593,944	-	-	34,593,944
<i>Investment securities at FVOCI</i>					
- Treasury bills	23	24,154,721	-	-	24,154,721
- Pledged FGN bonds	25	7,725,993	-	-	7,725,993
- Federal Government of Nigeria bonds	23	60,418,001	-	-	60,418,001
- Other Sovereign bonds	23	3,737,342	-	-	3,737,342
- Corporate bonds	23	3,626,418	-	-	3,626,418
- Unlisted equities	23	-	-	1,404,899	1,404,899
		99,662,475	-	1,404,899	101,067,374

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Group
Fair value hierarchy - financial instruments measured at fair value
31 December 2023

<i>In thousands of Nigerian Naira</i>	Note	Level 1	Level 2	Level 3	Total
Financial assets					
<i>Financial assets at FVTPL:</i>					
- Treasury bills	22	2,915,168	-	-	2,915,168
- Federal Government of Nigeria bonds	22	1,282,867	-	-	1,282,867
- Corporate bonds	22	128,977	-	-	128,977
- Listed equities	22	90,747	-	-	90,747
		4,417,759	-	-	4,417,759
<i>Investment securities at FVOCI</i>					
- Treasury bills	23	7,035,494	-	-	7,035,494
- Pledged treasury bills and bonds	25	40,600,000	-	-	40,600,000
- Federal Government of Nigeria bonds	23	47,976,768	-	-	47,976,768
- Other Sovereign bonds	23	2,418,960	-	-	2,418,960
- Corporate bonds	23	6,585,259	-	-	6,585,259
- Listed equities	23	222,915	-	-	222,915
- Unlisted equities	23	-	-	1,225,930	1,225,930
		104,839,396	-	1,225,930	106,065,326

Bank
Fair value hierarchy - financial instruments measured at fair value
31 December 2023

<i>In thousands of Nigerian Naira</i>	Note	Level 1	Level 2	Level 3	Total
Financial assets					
<i>Financial assets at FVTPL:</i>					
- Treasury bills	22	2,915,168	-	-	2,915,168
- Federal Government of Nigeria bonds	22	1,282,867	-	-	1,282,867
- Corporate bonds	22	128,977	-	-	128,977
		4,327,012	-	-	4,327,012
<i>Investment securities at FVOCI</i>					
- Treasury bills	23	7,035,494	-	-	7,035,494
- Pledged treasury bills and bonds	25	40,600,000	-	-	40,600,000
- Federal Government of Nigeria bonds	23	47,976,768	-	-	47,976,768
- Other Sovereign bonds	23	2,418,960	-	-	2,418,960
- Corporate bonds	23	4,019,898	-	-	4,019,898
- Unlisted equities	23	-	-	1,225,930	1,225,930
		102,051,120	-	1,225,930	103,277,050

(a) *Financial instruments in level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the bank is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily investments that are quoted on the Nigeria Exchange Group Plc (NGX Group) and Financial Market Dealers Quotation (FMDQ) Plc and on Bloomberg trading platforms which are classified as fair value through profit or loss (FVTPL) or Fair value through OCI.

(b) *Financial instruments in level 2*

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(c) *Financial instruments in level 3*

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include market approach using comparable company analysis and precedent transaction analysis. Assumptions and inputs used in the valuation techniques include market multiples of comparable publicly traded companies, country risk discount, size discount, minority discount and marketability discount.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Level 3 Reconciliation

	Note	GROUP		BANK	
		Unlisted equities	Total	Unlisted equities	Total
31 December 2024					
<i>In thousands of Nigerian Naira</i>					
Opening balance	23	1,225,930	1,225,930	1,225,930	1,225,930
Gain recognized in other comprehensive income (OCI)		178,969	178,969	178,969	178,969
Closing balance	23	1,404,899	1,404,899	1,404,899	1,404,899
Total gain for the year included in OCI		178,969	178,969	178,969	178,969

31 December 2023

		Unlisted equities	Total	Unlisted equities	Total
<i>In thousands of Nigerian Naira</i>					
Opening balance	23	1,970,424	1,970,424	1,634,959	1,634,959
Loss recognized in other comprehensive income (OCI)		(744,494)	(744,494)	(409,029)	(409,029)
Closing balance	23	1,225,930	1,225,930	1,225,930	1,225,930
Total losses for the year included in OCI		(744,494)	(744,494)	(409,029)	(409,029)

Level 3 fair value measurements

i. **Unobservable inputs used in measuring fair value**

Type of Financial Instrument	Fair value as at 31 December 2024	Fair value as at 31 December 2023	Valuation technique	Significant unobservable input
Unquoted equity investment	1,404,899	1,225,930	Market Valuation Approach	- Illiquidity discount - Price earning multiples

The fair value of FBN Merchant Group's unquoted investment in FMDQ OTC and NIBSS were estimated using a market valuation approach. We applied a Price to Earnings multiple using comparable companies in Sub-Saharan Africa and Middle East based on the following criteria:

- i. Industry Classification of Funds Transfer, Clearance & Exchange services and Securities & Commodity Exchanges; and ii. Geographical focus of Sub-Saharan Africa and Middle East

An illiquidity discount for non-marketability of FMDQ OTC and NIBSS shares of 19.2% was applied. The 20.7% non-marketability discount is based on a survey by PwC (used for FBN Funds' unquoted investments)

Unquoted equity investments held at fair value through OCI relates to investment in Financial Markets Dealers Quotation (FMDQ) and investment in Nigeria Inter-bank Settlement System (NIBSS). The markets where these securities could be traded are not readily ascertained hence the classification within level 3 of the fair value hierarchy.

The Bank has no current plans of disposing these securities.

ii. **The effect of unobservable inputs on fair value measurements**

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurement in Level 3, changing one or more of the assumptions would have the following effects.

The lowest and highest values if the price earning multiples decrease or increase by -5% and 5% respectively			
	Lowest value	Highest value	Actual value
Financial Markets Dealers Quotation (FMDQ)	1,314,348	1,452,700	1,383,524
Nigeria Inter-Bank Settlement System (NIBSS)	20,306	22,444	21,375

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

b. Financial instruments not measured at fair value

Group In thousands of Nigerian Naira	Notes	31 December 2024		31 December 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and balances with Central Bank of Nigeria	19	29,007,013	29,007,013	73,953,341	73,953,341
Due from other banks	20	190,770,274	190,770,274	45,577,090	45,577,090
Investment securities:					
- Amortised cost	24	1,503,781	1,529,047	1,589,137	1,589,137
Loans and advances to customers	26	124,393,540	124,393,540	105,978,501	105,978,501
Other assets	27	4,720,303	4,720,303	6,220,751	6,220,751
		<u>350,394,911</u>	<u>350,420,177</u>	<u>233,318,820</u>	<u>233,318,820</u>
Financial liabilities					
Due to banks	33	13,078,649	13,078,649	50,032,222	50,032,222
Due to customers	34	351,496,546	351,496,546	217,626,347	217,626,347
Borrowings	35	8,022,453	8,022,453	24,764,457	24,764,457
Other liabilities	36	80,113,200	80,113,200	20,668,264	20,668,264
		<u>452,710,848</u>	<u>452,710,848</u>	<u>313,091,290</u>	<u>313,091,290</u>

Bank In thousands of Nigerian Naira	Notes	31 December 2024		31 December 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and balances with Central Bank of Nigeria	19	29,007,013	29,007,013	73,953,341	73,953,341
Due from other banks	20	190,770,274	190,770,274	36,554,864	36,554,864
Investment securities:					
-Amortised cost	24	1,503,781	1,529,047	-	-
Loans and advances to customers	26	124,393,540	124,393,540	105,801,493	105,801,493
Other assets	27	4,720,303	4,720,303	7,713,269	7,713,269
		<u>350,394,911</u>	<u>350,420,177</u>	<u>224,022,967</u>	<u>224,022,967</u>
Financial liabilities					
Due to banks	33	13,078,649	13,078,649	50,032,222	50,032,222
Due to customers	34	351,496,546	351,496,546	219,068,654	219,068,654
Borrowings	35	8,022,453	8,022,453	24,764,457	24,764,457
Other liabilities	36	80,114,200	80,114,200	16,216,511	16,216,511
		<u>452,711,848</u>	<u>452,711,848</u>	<u>310,081,844</u>	<u>310,081,844</u>

- i Cash and balances with Central Bank of Nigeria (CBN) include cash and deposits with the CBN. The carrying amount of the balances with the CBN is a reasonable approximation of the fair value, which is the amount receivable on demand.
- ii Due from other banks include balances with other banks within and outside Nigeria, and short term placements. The carrying amount of the balance is a reasonable approximation of the fair value, which is the amount receivable on demand.
- iii Investment securities at amortised cost includes treasury bills and commercial papers. The carrying amount is a reasonable approximation of the fair value.
- iv Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows, expected to be received. Expected cash flows are discounted using the effective interest rate to determine fair value as there is no significant difference between carrying amounts and fair values.
- v Carrying amounts of other assets are a reasonable expectation of their fair values which are payable on demand.
- vi The estimated fair value of balances due to other banks is the amount repayable on demand as at 31 December 2024.
- vii The estimated fair value of deposits from customers is the amount repayable on demand as at 31 December 2024.
- viii Carrying amounts of other liabilities are a reasonable expectation of their fair values which are payable on demand.

Group

Fair value hierarchy - financial instruments not measured at fair value

In thousands of Nigerian Naira	Level 1	Level 2	Level 3	Fair value	Carrying amount
31 December 2024					
Financial assets					
Cash and balances with Central Bank of Nigeria	-	29,007,013	-	29,007,013	29,007,013
Due from other banks	-	-	190,770,274	190,770,274	190,770,274
Loans and advances to customers	-	-	124,393,540	124,393,540	124,393,540
Investment securities					
- Amortised cost	-	-	1,529,047	1,529,047	1,503,781
Other assets	-	-	4,720,303	4,720,303	4,720,303
	-	<u>29,007,013</u>	<u>321,413,164</u>	<u>350,420,177</u>	<u>350,394,911</u>
Financial liabilities					
Due to banks	-	-	13,078,649	13,078,649	13,078,649
Due to customers	-	-	351,496,546	351,496,546	351,496,546
Borrowings	-	8,022,453	-	8,022,453	8,022,453
Other liabilities	-	-	80,113,200	80,113,200	80,113,200
	-	<u>8,022,453</u>	<u>444,688,395</u>	<u>452,710,848</u>	<u>452,710,848</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Bank

Fair value hierarchy - financial instruments not measured at fair value

<i>In thousands of Nigerian Naira</i>	Level 1	Level 2	Level 3	Fair value	Carrying amount
31 December 2024					
Financial assets					
Cash and balances with Central Bank of Nigeria	-	29,007,013	-	29,007,013	29,007,013
Due from other banks	-	-	190,770,274	190,770,274	190,770,274
Loans and advances to customers	-	-	124,393,540	124,393,540	124,393,540
Investment securities					
- Amortised cost	-	-	1,529,047	1,529,047	1,503,781
Other assets	-	-	4,720,303	4,720,303	4,720,303
	-	29,007,013	321,413,164	350,420,177	350,394,911
Financial liabilities					
Due to banks	-	-	13,078,649	13,078,649	13,078,649
Due to customers	-	-	351,496,546	351,496,546	351,496,546
Borrowings	-	8,022,453	-	8,022,453	8,022,453
Other liabilities	-	-	80,114,200	80,114,200	80,114,200
	-	8,022,453	444,689,395	452,711,848	452,711,848

Group

<i>In thousands of Nigerian Naira</i>	Level 1	Level 2	Level 3	Fair value	Carrying amount
31 December 2023					
Financial assets					
Cash and balances with Central Bank of Nigeria	-	73,953,341	-	73,953,341	73,953,341
Due from other banks	-	45,577,090	-	45,577,090	45,577,090
Loans and advances to customers	-	-	105,978,501	105,978,501	105,978,501
Investment securities					
- Amortised cost	-	-	1,589,137	1,589,137	1,589,137
Other assets	-	-	6,220,751	6,220,751	6,220,751
	-	119,530,431	113,788,389	233,318,820	233,318,820
Financial liabilities					
Due to banks	-	-	50,032,222	50,032,222	50,032,222
Due to customers	-	-	217,626,347	217,626,347	217,626,347
Borrowings	-	24,764,457	-	24,764,457	24,764,457
Other liabilities	-	-	20,668,264	20,668,264	20,668,264
	-	24,764,457	288,326,832	313,091,290	313,091,290

Bank

<i>In thousands of Nigerian Naira</i>	Level 1	Level 2	Level 3	Fair value	Carrying amount
31 December 2023					
Financial assets					
Cash and balances with Central Bank of Nigeria	-	73,953,341	-	73,953,341	73,953,341
Due from other banks	-	-	36,554,864	36,554,864	36,554,864
Loans and advances to customers	-	-	105,801,493	105,801,493	105,801,493
Investment securities					
- Amortised cost	-	-	-	-	-
Other assets	-	-	7,713,269	7,713,269	7,713,269
	-	73,953,341	150,069,626	224,022,967	224,022,967
Financial liabilities					
Due to banks	-	-	50,032,222	50,032,222	50,032,222
Due to customers	-	-	219,068,654	219,068,654	219,068,654
Borrowings	-	24,764,457	-	24,764,457	24,764,457
Other liabilities	-	-	16,216,511	16,216,511	16,216,511
	-	24,764,457	285,317,387	310,081,844	310,081,844

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

6 FINANCIAL RISK MANAGEMENT REPORT

Financial risk factors

The Group & Bank's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity and credit risk.

6.1 Market risk

Market risk' is the risk that changes in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Group's solvency while optimising the return on risk.

6.1(a) Foreign exchange risk

The Bank is exposed to foreign exchange risks due to fluctuations in foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the bank's exposure to foreign currency exchange rate risk at 31 December 2024. Included in the table are the bank's financial instruments at carrying amounts, categorised by currency.

Group

31 December 2024

<i>In thousands of Nigerian Naira</i>	Carrying amount	Naira	USD	GBP	EUR	Total
Financial assets						
Cash and balances with Central Bank of Nigeria	29,007,013	29,007,013	-	-	-	29,007,013
Due from other banks	190,770,274	26,054,298	136,745,273	25,362	27,945,341	190,770,274
Loans and advances to customers	124,393,540	94,993,088	29,400,452	-	-	124,393,540
Financial assets at FVTPL	34,593,944	34,456,350	137,594	-	-	34,593,944
<i>Investment securities</i>						
- Fair value through OCI	93,341,381	62,042,045	31,299,336	-	-	93,341,381
- Amortised cost	1,503,781	900,738	603,043	-	-	1,503,781
Pledged assets	7,725,993	7,725,993	-	-	-	7,725,993
Other assets	4,720,303	4,007,408	636,112	12,352	64,431	4,720,303
	486,056,229	259,186,933	198,821,810	37,714	28,009,772	486,056,229
Financial liabilities						
Due to banks	13,078,649	411	13,078,238	-	-	13,078,649
Due to customers	351,496,546	184,136,035	167,291,850	68,609	52	351,496,546
Borrowings	8,022,453	8,022,453	-	-	-	8,022,453
Other liabilities	80,114,200	35,322,307	16,714,941	182,570	27,894,382	80,114,200
	452,710,848	227,481,206	197,085,029	251,179	27,894,434	452,711,848
Net gap	33,345,381	31,705,727	1,736,781	(213,465)	115,338	33,344,381
Commitments and guarantees						
- Performance bonds and guarantees	(27,722,832)	(27,722,832)	-	-	-	(27,722,832)
- Letters of credits	(27,579,875)	-	(27,579,875)	-	-	(27,579,875)
	(55,302,707)	(27,722,832)	(27,579,875)	-	-	(55,302,707)

Bank

31 December 2024

<i>In thousands of Nigerian Naira</i>	Carrying amount	Naira	USD	GBP	EUR	Total
Financial assets						
Cash and balances with Central Bank of Nigeria	29,007,013	29,007,013	-	-	-	29,007,013
Due from other banks	190,770,274	26,054,298	136,745,273	25,362	27,945,341	190,770,274
Loans and advances to customers	124,393,540	94,993,088	29,400,452	-	-	124,393,540
Financial assets at FVTPL	34,593,944	34,456,350	137,594	-	-	34,593,944
<i>Investment securities</i>						
- Fair value through OCI	93,341,381	62,042,045	31,299,336	-	-	93,341,381
- Amortised cost	1,503,781	900,738	603,043	-	-	1,503,781
Pledged assets	7,725,993	7,725,993	-	-	-	7,725,993
Other assets	4,720,303	4,007,408	636,112	12,352	64,431	4,720,303
	486,056,229	259,186,933	198,821,810	37,714	28,009,772	486,056,229
Financial liabilities						
Due to banks	13,078,649	411	13,078,238	-	-	13,078,649
Due to customers	351,496,546	184,136,035	167,291,850	68,609	52	351,496,546
Borrowings	8,022,453	8,022,453	-	-	-	8,022,453
Other liabilities	80,114,200	35,322,307	16,714,941	182,570	27,894,382	80,114,200
	452,711,848	227,481,206	197,085,029	251,179	27,894,434	452,711,848
Net gap	33,344,381	31,705,727	1,736,781	(213,465)	115,338	33,344,381
Commitments and guarantees						
- Performance bonds and guarantees	(27,722,832)	(27,722,832)	-	-	-	(27,722,832)
- Letters of credits	(27,579,875)	-	(27,579,875)	-	-	(27,579,875)
	(55,302,707)	(27,722,832)	(27,579,875)	-	-	(55,302,707)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT REPORT CONT'D

Group

31 December 2023

<i>In thousands of Nigerian Naira</i>	Carrying amount	Naira	USD	GBP	EUR	Total
Financial assets						
Cash and balances with Central Bank of Nigeria	73,953,341	73,953,341	-	-	-	73,953,341
Due from other banks	45,577,089	15,097,253	30,422,147	17,978	39,711	45,577,089
Loans and advances to customers	105,978,501	81,873,130	23,351,176	-	754,195	105,978,501
Financial assets at FVTPL	7,527,010	7,338,219	188,791	-	-	7,527,010
Investment securities						
- Fair value through OCI	65,465,326	43,559,006	21,906,320	-	-	65,465,326
- Amortised cost	1,589,137	1,589,137	-	-	-	1,589,137
Pledged assets - FVOCI	40,600,000	40,600,000	-	-	-	40,600,000
Other assets	6,220,751	4,105,512	2,080,118	1,338	33,783	6,220,751
Derivative assets	-	-	-	-	-	-
	346,911,155	268,115,598	77,948,552	19,316	827,689	346,911,155
Financial liabilities						
Due to banks	50,032,222	40,051,952	9,980,270	-	-	50,032,222
Due to customers	217,626,347	161,521,037	56,050,402	15,716	39,192	217,626,347
Borrowings	24,764,457	24,764,457	-	-	-	24,764,457
Other liabilities	20,668,264	8,111,664	12,534,699	35	21,866	20,668,264
Derivative liabilities	-	-	-	-	-	-
	313,091,290	234,449,110	78,565,371	15,751	61,058	313,091,290
Net gap	33,819,865	33,666,488	(616,819)	3,565	766,631	33,819,865
Commitments and guarantees						
- Performance bonds and guarantees	(29,044,817)	(26,927,084)	(2,117,733)	-	-	(29,044,817)
- Letters of credits	(10,942,397)	-	(10,942,397)	-	-	(10,942,397)
	(39,987,214)	(26,927,084)	(13,060,130)	-	-	(39,987,214)

Bank

31 December 2023

<i>In thousands of Nigerian Naira</i>	Carrying amount	Naira	USD	GBP	EUR	Total
Financial assets						
Cash and balances with Central Bank of Nigeria	73,953,341	73,953,341	-	-	-	73,953,341
Due from other banks	36,554,864	6,080,140	30,422,147	12,866	39,711	36,554,864
Loans and advances to customers	105,801,493	82,446,239	23,351,176	-	4,078	105,801,493
Financial assets at FVTPL	4,327,012	4,138,221	188,791	-	-	4,327,012
Investment securities						
- Fair value through OCI	62,677,050	40,770,730	21,906,320	-	-	62,677,050
- Amortised cost	-	-	-	-	-	-
Pledged assets - FVOCI	40,600,000	40,600,000	-	-	-	40,600,000
Other assets	7,713,269	5,598,030	2,080,118	1,338	33,783	7,713,269
	331,627,029	253,586,701	77,948,552	14,204	77,572	331,627,029
Financial liabilities						
Due to banks	50,032,222	40,051,952	9,980,270	-	-	50,032,222
Due to customers	219,068,654	162,963,344	56,050,402	15,716	39,192	219,068,654
Borrowings	24,764,457	24,764,457	-	-	-	24,764,457
Other liabilities	18,034,216	5,477,616	12,534,699	35	21,866	18,034,216
	311,899,549	233,257,369	78,565,371	15,751	61,058	311,899,549
Net gap	19,727,480	20,329,332	(616,819)	(1,547)	16,514	19,727,480
Commitments and guarantees						
- Performance bonds and guarantees	(29,044,817)	(26,927,084)	(2,117,733)	-	-	(29,044,817)
- Letters of credits	(10,942,397)	-	(10,942,397)	-	-	(10,942,397)
	(39,987,214)	(26,927,084)	(13,060,130)	-	-	(39,987,214)

Foreign exchange risk sensitivity analysis

As shown in the table above, the bank is primarily exposed to changes in NGN/US\$ exchange rates.

The following table details the Group & Bank's sensitivity to a 65% increase and decrease in Naira against the US dollar. Management believes that a 65% movement in either direction is reasonably possible on the Group & Bank's portfolio. The sensitivity analyses below include outstanding US dollar denominated financial assets and liabilities. A positive number indicates an increase in profit where Naira weakens by 65% against the US dollar. For a 65% strengthening of Naira against the US dollar, there would be an equal and opposite impact on profit.

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
<i>In thousands of Nigerian Naira</i>				
		Impact on profit		
NGN/US\$ exchange rate – increase 65%	1,128,908	(400,932)	1,128,908	(400,932)
NGN/US\$ exchange rate – decrease 65%	(1,128,908)	400,932	(1,128,908)	400,932
Impact on equity				
NGN/US\$ exchange rate – increase 65%	1,128,908	(400,932)	1,128,908	(400,932)
NGN/US\$ exchange rate – decrease 65%	(1,128,908)	400,932	(1,128,908)	400,932

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

6.1 (b) Interest rate risk

(i) Trading Portfolios

The principal tools used to measure and control market risk exposure within the Group's trading portfolios are the position and loss limits. Specific limits have been set on overall position, individual security and losses to prevent undue exposure. Risk Management and Control Group ensures that these limits and triggers are adhered to by the Group.

The Group traded in the following financial instruments in the course of the year:

- Treasury Bills
- Bonds (Spot and Repo transactions)
- Money market products
- Foreign exchange products

(ii) Non-Trading Portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk in the non-trading portfolios of the Group is managed principally through the monitoring of Earnings-At-Risk (EAR) and interest rate gaps, as well as carrying out scenario analysis. The Asset and Liability Committee (ALCO) is the body charged with monitoring exposures to interest rate risks and is assisted by the Risk Management and Control Group.

The Group also performs regular stress tests on its trading and non-trading portfolios. In performing this, the Group ensures there are quantitative criteria in building the scenarios. The Group determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the Group's liquidity. The key potential risks the Group was exposed to from these instruments were price risk, basis risk and risk to net margins. However, all potential risk exposures in the course of the year were successfully mitigated as mentioned above. Interest rate movements affect reported equity in the following ways:

- Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.
- Fair value reserves arising from changes in the fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Overall non-trading interest rate risk positions are managed by the Treasury Group, which uses investment securities and intergroup takings to manage the overall position arising from the Group's non-trading activities.

The tables below summarise the Group's interest rate gap positions on all portfolios:

Group

31 December 2024	Note	Carrying amount	Variable interest bearing	Fixed interest bearing	Non-interest bearing
Financial assets:					
Cash and balances with Central Bank of Nigeria	19	29,007,013	-	-	29,007,013
Due from other banks	20	190,770,274	-	24,718,305	166,051,969
Loans and advances to customers	26	124,393,540	-	124,393,540	-
Financial assets at FVTPL	22	34,593,944	-	34,593,944	-
Investment securities:					
- Fair value through OCI	23	93,341,381	-	91,936,482	1,404,899
- Amortised cost	24	1,503,781	-	935,876	567,905
Pledged assets	25	7,725,993	-	7,725,993	-
Other assets	27	4,720,303	-	-	4,720,303
		486,056,229	-	284,304,140	201,752,089
Financial liabilities:					
Due to banks	33	13,078,649	-	13,078,649	-
Due to customers	34	351,496,546	-	351,496,546	-
Borrowings	35	8,022,453	-	8,022,453	-
Other liabilities	36	80,113,200	-	-	80,113,200
		452,710,848	-	372,597,648	80,113,200

Bank

31 December 2024	Note	Carrying amount	Variable interest bearing	Fixed interest bearing	Non-interest bearing
Financial assets:					
Cash and balances with Central Bank of Nigeria	19	29,007,013	-	-	29,007,013
Due from other banks	20	190,770,274	-	24,718,305	166,051,969
Loans and advances to customers	26	124,393,540	-	124,393,540	-
Financial assets at FVTPL	22	34,593,944	-	34,593,944	-
Investment securities:					
- Fair value through OCI	23	93,341,381	-	91,936,482	1,404,899
- Amortised cost	24	1,503,781	-	935,876	567,905
Pledged assets	25	7,725,993	-	7,725,993	-
Other assets	27	4,720,303	-	-	4,720,303
		486,056,229	-	284,304,140	201,752,089
Financial liabilities:					
Due to banks	32	13,078,649	-	13,078,649	-
Deposit from customers	33	351,496,546	-	351,496,546	-
Borrowings	34	8,022,453	-	8,022,453	-
Other liabilities	35	80,114,200	-	-	80,114,200
		452,711,848	-	372,597,648	80,114,200

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Group

		Carrying amount	Variable interest bearing	Fixed interest bearing	Non-interest bearing
31 December 2023	Note				
<u>Financial assets:</u>					
Cash and balances with Central Bank of Nigeria	19	73,953,341	-	-	73,953,341
Due from other banks	20	45,577,090	-	15,212,909	30,364,181
Loans and advances to customers	26	105,978,501	-	105,978,501	-
Financial assets at FVTPL	22	7,527,010	-	7,436,263	90,747
<u>Investment securities:</u>					
- Fair value through OCI	23	65,465,326	-	64,016,481	1,448,845
- Amortised cost	24	1,589,137	-	1,589,137	-
Pledged assets - Fair Value through OCI	25	40,600,000	-	40,600,000	-
Other assets	27	6,220,751	-	-	6,220,751
		<u>346,911,155</u>	<u>-</u>	<u>234,833,291</u>	<u>112,077,864</u>
<u>Financial liabilities:</u>					
Due to banks	32	50,032,222	-	50,029,410	2,812
Due to customers	34	217,626,347	-	217,626,347	-
Borrowings	34	24,764,457	-	24,764,457	-
Other liabilities	35	20,668,264	-	16,743,274	3,924,990
		<u>313,091,289</u>	<u>-</u>	<u>309,163,488</u>	<u>3,927,802</u>

Bank

		Carrying amount	Variable interest bearing	Fixed interest bearing	Non-interest bearing
31 December 2023	Note				
<u>Financial assets:</u>					
Cash and balances with Central Bank of Nigeria	19	73,953,341	-	-	73,953,341
Due from other banks	20	36,554,864	-	5,560,278	30,994,586
Loans and advances to customers	26	105,801,493	-	105,801,493	-
Financial assets at FVTPL	22	4,327,012	-	4,327,012	-
<u>Investment securities:</u>					
- Fair value through OCI	23	62,677,050	-	61,042,092	1,634,958
Pledged assets - Fair Value through OCI	25	40,600,000	-	40,600,000	-
Other assets	27	7,713,269	-	-	7,713,269
		<u>331,627,029</u>	<u>-</u>	<u>217,330,875</u>	<u>114,296,154</u>
<u>Financial liabilities:</u>					
Due to banks	33	50,032,222	-	50,029,410	2,812
Deposit from customers	34	219,068,654	-	219,068,654	-
Borrowings	35	24,764,457	-	24,764,457	-
Other liabilities	36	18,034,216	-	16,743,274	1,290,942
		<u>311,899,549</u>	<u>-</u>	<u>310,605,795</u>	<u>1,293,754</u>

(iii) **Bond Price Sensitivity**

The Group carried out the following in determining the sensitivity of its profit to fluctuations in market prices of bonds:

- Daily bond prices were obtained and trended for the different series of bonds in issue as at the reporting date.
- A reasonably possible change was determined from nine months daily fluctuation in bond prices, which indicates that a significant proportion of changes in price falls within the range of \pm N1.
- The chosen reasonable change in market prices was then applied to the Group's bond trading portfolio as at end of the year.

As at 31 December 2024, the Group had N34.59billion in its trading position (2023: N7.53billion). If the price of instruments designated as financial assets held at fair value through profit or loss increased or decreased by 100bps with all variables held constant, the impact on potential profit or loss would be as shown in the table below:

	12 months to 31 December 2024			12 months to 31 December 2023		
	Group Profit before tax	Group Profit after tax	Equity	Group Profit before tax	Group Profit after tax	Equity
Increase by 100bps	345,939	242,158	242,158	345,939	242,158	242,158
Decrease by 100bps	(345,939)	(242,158)	(242,158)	(345,939)	(242,158)	(242,158)

	12 months to 31 December 2024			12 months to 31 December 2023		
	Group Profit before tax	Group Profit after tax	Equity	Group Profit before tax	Group Profit after tax	Equity
Increase by 100bps	43,270	30,289	30,289	43,270	30,289	30,289
Decrease by 100bps	(43,270)	(30,289)	(30,289)	(43,270)	(30,289)	(30,289)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(iv) **Treasury Bills Discount Rate Sensitivity**

The Group carried out the following in determining sensitivity of its profit to fluctuations in market discount rates of treasury bills:

- Daily market discount rates were obtained and trended for the different maturities of treasury bills in issue as at the reporting date.
- A reasonably possible change was determined from nine months daily fluctuation in discount rates of treasury bills. The exercise indicates that a significant proportion of changes in discount rates falls in the range of +/- 100 basis points.
- A ±100 basis points fluctuation in market discount rates was applied to the Group's treasury bills trading portfolio as at end of the year to determine the impact on its profit or loss position.

As at 31 December 2024, if discount rates on treasury bills increased or reduced by 100 basis points with all other variables held constant, the potential profit or loss would be as shown below;

	12 months to 31 December 2024			12 months to 31 December 2023		
	Profit before tax	Profit after tax	Equity	Profit before tax	Profit after tax	Equity
Increase by 100bps	329,657	230,760	230,760	29,152	20,406	20,406
Decrease by 100bps	(329,657)	(230,760)	(230,760)	(29,152)	(20,406)	(20,406)

Financial Instruments held through other comprehensive income (OCI)

The Group carried out the following in determining the sensitivity of its financial instruments position to fluctuations in market yields of financial instruments fair valued through OCI:

- Daily bond prices and treasury bills discount rates within the year were obtained, to determine actual volatility levels recorded.
- ±100 basis point and ± 300 basis point changes in market yields of bonds and treasury bills respectively were applied to the Group's holdings in bonds and treasury bills as at end of the year to determine the impact on the Group's Other Comprehensive Income (OCI) position.

Group

Bonds held through OCI

	12 months to 31 December 2024			12 months to 31 December 2023		
	Profit before tax	Profit after tax	Equity	Profit before tax	Profit after tax	Equity
Increase	717,704	502,393	502,393	619,620	433,734	433,734
Decrease	(717,704)	(502,393)	(502,393)	(619,620)	(433,734)	(433,734)

Treasury Bills held through OCI

	12 months to 31 December 2024			12 months to 31 December 2023		
	Profit before tax	Profit after tax	Equity	Profit before tax	Profit after tax	Equity
Increase	241,547	169,083	169,083	402,355	281,648	281,648
Decrease	(169,083)	(169,083)	(169,083)	(402,355)	(281,648)	(281,648)

Bank

Bonds held through OCI

	12 months to 31 December 2024			12 months to 31 December 2023		
	Profit before tax	Profit after tax	Equity	Profit before tax	Profit after tax	Equity
Increase	717,704	502,393	502,393	593,967	415,777	415,777
Decrease	(717,704)	(502,393)	(502,393)	(593,967)	(415,777)	(415,777)

Treasury Bills held through OCI

	12 months to 31 December 2024			12 months to 31 December 2023		
	Profit before tax	Profit after tax	Equity	Profit before tax	Profit after tax	Equity
Increase	241,547	169,083	169,083	402,355	281,648	281,648
Decrease	(241,547)	(169,083)	(169,083)	(402,355)	(281,648)	(281,648)

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6.2 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Group's operations and investments.

(i) Management of Liquidity Risk

A brief overview of the Group's liquidity management processes includes the following:

- Maintenance of minimum levels of liquid and marketable securities above the regulatory requirement of 20%. The Group has set for itself more conservative in-house limits above this regulatory requirement to which it adheres.
- Monitoring of its historical cash flows to ascertain in/outflow trends. The Group also makes forecasts of anticipated deposits and withdrawals to determine their potential effect on the Group.
- Regular measurement and monitoring of its liquidity position/ratios in line with regulatory requirements and in-house limits.
- Monitoring of deposit concentration, and ensuring diversification of its funding sources.
- Use of a Management authorisation process for purchases of financial instrument held as other comprehensive income and held at amortized cost (AC) portfolios.
- Maturity gap analysis.
- Maintaining a contingency funding plan with committed funding lines established with specific financial institution(s).

The Group's Asset and Liability Committee (ALCO) is charged with the responsibility of managing the Group's liquidity position. This position is monitored daily, while stress tests covering a variety of scenarios are regularly conducted. All liquidity risk management policies and procedures are subject to review and approval by Board.

Details of the reported Group ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	31 Dec 2024	31 Dec 2023
At end of year	53.81%	23.30%
Average for the year	44.62%	28.98%
Maximum for the year	55.45%	40.03%
Minimum for the year	28.29%	19.71%

The regulatory benchmark given by CBN for Merchant Banks during the year was 20% and the Bank was well above this threshold throughout the year ended 31 December 2024

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(ii) *Contractual maturity of financial assets and liabilities*

The following tables show the undiscounted cash flows on the Group's financial statement assets and liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow/(outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial assets and liabilities:

Group	Note	Carrying amount N'000	Gross nominal inflow/ (outflow) N'000	Up to 90 days N'000	90 days to 1 year N'000	1 year to 3 years N'000	3 years to 5 years N'000	Over 5 years N'000
31 December 2024								
Financial assets								
Cash and balances with CBN	19	29,007,013	29,007,153	29,007,153	-	-	-	-
Due from other banks	20	190,770,274	190,890,645	190,890,645	-	-	-	-
Loans and advances to customers	26	124,393,540	140,140,800	62,657,868	21,712,429	21,264,698	28,776,795	5,729,010
Financial assets at FVTPL	22	34,593,944	54,341,467	12,833,996	25,296,813	2,045,960	1,845,678	12,319,020
Investment securities								
- Fair value through OCI	23	93,341,381	227,574,133	3,716,444	37,065,400	21,507,642	29,047,494	136,237,153
- Amortised cost	24	1,503,781	1,603,043	86,350	1,086,350	246,264	147,128	36,951
Pledged assets	25	7,725,993	39,562,700	285,950	992,450	2,556,800	2,556,800	33,170,700
Other assets	27	7,347,197	10,339,521	10,339,521	-	-	-	-
		488,683,123	693,459,462	309,817,927	86,153,442	47,621,364	62,373,895	187,492,834
Financial liabilities								
Due to Banks	33	13,078,649	50,112,735	50,112,735	-	-	-	-
Due to customers	34	351,496,546	225,324,140	225,324,140	-	-	-	-
Borrowings	35	8,022,453	13,000,000	500,000	1,000,000	1,000,000	1,000,000	9,500,000
Other liabilities	36	83,547,846	50,111,052	50,111,052	-	-	-	-
		456,146,494	338,547,927	326,047,927	1,000,000	1,000,000	1,000,000	9,500,000
Liquidity gap		32,537,629	354,911,535	(16,230,000)	85,153,442	46,621,364	61,373,895	177,992,834

Bank	Note	Carrying amount N'000	Gross nominal inflow/(outflow) N'000	Up to 90 days N'000	90 days to 1 year N'000	1 year to 3 years N'000	3 years to 5 years N'000	Over 5 years N'000
31 December 2024								
Financial assets								
Cash and balances with CBN	19	29,007,013	29,007,153	29,007,153	-	-	-	-
Due from other banks	20	190,770,274	190,890,645	190,890,645	-	-	-	-
Loans and advances to customers	26	124,393,540	140,140,800	62,657,868	21,712,429	21,264,698	28,776,795	5,729,010
Financial assets at FVTPL	22	34,593,944	54,341,467	12,833,996	25,296,813	2,045,960	1,845,678	12,319,020
Investment securities								
- Fair value through OCI	23	93,341,381	227,574,133	3,716,444	37,065,400	21,507,642	29,047,494	136,237,153
- Amortised cost	24	1,503,781	1,603,043	86,350	1,086,350	246,264	147,128	36,951
Pledged assets	25	7,725,993	39,562,700	285,950	992,450	2,556,800	2,556,800	33,170,700
Other assets	27	7,347,197	10,339,521	10,339,521	-	-	-	-
		488,683,123	693,459,462	309,817,927	86,153,442	47,621,364	62,373,895	187,492,834
Financial liabilities								
Due to Banks	33	13,078,649	50,112,735	50,112,735	-	-	-	-
Due to customers	34	351,496,546	227,016,742	225,324,140	1,692,602	-	-	-
Borrowings	35	8,022,453	13,000,000	500,000	1,000,000	1,000,000	1,000,000	9,500,000
Other liabilities	36	83,548,846	83,548,846	83,548,846	-	-	-	-
		456,146,494	373,678,323	359,485,721	2,692,602	1,000,000	1,000,000.00	9,500,000.00
Liquidity gap		32,536,629	319,781,139	(49,667,794)	83,460,840	46,621,364	61,373,895	177,992,834

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Group	Note	Carrying amount N'000	Gross nominal inflow/(outflow) N'000	Up to 90 days N'000	90 days to 1 year N'000	1 year to 3 years N'000	3 years to 5 years N'000	Over 5 years N'000
31 December 2023								
Financial assets								
Cash and balances with CBN	19	73,953,341	73,960,850	73,960,850	-	-	-	-
Due from other banks	20	45,577,090	67,088,357	67,088,357	-	-	-	-
Loans and advances to customers	26	105,978,501	118,776,322	47,697,360	22,822,810	25,512,877	11,293,665	11,449,609
Financial assets at FVTPL	22	7,527,010	9,375,378	3,235,072	3,385,413	525,078	488,149	1,741,667
Investment securities								
- Fair value through OCI	23	65,465,326	211,367,845	3,543,339	11,630,665	20,292,415	16,470,372	159,431,054
- Amortised cost	24	1,589,137	1,847,415	1,847,415	-	-	-	-
Pledged assets	25	40,600,000	40,600,000	11,000,000	22,200,000	-	-	7,400,000
Other assets	27	9,066,346	10,547,174	10,547,174	-	-	-	-
		349,756,751	533,563,341	218,919,567	60,038,888	46,330,370	28,252,186	180,022,330
Financial liabilities								
Due to Banks	33	50,032,222	50,112,735	50,112,735	-	-	-	-
Due to customers	34	217,626,347	223,881,833	223,881,833	-	-	-	-
Borrowings	35	24,764,457	29,743,274	500,000	17,743,274	1,000,000	1,000,000	9,500,000
Other liabilities	36	24,795,998	50,111,052	50,111,052	-	-	-	-
		317,219,024	353,848,894	324,605,620	17,743,274	1,000,000	1,000,000	9,500,000
Liquidity gap		32,537,727	179,714,447	(105,686,053)	42,295,614	45,330,370	27,252,186	170,522,330
Bank								
	Note	Carrying amount N'000	Gross nominal inflow/(outflow) N'000	Up to 90 days N'000	90 days to 1 year N'000	1 year to 3 years N'000	3 years to 5 years N'000	Over 5 years N'000
31 December 2023								
Financial assets								
Cash and balances with CBN	19	73,953,341	73,960,850	73,960,850	-	-	-	-
Due from other banks	20	36,554,864	36,994,512	36,994,512	-	-	-	-
Loans and advances to customers	26	105,801,493	118,599,314	47,697,360	22,822,810	25,335,869	11,293,665	11,449,609
Financial assets at FVTPL	22	4,327,012	6,175,380	35,074	3,385,413	525,078	488,149	1,741,667
Investment securities								
- Fair value through OCI	23	62,677,050	211,367,845	3,543,339	11,630,665	20,292,415	16,470,372	159,431,054
- Amortised cost	24	-	-	-	-	-	-	-
Pledged assets	25	40,600,000	40,600,000	11,000,000	22,200,000	-	-	7,400,000
Other assets	27	9,904,970	11,293,003	11,293,003	-	-	-	-
		333,818,730	498,990,904	184,524,138	60,038,888	46,153,362	28,252,186	180,022,330
Financial liabilities								
Due to Banks	33	50,032,222	50,112,735	50,112,735	-	-	-	-
Due to customers	34	219,068,654	227,016,742	225,324,140	1,692,602	-	-	-
Borrowings	35	24,764,457	29,743,274	500,000	17,743,274	1,000,000	1,000,000	9,500,000
Other liabilities	36	20,344,245	20,344,245	20,344,245	-	-	-	-
		314,209,578	327,216,996	296,281,120	19,435,876	1,000,000.00	1,000,000.00	9,500,000
Liquidity gap		19,609,152	171,773,908	(111,756,982)	40,603,012	45,153,362	27,252,186	170,522,330

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(iii) Repricing period of financial assets and liabilities

Repricing maturities take into account the fact that terms of the underlying financial assets or liabilities of the Group can be varied, which in turn affects its liquidity exposure. The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyses the Group's interest rate risk exposure on assets and liabilities included at carrying amount and categorised by the earlier of the contractual re-pricing or maturity dates.

Group	Note	Carrying amount N'000	Total N'000	Up to 90 days N'000	90 days to 1 year N'000	1 year to 3 years N'000	3 years to 5 years N'000	Over 5 years N'000
31 December 2024								
Financial assets								
Due from other banks	20	190,770,274	190,770,274	190,770,274	-	-	-	-
Loans and advances to customers	26	124,393,540	124,393,540	47,399,697	28,628,000	26,354,700	11,007,292	11,003,852
Financial assets at FVTPL	22	34,593,944	34,593,944	-	23,481,045	1,221,878	1,472,307	8,418,714
Investment securities								
- Fair value through OCI	23	93,341,381	93,341,381	10,477,562	-	8,081,729	3,251,848	71,530,242
- Amortised cost	24	1,503,781	1,503,781	-	1,503,781	-	-	-
Pledged assets	25	7,725,993	7,725,993	7,725,993	-	-	-	-
		452,328,913	452,328,913	256,373,526	53,612,826	35,658,306	15,731,446	90,952,808
Financial liabilities								
Due to Banks	33	13,078,649	13,078,649	13,078,649	-	-	-	-
Deposit from customers	34	351,496,546	581,118,489	166,008,242	166,008,242	83,034,001	83,034,001	83,034,004
Borrowings	35	8,022,453	24,764,457	16,743,274	21,183	-	-	8,000,000
Other liabilities	36	83,547,846	83,547,846	83,547,846	-	-	-	-
		456,145,494	702,509,441	279,378,011	166,029,425	-	-	-
Repricing gap		(3,816,581)	(250,180,528)	(23,004,485)	(112,416,598)	35,658,306	15,731,446	90,952,808

Bank	Note	Carrying amount N'000	Total N'000	Up to 90 days N'000	90 days to 1 year N'000	1 year to 3 years N'000	3 years to 5 years N'000	Over 5 years N'000
31 December 2024								
Financial assets								
Due from other banks	20	190,770,274	190,770,274	190,770,274	-	-	-	-
Loans and advances to customers	26	124,393,540	124,393,540	47,399,697	28,628,000	26,354,700	11,007,292	11,003,852
Financial assets at FVTPL	22	34,593,944	34,593,944	-	23,481,045	1,221,878	1,472,307	8,418,714
Investment securities								
- Fair value through OCI	23	93,341,381	93,341,381	10,477,562	-	8,081,729	3,251,848	71,530,242
- Amortised cost	24	1,503,781	1,503,781	-	1,503,781	-	-	-
Pledged assets	25	7,725,993	7,725,993	7,725,993	-	-	-	-
		452,328,913	452,328,913	256,373,526	53,612,826	35,658,306	15,731,446	90,952,808
Financial liabilities								
Due to Banks	33	13,078,649	13,078,649	13,078,649	-	-	-	-
Deposit from customers	34	351,496,546	581,118,489	166,008,242	166,008,242	83,034,001	83,034,001	83,034,004
Borrowings	35	8,022,453	24,764,457	16,743,274	21,183	-	-	8,000,000
Other liabilities	36	83,548,846	83,548,846	83,548,846	-	-	-	-
		456,146,494	702,510,441	279,379,011	166,029,425	83,034,001	83,034,001	91,034,004
Repricing gap		(3,817,580)	(250,181,528)	(23,005,485)	(112,416,598)	(47,375,695)	(67,302,555)	(81,196)

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Group	Note	Carrying amount N'000	Total N'000	Up to 90 days N'000	90 days to 1 year N'000	1 year to 3 years N'000	3 years to 5 years N'000	Over 5 years N'000
31 December 2023								
Financial assets								
Due from other banks	20	45,577,090	45,577,090	45,577,090	-	-	-	-
Loans and advances to customers	26	105,978,501	105,978,501	40,315,266	24,348,559	22,449,118	9,362,125	9,503,433
Financial assets at FVTPL	22	7,527,010	7,527,010	90,747	6,046,261	152,832	184,156	1,053,014
Investment securities								
- Fair value through OCI	23	65,465,326	65,465,326	7,072,945	-	6,677,235	3,683,882	48,031,264
- Amortised cost	24	1,589,137	1,589,137	1,589,137	-	-	-	-
Pledged assets	25	40,600,000	40,600,000	40,600,000	-	-	-	-
		266,737,064	266,737,064	135,245,185	30,394,820	29,279,185	13,230,163	58,587,711
Financial liabilities								
Due to Banks	33	50,032,222	50,032,222	50,032,222	-	-	-	-
Deposit from customers	34	217,626,347	217,626,347	62,169,365	62,169,365	31,095,872	31,095,872	31,095,873
Borrowings	35	24,764,457	24,764,457	16,743,274	21,183	-	-	8,000,000
Other liabilities	36	24,795,998	24,795,998	24,795,998	-	-	-	-
		317,219,024	317,219,024	153,740,859	62,190,548	31,095,872	31,095,872	39,095,873
Repricing gap		(50,481,960)	(50,481,960)	(18,495,674)	(31,795,728)	(1,816,687)	(17,865,709)	19,491,838

Bank	Note	Carrying amount N'000	Total N'000	Up to 90 days N'000	90 days to 1 year N'000	1 year to 3 years N'000	3 years to 5 years N'000	Over 5 years N'000
31 December 2023								
Financial assets								
Due from other banks	20	36,554,864	36,554,864	36,554,864	-	-	-	-
Loans and advances to customers	26	105,801,493	105,801,493	40,315,266	24,349,215	22,415,687	9,362,125	9,359,199
Financial assets at FVTPL	22	4,327,012	4,327,012	-	2,937,010	152,832	184,156	1,053,013
Investment securities								
- Fair value through OCI	23	62,677,050	62,677,050	7,035,494	-	5,426,735	2,183,557	48,031,264
- Amortised cost	24	-	-	-	-	-	-	-
Pledged assets	25	40,600,000	40,600,000	40,600,000	-	-	-	-
		249,960,419	249,960,419	124,505,624	27,286,225	27,995,254	11,729,838	58,443,477
Financial liabilities								
Due to Banks	33	43,579,818	50,032,222	50,032,222	-	-	-	-
Deposit from customers	34	132,506,325	219,068,654	62,581,389	62,581,389	31,301,959	31,301,959	31,301,960
Borrowings	35	47,552,044	24,764,457	16,743,274	21,183	-	-	8,000,000
Other liabilities	36	34,023,371	20,344,245	20,344,245	-	-	-	-
		257,661,558	314,209,578	149,701,130	62,602,572	31,301,959	31,301,959	39,301,960
Repricing gap		(7,701,139)	(64,249,159)	(25,195,506)	(35,316,346)	(3,306,705)	(19,572,120)	19,141,517

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FINANCIAL RISK MANAGEMENT REPORT CONT'D

6.3 Credit Risk

The Group defines credit risk as the risk of counterparty's failure to meet the terms of any lending contracts with the Group or otherwise to perform as agreed. Credit risk arises anytime the Group's funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements.

The Group's specific credit risk objectives, as contained in the Risk Assets Acceptance Criteria (RAAC) and Credit Risk Policy, are:

- maintenance of an efficient risk assets portfolio;
- adequately diversify the Group's risk assets and minimise concentration risk;
- institutionalization of sound credit culture in the Group; and
- achieve consistent and continuous income stream for the Group.

The risk assets creating units – Fixed Income and currency trading Division and Corporate Grouping Division - are required to implement all credit policies and procedures in line with the approval limits granted by the Board. The business units are responsible for the quality and performance of their risk assets portfolio and for monitoring and controlling all credit risks in their portfolio. Internal Audit undertakes regular audits of business units, while the Risk Management and Control Group carries out regular credit quality reviews.

The Group continues to focus attention on intrinsic and concentration risks inherent in its business to manage the Group's portfolio risk. It sets portfolio concentration limits that are measured under the following parameters: limits per obligor, industry/sector and maturity bucket. Sector and maturity limits reflect the risk appetite of the Group. Credit risks arising on trading securities is managed independently, but reported as a component of market risk exposure.

(i) Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to the Board Credit Committee. Management Credit & Underwriting Committee (MCUC), is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies for the Group, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to the Executive Committee and the Board Credit Committee/Board of Directors as appropriate.
- Reviewing and assessing credit risk in all credit exposures prior to making commitment to customers. Renewals and reviews of facilities are subject to the same review process.
- Developing and maintaining the Bank's criteria for categorising exposures, and to focus management on the attendant risks. The criteria as contained in the Risk Assets Acceptance Criteria (RAAC) and Credit Risk Policy takes care of exposures to Banks and related regulated institutions, and large quoted corporates, conglomerates and multinationals. The responsibility for approving and reviewing the Risk Assets Acceptance Criteria and Credit Risk Policy lies with the Board Credit Committee.
- Reviewing compliance of with exposure and concentration limits, and promotion of best practices throughout the Group in the management of credit risk.

(ii) Risk Limit Control and Mitigation Policies

FBNQuest Merchant Banking Group applies limits to control credit risk concentration and ensure proper diversification of its risk assets portfolio. The Group maintains limits for individual obligors, sectors and maturities/tenors.

The Group's internal single obligor limit which is set at a maximum of 35% of the its shareholders' funds (SHF), is within the stipulated regulatory single obligor limit currently prescribed at 50% of the Group's shareholders' funds. Although the Group is guided by its internal single obligor rating regulatory limit, it also applies additional parameters internally in determining the suitable limits that a single borrower should have. These include: obligor rating, position in the industry and perceived requirements of key players, financial analysis, etc.

The Group, based on guidelines set by the regulators, imposes industry/economic sector limits to guide against concentration risk. The industry/sector limits are arrived at after rigorous analysis of the risks inherent in the industry or economic sector. The limits are usually recommended by the Risk Management and Control Group and approved by the Board.

The Group also imposes limits on the maturity buckets of the risk assets portfolio. The maturity bucket limits are a reflection of the risk appetite and liquidity profile of the Group. During the year, limits can be reviewed and realigned (outright removal, reduction or increase) to meet the exigencies of the prevailing macroeconomic events.

FBNQuest Merchant Bank also sets internal credit approval limits in the credit process. Approval decisions are guided by the Bank's strategic focus as well as the stated risk appetite and the other limits established by the board or regulatory authorities. The current risk assets approval limits are as follows:

Approving Authority	Approval Limit
Board of Directors	To approve all non-cash collateralised credit above 60% of the SOL subject to the Bank's Single Obligor Limit (SOL).
Board Credit Committee (BCC)	1. To note all non-cash-collateralised credit facilities up to 15% of SOL approved by the Management Credit & Underwriting Committee 2. To approve all non-cash-collateralised credit facilities of between 15% of SOL and 60%.
Management Credit & Underwriting Committee (MCUC)	1. To approve all non-cash-collateralised credit facilities of up to 15% of SOL 2. To approve all cash-collateralised limits

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT REPORT CONT'D

The Bank ensures that each credit is reviewed and granted based on the strength of the borrowers' repayment capacity, measured by its cash flow. However, the Group also ensures its risk assets are well secured as a second way out strategy. The policies that guide collateral for facilities are embedded within the Bank's Credit Risk Policy.

FBNQuest Merchant Bank maintains placement lines for its Bank counterparties and other financial institutions regulated by the Central Bank of Nigeria (CBN). The lines cover the settlement risks inherent in the Bank's activities with these counterparties. The limits are arrived at after conducting fundamental analysis of the counterparties, presentation of findings to, and approval by the Board. The lines are implemented by the Fixed income and currency trading group and monitored by the Risk Management and Control Group. Intergroup placement limits are also guided by the regulatory single obligor limit, which currently is 50% of the Bank's shareholders' funds.

(iii) Credit Risk Measurement

The Group undertakes lending activities after careful analysis of the borrowers' general character, capacity to repay, cash flow, credit history, organisational/management quality, financial condition, market position, business operations, industry and other factors. The Group acknowledges that there are diverse intrinsic risks inherent in the vagaries of its business segments and, as a result, applies different parameters to adequately dimension the risks in each business segments.

The Bank currently adopts Moody's Analyst risk rating model for its assessment of obligor risk rating and Bank's rating grades as defined by its Risk Assets Acceptance Criteria (RAAC) deals with all credit risk counterparties, covering all the Bank's credit exposure to corporate, commercial, conglomerates and multinationals. It however excludes Banks and other financial institutions regulated by Central Bank of Nigeria (CBN). Obligor rating in the Group is handled by Relationship Managers with further review by Risk Management and Control before it goes through the approval process.

The relationship between the Group's category rating system and the Moody's rating system is shown below:

Moody's rating	Category	Description	Characteristics
AAA	A	Excellent-Very Low Credit Risk	<ul style="list-style-type: none"> Highest investment quality Lowest expectation of default risk Exceptionally strong capacity for timely payment of financial commitments Capacity is highly unlikely to be adversely affected by unforeseeable events Top multinationals / corporations Strong equity and assets Good track record Strong cash flows
AA+	B	Good Credit Risk Quality	<ul style="list-style-type: none"> Very good investment quality Very low expectation of default risk Very strong capacity for timely payment of financial commitments Capacity is not significantly vulnerable to unforeseeable events. Typically large corporates in stable industries and with significant market share Very strong balance sheets with high liquid assets
AA			
AA-			
A+	C	Above Average Credit Risk Quality	<ul style="list-style-type: none"> Above Average quality Low expectation of default risk. Capacity for timely payment of financial commitments is considered adequate Adverse changes in circumstances and in economic conditions is more likely to impair capacity for payment Typically in stable industries Strong debt repayment capacity and coverage Good asset quality and liquidity position Very good management
A			
A-			
BBB+	D	Average Credit Risk Quality	<ul style="list-style-type: none"> Average credit quality Possibility of default risk developing, particularly as the result of adverse economic changes over time Category is acceptable as business or financial alternatives may be available to allow financial commitments to be met Good character of owner Good management but depth may be an issue Typically good companies in cyclical industries
BBB			
BBB-			
BB+	E	Below Average Credit Risk	<ul style="list-style-type: none"> Below average risk quality High probability of partial loss Financial condition is weak but obligations are still being met as and when they fall due Adverse changes in the environment will increase risk significantly Very weak credit fundamentals which make full debt repayment in serious doubt Bleak economic prospects Lack of capacity to repay unsecured debt
BB			
BB-			

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT REPORT CONT'D

The Group's operational measurements for credit risk are in conformity with the impairment allowances required under the applicable reporting standard - IFRS 9, and are based on losses that are expected at the date of the statement of financial position, that is the expected credit losses (ECL).

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the probability of defaults cashflow projections and collaterals pledged by counterparties.

The Group has developed ECL models to support the quantification of the credit risk. The model is in use for all key credit portfolios and form the basis for measuring impairment. In measuring credit risk of loan and advances at a counterparty level, the Group considers three components: (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derive the 'Exposure At Default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'Loss Given Default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

Input, Assumptions and techniques used for estimating impairment

Incorporation of forward-looking information

ECLs are mainly calculated with a statistical model using three major risk parameters: probability of default, loss given default and exposure at default.

The estimation of these risk parameters incorporates all available relevant information, not only historical and current loss data, but also reasonable and supportable forward-looking information. The group formulates three economic scenarios: a base case based on consensus forecasts, and two less likely scenarios, one optimistic and one downside scenario. External information considered includes economic data and forecasts published by government bodies and monetary authorities. The credit risk and credit losses are influenced by historic data and various macro-economic variables. Key drivers for the loans are Crude oil price and prime lending rate. The scenario probability weightings applied in measuring ECL are 33% optimistic, 38% base and 29% downturn for 2024 and 2023.

31 December 2024

Forward looking information	Economic assumption	2024	2025	2026
Crude oil price (\$ per barrel)	Base	76.05	73.00	74.50
	Optimistic	76.05	77.00	77.00
	Downturn	76.05	72.84	72.00
Prime lending rate (%)	Base	16.75	15.10	15.40
	Optimistic	16.75	13.29	13.59
	Downturn	16.75	16.91	17.21

31 December 2023

Forward looking information	Economic assumption	2023	2024	2025
Crude oil price (\$ per barrel)	Base	79.12	76.33	80.00
	Optimistic	79.12	72.04	76.04
	Downturn	79.12	80.29	83.95
Prime lending rate (%)	Base	14.17	14.25	13.00
	Optimistic	14.17	11.00	9.00
	Downturn	14.17	17.75	17.00

Economic Variable Assumptions

The most significant year-end assumption used for the ECL estimate as at 31 December 2024

Crude Oil

AGENCY	2024	2025
Fitch Solution	84.00	78.00
CMO	79.80	73.00
IMF	80.00	72.84
Asian DB	79.00	77.00
AfDB	80.70	77.00

Prime Lending Rate

AGENCY	2024	2025
EIU	17.10%	15.10%

A regression model with crude oil and prime lending rate as the best correlated macroeconomic variable was selected for factoring Forward Looking Information into the PD estimates.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT REPORT CONT'D

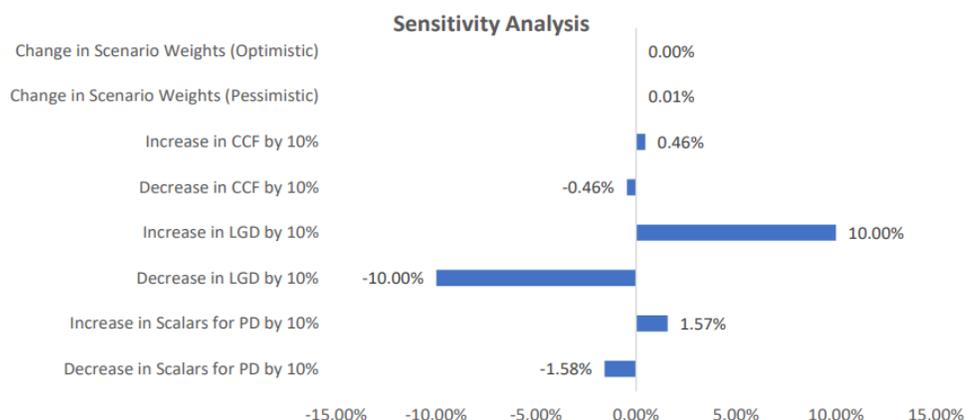
SENSITIVITY ANALYSIS

The sensitivity analysis assesses the ECL sensitivity to changes in key assumptions used in the computations. The ECL is recalculated per assumption change, and each recalculated ECL is then compared to the base run to quantify the impact of the assumption change.

In carrying out the sensitivity analysis, we adjusted the following parameters:

1. Probability of forward-looking information scenarios for all assets in scope
2. CCF parameter for off balance sheet exposures
3. LGD for the Loans
4. Loss Rate (LR) for receivables assessed collectively.
5. Forward-looking information applied on the PD.

Below is a graph depicting the result of the sensitivity analysis carried out on all the parameters, and the percentage difference between the ECL computed for each sensitivity test and the base ECL:



Sensitivity Analysis on ECL Parameters

The above results show that the ECL estimation is sensitive to changes in the LGD. As a result, we shall continue to review and back test the adequacy of this assumption as used in the ECL computation on a continuous basis to ensure the ECL estimate continues to provide a true and fair view of the Bank's position.

(iv) Maximum exposure to credit risk

The Group's credit risk exposures relating to on-balance sheet assets are as follows:

Classification	Note	Group	Group	Bank	Bank
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial assets:					
Cash and balances with Central Bank of Nigeria	19	29,007,153	73,960,850	29,007,153	73,960,850
Due from other banks	20	190,890,645	45,626,053	190,890,645	36,581,925
Loans and advances to customers	26	126,679,969	107,985,266	126,679,969	107,808,257
Financial assets at FVTPL	22	34,593,944	7,527,010	34,593,944	4,327,012
Investment securities					
- Fair value through OCI	23	93,341,381	65,465,326	93,341,381	62,677,050
- Amortised cost	24	1,503,781	1,589,137	1,503,781	-
Pledged assets	25	7,725,993	40,600,000	7,725,993	40,600,000
Other assets	27	10,339,521	10,547,174	10,339,521	11,293,003
		<u>494,082,387</u>	<u>353,300,816</u>	<u>494,082,387</u>	<u>337,248,097</u>
Loans exposure to total exposure		27.70%	45.23%	27.70%	48.41%
Debt securities exposure to total exposure		28.30%	31.24%	28.30%	30.09%
Other exposures to total exposure		44.00%	23.53%	44.00%	21.50%

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT REPORT CONT'D

		Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Commitments and guarantees					
Performance bonds and guarantees	43	27,722,832	29,044,817	27,722,832	29,044,817
Letters of credits	43	27,579,875	10,942,397	27,579,875	10,942,397
Total commitments and guarantees		<u>55,302,707</u>	<u>39,987,214</u>	<u>55,302,707</u>	<u>39,987,214</u>

Balances included in other assets above are those subject to credit risks. Items not subject to credit risk have been excluded. The table above shows a worse-case scenario of credit risk exposures to the Group at 31 December 2024 and 31 December 2023 without taking into consideration any of the collateral held or other credit enhancements attached, if any.

As shown above, 27.70% of the Group's total maximum exposures are derived from loans exposure (2023: 45.23%), while 28.30% of the Group's total maximum exposures represents exposures to debt securities (2023: 31.24%). The directors are confident in their ability to continue to control exposure to credit risk which can result from both its risk assets portfolio and debt securities.

(v) **Credit risk concentration**

IFRS 7 requires disclosures about concentrations of risk. Concentration of risk arises from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. This information has been provided along geographical areas (section 5.5) and economic sectors (section 5.6).

(vi) **Geographical concentration of risks of financial assets with credit risk exposure**

The following table breaks down the Group's credit exposure (without taking into account any collateral held or other credit support), as categorised by geographical region as at the reporting date. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

Group		31 December 2024		
		Within Nigeria	Outside Nigeria	Total
	Note			
Cash and balances with Central Bank of Nigeria	19	29,007,013	-	29,007,013
Due from other banks	20	84,321,701	106,448,573	190,770,274
Loans and advances to customers	26	124,393,540	-	124,393,540
Financial assets at FVTPL	22	34,593,944	-	34,593,944
<i>Investment securities:</i>				
- Fair value through OCI	23	89,801,058	3,540,323	93,341,381
- Amortised cost	24	935,876	567,905	1,503,781
Pledged assets	25	7,725,993	-	7,725,993
Other assets	27	7,347,197	-	7,347,197
		<u>378,126,322</u>	<u>110,556,801</u>	<u>488,683,123</u>
Commitments and guarantees				
Performance bonds and guarantees	43	27,722,832	-	27,722,832
Letters of credits	43	27,579,875	-	27,579,875
Total commitments and guarantees		<u>55,302,707</u>	<u>-</u>	<u>55,302,707</u>

Bank		31 December 2024		
		Within Nigeria	Outside Nigeria	Total
	Note			
Cash and balances with Central Bank of Nigeria	19	29,007,013	-	29,007,013
Due from other banks	20	84,321,701	106,448,573	190,770,274
Loans and advances to customers	26	124,393,540	-	124,393,540
Financial assets at FVTPL	22	34,593,944	-	34,593,944
<i>Investment securities:</i>				
- Fair value through OCI	23	89,801,058	3,540,323	93,341,381
- Amortised cost	24	935,876	567,905	1,503,781
Pledged assets	25	7,725,993	-	7,725,993
Other assets	27	7,347,197	-	7,347,197
		<u>378,126,322</u>	<u>110,556,801</u>	<u>488,683,123</u>
Commitments and guarantees				
Performance bonds and guarantees	43	27,722,832	-	27,722,832
Letters of credits	43	27,579,875	-	27,579,875
Total commitments and guarantees		<u>55,302,707</u>	<u>-</u>	<u>55,302,707</u>

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT REPORT CONT'D

Group	Note	31 December 2023		
		Within Nigeria	Outside Nigeria	Total
Cash and balances with Central Bank of Nigeria	19	73,953,341	-	73,953,341
Due from other banks	20	22,005,211	23,571,879	45,577,090
Loans and advances to customers	26	105,978,501	-	105,978,501
Financial assets at FVTPL	22	7,527,010	-	7,527,010
Investment securities:				-
- Fair value through OCI	23	65,465,326	-	65,465,326
- Amortised cost	24	1,589,137	-	1,589,137
Pledged assets	25	40,600,000	-	40,600,000
Other assets	27	9,066,346	-	9,066,346
		<u>326,184,872</u>	<u>23,571,879</u>	<u>349,756,751</u>
Commitments and guarantees				
Performance bonds and guarantees	43	29,044,817	-	29,044,817
Letters of credits	43	10,942,397	-	10,942,397
Total commitments and guarantees		<u>39,987,214</u>	<u>-</u>	<u>39,987,214</u>

Bank	Note	31 December 2023		
		Within Nigeria	Outside Nigeria	Total
Cash and balances with Central Bank of Nigeria	19	73,953,341	-	73,953,341
Due from other banks	20	13,085,202	23,469,662	36,554,864
Loans and advances to customers	26	105,801,493	-	105,801,493
Financial assets at FVTPL	22	4,327,012	-	4,327,012
Investment securities:				-
- Fair value through OCI	23	62,677,050	-	62,677,050
- Amortised cost	24	-	-	-
Pledged assets	25	40,600,000	-	40,600,000
Other assets	27	9,904,970	-	9,904,970
		<u>310,349,068</u>	<u>23,469,662</u>	<u>333,818,730</u>
Commitments and guarantees				
Performance bonds and guarantees	43	29,044,817	-	29,044,817
Letters of credits	43	10,942,397	-	10,942,397
Total commitments and guarantees		<u>39,987,214</u>	<u>-</u>	<u>39,987,214</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(vii) Industry/sectoral exposure to credit risk

The Group's credit risk exposures at carrying amounts (without taking into account any collateral held or other credit support, if any), to the various industries or sectors of the Nigerian economy as follows:

Group

	Agriculture	Construction & Real Estate	Information & Communication	Financial Institutions	Governments	Oil & Gas	Transport & Storage	Manufacturing	Others	Total
31 December 2024 Classification	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and balances with Central Bank of Nigeria	-	-	-	-	29,007,013	-	-	-	-	29,007,013
Due from other banks	-	-	-	190,770,274	-	-	-	-	-	190,770,274
Loans and advances	18,625,929	1,225,198	6,775,121	2,002,998	-	51,880,822	1,429,706	31,904,134	10,549,632	124,393,540
Financial assets at fair value through profit or loss	-	-	-	137,594	34,456,350	-	-	-	-	34,593,944
Investment securities- Fair value through OCI	-	-	-	4,524,107	88,310,063	321,438	-	-	185,773	93,341,381
Investment securities- Amortised cost	-	-	-	-	1,503,781	-	-	-	-	1,503,781
Pledged assets	-	-	-	-	7,725,993	-	-	-	-	7,725,993
Other assets	-	-	-	-	-	-	-	-	7,347,197	7,347,197
	18,625,929	1,225,198	6,775,121	197,434,973	161,003,200	52,202,260	1,429,706	31,904,134	18,082,602	488,683,123
Commitments and guarantees										
- Performance bonds and guarantees	-	-	4,000,000	-	-	8,898,352	-	9,824,481	5,000,000	27,722,832
- Letters of credits	-	-	-	-	-	1,734,557	-	23,934,187	1,911,131	27,579,875
	-	-	4,000,000	-	-	10,632,909	-	33,758,668	6,911,131	55,302,707

Bank

	Agriculture	Construction & Real Estate	Information & Communication	Financial Institutions	Governments	Oil & Gas	Transport & Storage	Manufacturing	Others	Total
31 December 2024 Classification	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and balances with Central Bank of Nigeria	-	-	-	-	29,007,013	-	-	-	-	29,007,013
Due from other banks	-	-	-	190,770,274	-	-	-	-	-	190,770,274
Loans and advances	18,625,929	1,225,198	6,775,121	2,002,998	-	51,880,822	1,429,706	31,904,134	10,549,632	124,393,540
Financial assets at fair value through profit or loss	-	-	-	137,594	34,456,350	-	-	-	-	34,593,944
Investment securities- Fair value through OCI	-	-	-	4,524,107	88,310,063	321,438	-	-	185,773	93,341,381
Investment securities- Amortised cost	-	-	-	-	1,503,781	-	-	-	-	1,503,781
Pledged assets	-	-	-	-	7,725,993	-	-	-	-	7,725,993
Other assets	-	-	-	-	-	-	-	-	7,347,197	7,347,197
	18,625,929	1,225,198	6,775,121	197,434,973	161,003,200	52,202,260	1,429,706	31,904,134	18,082,602	488,683,123
Commitments and guarantees										
- Performance bonds and guarantees	-	-	4,000,000	-	-	8,898,352	-	9,824,481	5,000,000	27,722,832
- Letters of credits	-	-	-	-	-	1,734,557	-	23,934,187	1,911,131	27,579,875
	-	-	4,000,000	-	-	10,632,909	-	33,758,668	6,911,131	55,302,707

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(vii) Industry/sectoral exposure to credit risk

Group

	Agriculture	Construction & Real Estate	Information & Communication	Financial Institutions	Governments	Oil & Gas	Transport & Storage	Manufacturing	Others	Total
31 December 2023 Classification	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and balances with Central Bank of Nigeria	-	-	-	-	73,953,341	-	-	-	-	73,953,341
Due from other banks	-	-	-	45,577,090	-	-	-	-	-	45,577,090
Loans and advances	20,302,116	8,760,496	7,695,296	992,496	-	35,209,849	1,249,509	22,296,065	9,472,672	105,978,501
Financial assets at fair value through profit or loss	-	-	-	-	7,527,010	-	-	-	-	7,527,010
Investment securities- Fair value through OCI	-	-	-	1,225,930	57,654,137	-	-	-	6,585,259	65,465,326
Investment securities- Amortised cost	-	-	-	-	1,589,137	-	-	-	-	1,589,137
Pledged assets	-	-	-	-	40,600,000	-	-	-	-	40,600,000
Other assets	-	-	-	-	-	-	-	-	9,066,346	9,066,346
	20,302,116	8,760,496	7,695,296	47,795,516	181,323,625	35,209,849	1,249,509	22,296,065	25,124,277	349,756,751
Commitments and guarantees										
- Performance bonds and guarantees	-	-	-	-	-	-	-	13,948,673	15,096,144	29,044,817
- Letters of credits	-	-	2,107,768	-	-	-	146,068	7,095,314	1,593,247	10,942,397
	-	-	2,107,768	-	-	-	146,068	21,043,987	16,689,391	39,987,214

Bank

	Agriculture	Construction & Real Estate	Information & Communication	Financial Institutions	Governments	Oil & Gas	Transport & Storage	Manufacturing	Others	Total
31 December 2023 Classification	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and balances with Central Bank of Nigeria	-	-	-	-	73,953,341	-	-	-	-	73,953,341
Due from other banks	-	-	-	36,554,864	-	-	-	-	-	36,554,864
Loans and advances	20,302,116	8,760,496	7,695,296	992,496	-	35,209,849	1,165,466	25,142,088	6,533,686	105,801,493
Financial assets at fair value through profit or loss	-	-	-	-	4,327,012	-	-	-	-	4,327,012
Investment securities- Fair value through OCI	-	-	-	1,225,930.00	57,431,222	-	-	-	4,019,898	62,677,050
Investment securities- Amortised cost	-	-	-	-	-	-	-	-	-	-
Pledged assets	-	-	-	-	40,600,000	-	-	-	-	40,600,000
Other assets	-	-	-	-	-	-	-	-	9,904,970	9,904,970
	20,302,116	8,760,496	7,695,296	38,773,290	176,311,575	35,209,849	1,165,466	25,142,088	20,458,554	333,818,730
Commitments and guarantees										
- Performance bonds and guarantees	-	-	-	-	-	-	-	13,948,673	15,096,144	29,044,817
- Letters of credits	-	-	2,107,768	-	-	-	146,068	7,095,314	1,593,247	10,942,397
	-	-	2,107,768	-	-	-	146,068	21,043,987	16,689,391	39,987,214

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(vii) Industry/sectoral exposure to credit risk

(viii) Credit quality of financial assets using staging classification / internal rating

The credit quality of the financial assets of the Group have been assessed by reference to the staging policy adopted by the Group as follows:

Group

31 December 2024 Classification	Agriculture N'000	Construction & Real Estate N'000	Information & Communication N'000	Financial Institutions N'000	Governments N'000	Oil & Gas N'000	Transport & Storage N'000	Manufacturing N'000	Others N'000	Total N'000
Stages										
Stage 1	18,625,929	1,225,198	6,775,121	2,002,998	-	51,880,822	1,429,706	29,434,452	10,549,000	121,923,226
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	2,469,682	632	2,470,314
	18,625,929	1,225,198	6,775,121	2,002,998	-	51,880,822	1,429,706	31,904,134	10,549,632	124,393,540

Bank

31 December 2024 Classification	Agriculture N'000	Construction & Real Estate N'000	Information & Communication N'000	Financial Institutions N'000	Governments N'000	Oil & Gas N'000	Transport & Storage N'000	Manufacturing N'000	Others N'000	Total N'000
Stages										
Stage 1	18,625,929	1,225,198	6,775,121	2,002,998	-	51,880,822	1,429,706	29,434,452	10,549,000	121,923,226
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	2,469,682	632	2,470,314
	18,625,929	1,225,198	6,775,121	2,002,998	-	51,880,822	1,429,706	31,904,134	10,549,632	124,393,540

Group

31 December 2023 Classification	Agriculture N'000	Construction & Real Estate N'000	Information & Communication N'000	Financial Institutions N'000	Governments N'000	Oil & Gas N'000	Transport & Storage N'000	Manufacturing N'000	Others N'000	Total N'000
Stages										
Stage 1	20,302,116	8,760,496	7,695,296	992,496	-	35,209,849	1,057,592	22,296,065	9,472,672	105,786,583
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	191,918	-	-	191,918
	20,302,116	8,760,496	7,695,296	992,496	-	35,209,849	1,249,510	22,296,065	9,472,672	105,978,501

Bank

31 December 2023 Classification	Agriculture N'000	Construction & Real Estate N'000	Information & Communication N'000	Financial Institutions N'000	Governments N'000	Oil & Gas N'000	Transport & Storage N'000	Manufacturing N'000	Others N'000	Total N'000
Stages										
Stage 1	20,302,116	8,760,496	7,695,296	992,496	-	35,209,849	1,057,592	22,296,065	6,533,686	102,847,596
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	107,874	2,846,023	-	2,953,897
	20,302,116	8,760,496	7,695,296	992,496	-	35,209,849	1,165,466	25,142,088	6,533,686	105,801,493

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(ix) **IFRS 9: Expected credit losses**

Expected credit losses are based on a range of possible outcomes and consider all available reasonable and supportable information including internal and external ratings, historical credit loss experience, and expectations about future cash flows. The measurement of expected credit losses is based primarily on the product of the instrument's probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted to the reporting date. The main difference between Stage 1 and Stage 2 expected credit losses for performing financial assets is the respective calculation horizon. Stage 1 estimates project PD, LGD and EAD over a maximum period of 12 months while Stage 2 estimates project PD, LGD and EAD over the remaining lifetime of the instrument.

An expected credit loss estimate is produced for each individual exposure. Relevant parameters are modelled on a collective basis using portfolio segmentation that allows for appropriate incorporation of forward looking information.

Expected credit losses are discounted to the reporting period date using the effective interest rates.

(x) **Measurement of expected credit losses**

The measurement of expected credit losses is based primarily on the product of the instrument's probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted to the reporting date. The main difference between Stage 1 and Stage 2 expected credit losses for performing financial assets is the respective calculation horizon. Stage 1 estimates project PD, LGD and EAD over a maximum period of 12 months while Stage 2 estimates project PD, LGD and EAD over the remaining lifetime of the instrument.

An expected credit loss estimate is produced for each individual exposure. Relevant parameters are modelled on a collective basis using portfolio segmentation that allows for appropriate incorporation of forward looking information.

Expected credit losses are discounted to the reporting period date using the effective interest rate. The assessment of significant increase in credit risk requires significant judgment. The Bank's process to assess changes in credit risk is multifactor and has three main categories:

- **Stage 1** – Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, The Bank recognize a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

- **Stage 2** – Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the Bank measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the EIR multiplied by the gross carrying amount.

- **Stage 3** – Credit impaired. For debt instruments that have both a significant increase in credit risk plus observable evidence of impairment.

(xi) **Assessment of significant increase in credit risk**

The assessment of significant increase in credit risk requires significant judgment. The Bank's process to assess changes in credit risk is multifactor and has three main categories:

- quantitative element, a quantitative comparison of PD at the reporting date and PD at initial recognition
- qualitative elements;
- 'backstop' indicators.

For individually significant exposures such as corporate and commercial risk assets, the assessment is driven by the internal credit rating of the exposure and a combination of forward-looking information that is specific to the individual borrower and forward-looking information on the macro economy, commercial sector (to the extent such information has not been already reflected in the rating process).

For other exposures, significant increases in credit risk is made on a collective basis that incorporates all relevant credit information, including forward-looking macroeconomic information. For this purpose, the Bank groups its exposures on the basis of shared credit risk characteristics.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank 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 Bank's historical experience and expert credit assessment and including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations, if any).

Write-off policy: The Bank writes off a risk asset or security balance (and any related allowances for impairment losses) when it determines that the risk assets or securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower or issuer's financial position such that the borrower or issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the full exposure. All write-offs are approved by the Board.

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(xii) Categorization of loans and advances to customers

The table below analyses the bank's loans and advances to customers based on the categorization of the loans and the allowances taken on them.

31 December 2024	Ex-Staff N'000	Staff N'000	Corporates N'000	Bank N'000	Government N'000	Total N'000
Stage 1	-	614,117	121,579,051	-	-	122,193,166
Stage 2	-	-	-	-	-	-
Stage 3	2,212	-	4,484,589	-	-	4,486,802
Gross	2,212	614,117	126,063,640	-	-	126,679,968
<i>Less allowances for impairment</i>						
Stage 1	-	32,478	237,464	-	-	269,942
Stage 2	-	-	-	-	-	-
Stage 3	1,580	-	2,014,907	-	-	2,016,487
Total allowance	1,580	32,478	2,252,371	-	-	2,286,428
Net loans and advances	632	581,639	123,811,269	-	-	124,393,540

31 December 2023	Ex-Staff N'000	Staff N'000	Corporates N'000	Bank N'000	Government N'000	Total N'000
Stage 1	153,858	578,782	102,439,033	-	-	103,171,673
Stage 2	-	-	-	-	-	-
Stage 3	4,687	-	4,631,897	-	-	4,636,584
Gross	158,545	578,782	107,070,930	-	-	107,808,257
<i>Less allowances for impairment</i>						
Stage 1	1,099	4,197	318,782	-	-	324,078
Stage 2	-	-	-	-	-	-
Stage 3	4,687	-	1,677,999	-	-	1,682,686
Total allowance	5,786	4,197	1,996,781	-	-	2,006,764
Net loans and advances	152,759	574,585	105,074,149	-	-	105,801,493

(xiii) Credit quality

The Group manages the credit quality of loans and advances using the Moody's Analyst risk rating model for its assessment of obligor risk rating and Bank's internal rating grades as defined by its Risk Assets Acceptance Criteria (RAAC) policy. It is the Group's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates a focused management of the applicable risks and the comparison of credit exposures across all lines of business and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. The attributable risk ratings are assessed and updated regularly.

i). Credit quality of loans and advances to customers classified by Internal Rating Grade

The credit quality of loans and advances that were in Stage 1 can be assessed by reference to the internal rating system adopted by the bank as follows:

Internal Rating Grades	Ex-Staff N'000	Staff N'000	Corporates N'000	Bank N'000	Government N'000	Total N'000
31 December 2024						
A	-	-	-	-	-	-
B	-	-	10,696,066	-	-	10,696,066
C	-	614,117	63,259,323	-	-	63,873,440
D	-	-	30,498,280	-	-	30,498,280
E	-	-	17,125,380	-	-	17,125,380
		614,117	121,579,049	-	-	122,193,166
31 December 2023						
A	-	-	-	-	-	-
B	-	-	15,508,693	-	-	15,508,693
C	153,858	578,782	22,453,962	-	-	23,186,603
D	-	-	33,781,647	-	-	33,781,647
E	-	-	30,694,730	-	-	30,694,730
	153,858	578,782	102,439,032	-	-	103,171,673

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(xiv) Loans and advances to customers classified as Stage 2

The breakdown of the gross amount of individually impaired loans and advances classified as Stage 2, along with the fair value of related collateral held by the bank as security, are as follows:

31 December 2024	Ex-Staff	Staff	Corporates	Bank	Government	Total
Gross loans	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Net Amount	-	-	-	-	-	-
FV of collateral	-	-	-	-	-	-
Amount of under collateralisation	-	-	-	-	-	-
31 December 2023	Ex-Staff	Staff	Corporates	Bank	Government	Total
Gross loans	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Net Amount	-	-	-	-	-	-
FV of collateral	-	-	-	-	-	-

(xv) Loans and advances to customers classified as Stage 3

The breakdown of the gross amount of individually impaired loans and advances classified as Stage 3, along with the fair value of related collateral held by the bank as security, are as follows:

31 December 2024	Ex-Staff	Staff	Corporates	Bank	Government	Total
Gross loans	2,212	-	4,484,589	-	-	4,486,801
Impairment	(1,580)	-	(2,014,907)	-	-	(2,016,487)
Net Amount	632	-	2,469,682	-	-	2,470,314
FV of collateral	-	-	2,465,800	-	-	2,465,800
31 December 2023	Ex-Staff	Staff	Corporates	Bank	Government	Total
Gross loans	4,687	-	4,631,897	-	-	4,636,584
Impairment	(4,687)	-	(1,677,999)	-	-	(1,682,686)
Net Amount	-	-	2,953,898	-	-	2,953,898
FV of collateral	-	-	2,685,050	-	-	2,685,050

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(xvi) Sensitivity of exposure at default to changes in loan loss impairment

Exposure at default (EAD) constitutes the total exposure amount that is subject to provisioning process and it includes EAD for on-balance sheet and off-balance sheet exposures according to IFRS 9. The latter exposure is weighted by CCF (the credit conversion factor). EAD is divided into current EAD and lifetime EAD.

a). Sensitivity of exposure at default - probability at default (PD)

As at 31 December 2023 if the probability of default increased or decreased by 10%, with all other variables (exposure at default and loss given default) held constant, the impact on impairment charge, which ultimately affects profit before tax and exposure at default, would have been as set out in the tables below:

	31 December 2024		31 December 2023	
	Pre-tax	Post-tax	Pre-tax	Post-tax
Increase	(228,643)	(160,050)	(200,676)	(140,474)
Decrease	228,643	160,050	200,676	140,474

Credit collateral

The Bank ensures that every risk asset is reviewed and granted based on the strength of the borrowers' cash flow. However, the Bank also ensures its credit facilities are well secured as a second way out. The policies that guide collateral for facilities are embedded within the Bank's collateral policy. All collateral offered must have the following attributes:

- There must be good legal title
- The title must be easy to transfer
- It should be easy and relatively cheap to value
- The value should be appreciating or at least stable
- The security must be easy to sell.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Cash
- Treasury Bills/Bonds
- Charges over financial instruments such as debt securities and equities
- Bank guarantees
- Mortgages over landed properties.

The Bank ensures that every risk asset is reviewed and granted based on the strength of the borrowers' cash flow. However, the Bank also ensures its credit facilities are well secured as a second way out. The policies that guide collateral for facilities are embedded within the Bank's collateral policy. All collateral offered must have the following attributes:

- There must be good legal title
- The title must be easy to transfer
- It should be easy and relatively cheap to value
- The value should be appreciating or at least stable
- The security must be easy to sell.

In order to minimise the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

Summary of collaterals held against loans and advances to customers

An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers is shown below:

Group

31 December 2024

In thousands of Nigerian naira

	Gross amount	Collateral
Stage 3	4,484,589	2,465,800
Stage 2	-	-
Stage 1	122,193,166	318,298,316
	126,677,755	320,764,116

Bank

31 December 2024

In thousands of Nigerian naira

	Gross amount	Collateral
Stage 3	4,484,589	2,465,800
Stage 2	-	-
Stage 1	122,193,166	318,298,316
	126,677,755	320,764,116

31 December 2024

In thousands of Nigerian naira

Type of collateral

	Stage 1	Stage 2	Stage 3
Cash/Treasury bills	41,545,923	-	-
Mortgage property	27,248,008	-	-
Asset Debentures	204,001,821	-	2,465,800
Asset Financed	18,070,000	-	-
Stock	17,958,401	-	-
Corporate Guarantee	9,474,163	-	-
	318,298,316	-	2,465,800

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Group

31 December 2023

In thousands of Nigerian naira

	Gross amount	Collateral
Stage 3	4,631,897	2,685,050
Stage 2	-	-
Stage 1	102,439,033	70,252,613
	108,375,285	374,406,585

Bank

31 December 2023

In thousands of Nigerian naira

	Gross amount	Collateral
Stage 3	1,463,315	219,250
Stage 2	4,379,009	2,465,800
Stage 1	102,532,961	371,721,535
	108,375,285	374,406,585

31 December 2023

In thousands of Nigerian naira

Type of collateral	Stage 1	Stage 2	Stage 3
Cash/Treasury bills	2,831,518	-	-
Mortgage property	15,261,475	-	-
Asset Debentures	348,569,042	2,465,800	-
Asset Financed	3,907,000	-	219,250
Corporate Guarantee	1,152,500	-	-
	371,721,535	2,465,800	219,250

Investment securities

The table below shows analysis of the Group and Bank's investment securities into the different classifications:

Group

	Investment securities - (Fair value through OCI)	Investment securities - (Amortised cost)	Investment securities - Financial assets at FVTPL	Total
31 December 2024				
Federal government bonds	60,418,001	-	1,490,606	61,908,607
Corporate bonds	3,626,418	-	137,594	3,764,012
Treasury bills	24,154,721	-	32,965,744	57,120,465
Others	5,142,241	1,503,781	-	6,646,022
Pledged assets	7,725,993	-	-	7,725,993
	101,067,374	1,503,781	34,593,944	137,165,099

	Investment securities - (Fair value through OCI)	Investment securities - (Amortised cost)	Investment securities - Financial assets at FVTPL	Total
31 December 2023				
Federal government bonds	47,976,768	-	1,282,867	49,259,635
Corporate bonds	6,585,259	-	128,977	6,714,236
Treasury bills	15,115,505	-	21	15,115,526
Others	2,418,960	1,589,137	3,199,998	7,208,095
Pledged assets	24,048,685	-	-	24,048,685
	96,145,177	1,589,137	4,611,863	102,346,177

The Group's investment in risk-free Government securities constitutes 92.41% of debt instruments portfolio (31 December 2023: 88.76%). Investment in corporate bond accounts for 2.77% (31 December 2023: 6.56%).

Bank

	Investment securities - (Fair value through OCI)	Investment securities - (Amortised cost)	Investment securities - Financial assets at FVTPL	Total
31 December 2024				
Federal government bonds	60,418,001	-	1,490,606	61,908,607
Corporate bonds	3,626,418	-	137,594	3,764,012
Treasury bills	24,154,721	-	32,965,744	57,120,465
Others	5,142,241	1,503,781	-	6,646,022
Pledged assets	7,725,993	-	-	7,725,993
	101,067,374	1,503,781	34,593,944	137,165,099

	Investment securities - (Fair value through OCI)	Investment securities - (Amortised cost)	Investment securities - Financial assets at FVTPL	Total
31 December 2023				
Federal government bonds	47,976,768	-	1,282,867	49,259,635
Corporate bonds	4,019,898	-	128,977	4,148,875
Treasury bills	7,035,494	-	21	7,035,515
Others	2,418,960	-	-	2,418,960
Pledged assets	40,600,000	-	-	40,600,000
	102,051,120	-	1,411,865	103,462,985

The Bank's investment in risk-free Government securities constitutes 92.41% of debt instruments portfolio (31 December 2023: 93.83%). Investment in corporate bond accounts for 2.77% (31 December 2023: 3.90%).

(xvii) Settlement Risk

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

For certain types of transactions the Bank 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.

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6.4 Capital management

The Bank's objectives in managing capital are (i) to comply with the capital requirements set by the Central Bank of Nigeria, (ii) to safeguard the group's ability to continue as a going concern and (iii) to maintain an optimal capital structure suitable for the group's business strategy.

The Bank is directly supervised by its regulator, the Central Bank of Nigeria (CBN), who sets and monitors capital requirements for the group. In 2015, CBN revised the Capital Adequacy Ratio (CAR) reporting template and existing guidance notes on regulatory capital, credit risk, market risk and operational risk disclosure requirement for Basel II implementation in the Industry. The Apex Bank directed all Nigerian Banks and Banking groups to re-compute capital adequacy ratio in line with the revised guidance notes. To this end, the Bank's Capital Adequacy Ratio (CAR) under Basel II has been re-computed in accordance to the new guidelines.

The CBN specifies approaches for quantifying the risk weighted assets for credit, market and operational risk for the purpose of determining regulatory capital. In compliance with CBN, the Bank adopted the Standardized Approach (SA) in determining capital charge for credit risk and market risk while capital charge for operational risk was determined using the Basic Indicator Approach (BIA).

The Bank's policy is to maintain a strong capital base so as to maintain investor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the advantages and security afforded by a sound capital position. The Bank has complied with all externally imposed capital requirements throughout the year. There have been no material changes in the Bank's management of capital during the year.

(i) Capital adequacy ratio

The capital adequacy ratio, which is the quotient of the capital base of the Bank's risk weighted asset base, has been computed using the Basel III implementation guidelines provided by the Central Bank of Nigeria (CBN).

CAR is measured as:

$$\frac{\text{Total regulatory capital}}{(\text{Credit Risk Weighted Assets} + \text{Market Risk Weighted Assets} + \text{Operational Risk Weighted Assets})}$$

The Bank's regulatory capital is analysed into two tiers:

Tier 1 capital includes ordinary share capital, share premium, retained earnings and statutory reserves. Intangible assets and deferred tax asset were also deducted from Tier I capital for capital adequacy purposes.

Tier 2 capital comprises fair value reserves.

The Bank complied with all externally imposed capital requirements throughout the year. There have been no material changes in the Bank's management of capital during the year.

The Bank throughout the review period, operated above its targeted capitalization range and well over the CBN mandated regulatory minimum. As at 31 December 2024, the Bank's capital adequacy ratio was 18.34% (31 December 2023: 15.35%).

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The following table shows the composition of regulatory capital and risk weighted assets for the Bank:

Capital adequacy ratio (Bank)

<i>In thousands of Nigerian Naira</i>	31 December 2024	31 December 2023
Tier 1 capital		
Share capital	4,301,577	4,301,577
Share premium	3,904,731	3,904,731
Retained earnings	25,287,269	15,815,424
Statutory reserve	11,345,154	9,640,489
Tier 1 capital before regulatory deduction	44,838,731	33,662,221
Regulatory deductions		
Deferred tax asset	9,113,548	9,113,548
Other intangible assets	153,974	92,436
Total regulatory deduction	(9,267,522)	(9,205,984)
Tier 1 capital after regulatory deductions	35,571,209	24,456,237
Other deductions		
Investment in subsidiaries	1,000	1,518,248
Eligible Tier 1 Capital	35,570,209	22,937,989
Tier 2 capital		
Sub-ordinated debt	8,022,453	8,021,183
Fair value reserves	(3,959,400)	(2,862,519)
Total tier 2 capital	4,063,053	5,158,664
Eligible Tier 2 Capital	4,063,053	5,158,664
Total eligible capital	39,633,261	28,096,653
Risk-weighted assets		
Credit risk	188,360,465	157,412,192
Operational risk	20,996,890	20,635,038
Market risk	6,731,660	5,007,733
Total risk-weighted assets	216,089,016	183,054,963
Capital adequacy ratio	18.34%	15.35%
Tier 1 capital ratio	16.46%	12.53%

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7 Critical accounting estimates and judgments

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur.

Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below.

(a) Key sources of estimation uncertainty

(i) Measurement of the expected credit loss allowance

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Details of the inputs, assumptions and estimation methodologies used in measuring ECL are described in note 6.3(iii), which also sets out the sensitivities of the ECL to changes in these elements.

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; Significant assumptions include the Probability of default (PD), Loss given default (LGD) and Discount rate.
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of financial assets for the purposes of measuring ECL.

Expected credit losses are based on a range of possible outcomes and consider all available reasonable and supportable information including internal and external ratings, historical credit loss experience, and expectations about future cash flows. The measurement of expected credit losses is based primarily on the product of the instrument's probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted to the reporting date. The main difference between Stage 1 and Stage 2 expected credit losses for performing financial assets is the respective calculation horizon. Stage 1 estimates project PD, LGD and EAD over a maximum period of 12 months while Stage 2 estimates project PD, LGD and EAD over the remaining lifetime of the instrument.

An expected credit loss estimate is produced for each individual exposure. Relevant parameters are modeled on a collective basis using portfolio segmentation that allows for appropriate incorporation of forward looking information.

Expected credit losses are discounted to the reporting period date using the effective interest rate.

(ii) Measurement of the fair value of financial instruments with significant unobservable inputs

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy. Further disclosures on the Group's valuation methodology have been made on note 5. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(iii) Recognition and recoverability of deferred tax assets

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

(b) Critical accounting judgments in applying the Group's accounting policies

Critical accounting judgments made in applying the Group's accounting policies include:

(i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The Bank makes estimates and assumptions concerning the future. The fair value of securities not quoted in an active market may be determined by the Bank using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. The Bank would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Bank may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily earning multiples and discounted cash flows. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see the Group's accounting policy on valuation of financial instruments in note 3.22.

(ii) Establishing the criteria for determining whether credit risk on a financial asset has significantly increased since initial recognition

Allowances for credit losses are calculated on debt instruments measured at amortised cost and fair value through OCI. In estimating credit losses, the Group considers the character and capacity of the obligor, the probability that an obligor or counterparty will default over a given period (probability of default - PD), the portion of the loan expected to be irrecoverable at the time of loan default (loss given default - LGD) and expected amount that is outstanding at the point of default.

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	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
8 Interest income				
(a) Interest income calculated using the effective interest method				
Loans and advances to customers at amortised cost	25,793,837	17,310,678	25,793,837	17,301,431
Due from other banks	5,246,762	1,475,378	5,246,762	683,203
Investment securities at amortised cost	540,146	113,752	540,146	216,483
Investment securities at FVOCI	11,856,433	5,341,952	11,856,433	5,190,280
	43,437,178	24,241,760	43,437,178	23,391,397
The interest income for Group amounting to N43.4 billion (2023: N24.2 billion) and for Bank amounting to N43.4 billion (2023: N23.4 billion) was calculated using the effective interest method.				
(b) Other interest income				
Financial assets at FVTPL	5,579,927	255,970	5,579,927	255,970
	5,579,927	255,970	5,579,927	255,970
Total interest income (a+b)	49,017,105	24,497,730	49,017,105	23,647,367
9 Interest expense				
Due to banks	4,182,118	2,877,676	4,182,118	2,877,676
Deposits from customers	32,460,345	13,753,943	32,460,345	13,903,554
Borrowings	1,459,084	5,053,884	1,459,084	5,053,884
	38,101,547	21,685,503	38,101,547	21,835,114
10 Net impairment write-back/(charge) on financial assets				
Impairment charge on loans and advances (note 26)	(333,427)	(383,440)	(333,427)	(383,440)
Impairment writeback/(charge) on off-balance sheet items (note 36.1)	105,344	(200,075)	105,344	(200,075)
Impairment (charge)/writeback on due from other banks (note 20)	(93,310)	125,978	(93,310)	147,881
Impairment (charge)/writeback on investment securities at amortised cost (note 24)	(35,321)	30,140	(35,321)	30,140
Impairment writeback/(charge) on cash and balances with CBN (note 19)	7,369	(6,954)	7,369	(6,954)
Impairment writeback/(charge) on debt securities at FVOCI (note 41)	1,550,635	(2,561,430)	1,550,635	(2,483,431)
Impairment (charge)/writeback on other assets (note 27.1)	(856,099)	369,871	(856,099)	425,255
	345,191	(2,625,910)	345,191	(2,470,624)
11 Fees and commission income				
Credit-related fees	1,835,695	957,131	1,835,695	957,131
Brokerage and structuring fees	3,447,521	4,397,336	3,447,521	4,085,507
Letters of credit commissions and fees	1,868,265	759,423	1,868,265	759,423
Other fees and commissions	1,007,564	423,514	1,007,564	324,127
Fund management fees	-	7,830,348	-	-
Net fee and commission	8,159,045	14,367,752	8,159,045	6,126,188
12 Net gains on foreign exchange				
Gain on foreign currency translation	5,745,655	4,313,196	5,745,655	1,442,874
	5,745,655	4,313,196	5,745,655	1,442,874

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13 Net (loss)/gains on financial assets at fair value

Trading gain	235,350	1,350,071	235,350	1,025,751
Unrealised (loss)/gain	(724,225)	2,333,948	(724,225)	1,161,730
	(488,875)	3,684,019	(488,875)	2,187,481

14 Other operating income

Sundry income	6,500	1,061,126	6,500	40,460
Shared cost recovery income	59,401	-	59,401	118,595
Gain on disposal of property and equipment	5,634	-	5,634	-
Loan recovery (see note (i) below)	570,010	-	570,010	-
Dividend income	149	13,396	149	1,941,251
	641,694	1,074,522	641,694	2,100,306

(i) The Bank successfully recovered a total of N570 million from previously written-off non-performing loans. These recoveries arose from settlements from the customer.

15 Other operating expenses

Auditors' remuneration (note 15.1)	80,000	97,350	80,000	72,600
Directors' emoluments (Note 46)	542,765	256,633	542,765	256,633
Administration and general expenses	467,164	380,688	467,164	233,064
Insurance	1,006,950	687,529	1,006,950	674,909
Rent and rates	37,090	101,183	37,090	19,010
Travelling	136,490	94,896	136,490	57,148
Donations	76,102	32,705	76,102	28,555
Corporate development	121,443	281,327	121,443	107,792
Periodicals and subscriptions	184,458	139,235	184,458	138,211
Software licensing fees	532,353	608,678	532,353	344,241
Consultancy	318,331	569,759	318,331	249,888
Training	386,439	91,467	386,439	91,467
Communication and postage expenses	48,255	59,055	48,255	45,902
Bank charges	510,064	348,559	510,064	343,170
Repairs and maintenance	30,941	142,532	30,941	16,553
Regulatory expenses	355,756	12,459	355,756	8,410
Shared service cost	-	1,445,643	-	-
IT expenses	556,216	718,769	556,216	544,748
Loss on disposal of PPE	-	227,708	-	227,708
Backduty taxes (note 15.2)	496,784	-	496,784	-
Impairment charge on withholding tax receivables	28,000	-	28,000	-
Impairment writeback on investment in subsidiaries (note 28)	-	-	-	(196,290)
Other operating expenses	112,780	581,064	112,780	185,145
	6,028,381	6,877,239	6,028,381	3,448,864

15.1 Auditors remuneration represents fees for the audit of the Group and Bank for the year ended 31 December 2024. The Bank also accrued professional fees for audit of deposit liabilities for NDIC and ICFR Certification. These services, in the Bank's opinion, did not impair the independence and objectivity of the external auditor.

Non-audit services provided during the year are stated below.

Name of firm	Services Rendered	Amount
KPMG Professional Services	Certification of deposit liabilities	3,500,000
KPMG Professional Services	Assurance over Internal Controls over Financial Reporting	23,500,000

15.2 A tax review was conducted on the Bank's Withholding Tax (WHT) obligations. As a result of the review, additional WHT liabilities of N496.8 million, including penalties and interest, have been recognized in the financial statements. The Bank is actively engaging with tax authorities to conclude the review.

16 Personnel expenses

Wages and salaries	5,350,871	5,236,148	5,350,871	2,991,369
Pension costs:				
- Defined contribution plans to PFAs	152,062	256,993	152,062	198,129
	5,502,933	5,493,141	5,502,933	3,189,498

The Bank's only subsidiary, FBNQuest MB Funding SPV Plc, had no employee during the year ended 31 December 2024 (2023: Nil). The operations of the SPV are handled by the staff of the Bank and no management fee was due to the Bank during the year for this service.

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	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
17 Taxation				
(a) Tax expense				
i Minimum tax (a)				
Minimum tax	318,994	177,037	318,994	177,037
ii Current tax				
Company income tax	-	2,079,059	-	200,000
Education tax	423,250	439,387	423,250	249,864
Police trust fund levy	645	634	645	204
NASENI levy	32,249	10,224	32,249	10,224
Information technology levy	128,996	126,770	128,996	40,896
Windfall levy (see note 17c)	476,655	-	476,655	-
	<u>1,061,795</u>	<u>2,656,074</u>	<u>1,061,795</u>	<u>501,188</u>
Prior year under provision	152,393	-	152,393	-
Originating and reversing temporary difference	-	680,007	-	-
Income tax expenses (b)	1,214,188	3,336,081	1,214,188	501,188
Total tax expense (a+b)	1,533,182	3,513,118	1,533,182	678,224

Reconciliation of effective tax rate	Group		Group		Bank		Bank	
	31 December 2024	%	31 December 2023	%	31 December 2024	%	31 December 2023	%
Profit before minimum tax and income tax expense	12,897,611		10,718,191		12,897,611		4,089,547	
Income tax using the domestic corporation tax rate	3,869,283	30%	3,215,457	30%	3,869,283	30%	1,226,864	30%
Windfall levy	476,655	4%	-	0%	476,655	4%	-	0%
Information technology levy	128,996	1%	126,770	1%	128,996	1%	40,896	1%
Education tax	423,250	3%	439,387	4%	423,250	3%	249,864	6%
NASENI levy	32,249	0%	10,224	0%	32,249	0%	10,224	0%
Police trust fund levy	645	0%	634	0%	645	0%	204	0%
Company income tax	-	0%	2,079,059	19%	-	0%	200,000	5%
Changes in estimates relating to prior years	152,393	1%	-	0%	152,393	1%	-	0%
Tax exempt income	(4,170,680)	(32%)	(3,671,728)	(34%)	(4,170,680)	(32%)	(2,363,141)	(58%)
Non-deductible expenses	5,304,444	41%	1,136,278	11%	5,304,444	41%	1,136,277	28%
Recognition of previously unrecognised tax losses	(5,003,047)	-39%	-	0%	(5,003,047)	-39%	-	0%
Income tax expense	1,214,188	9%	3,336,081	31%	1,214,188	9%	501,188	12%

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
17(b) Current tax liabilities				
At 1 January	2,791,474	1,415,586	560,366	236,910
Derecognized on disposal of subsidiaries (see note 28c)	(2,231,108)	-	-	-
Payments made during the year	(95,880)	(347,445)	(95,880)	(276,080)
Withholding tax credit note utilised during the year	(166,535)	(1,109,778)	(166,535)	(78,689)
Current year's income tax provision	1,061,795	2,656,074	1,061,795	501,188
Current year's minimum tax provision	318,994	177,037	318,994	177,037
At 31 December	1,678,740	2,791,474	1,678,740	560,366

17(c) During the year, the Federal Government of Nigeria enacted the windfall levy effective 8 August 2024 to charge a 70% tax on gains on foreign exchange profits on all banks licensed to trade in foreign currency in Nigeria for the years 2023 to 2025. The windfall levy recognized by the Bank is based on the notice received from the FIRS dated 14 February 2025, outlining the provisional windfall levy payable of N204 million and N273 million for 2023 and 2024 financial year-ends, respectively.

18 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

Profit attributable to equity holders	11,364,429	7,205,073	11,364,429	3,411,322
Weighted average number of ordinary shares in issue (in '000s)	4,301,577	4,301,577	4,301,577	4,301,577
Basic earnings per share (expressed in Kobo per share)	264	167	264	79

(b) Diluted

The Bank does not have potential ordinary shares with convertible options and therefore there is no dilutive impact on the profit attributable to the equity holders of the parent (31 December 2023: Nil).

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19 Cash and balances with Central Bank of Nigeria (CBN)

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Balances with central banks excluding mandatory reserve deposits	104,401	139,490	104,401	139,490
Mandatory reserve deposits with Central Bank of Nigeria	28,902,752	73,821,360	28,902,752	73,821,360
Less 12 months ECL (see a below)	(140)	(7,509)	(140)	(7,509)
Current	29,007,013	73,953,341	29,007,013	73,953,341

a Allowance for impairment on Cash balances with CBN

Balance at 1 January	(7,509)	(555)	(7,509)	(555)
Writeback/(charge) for the year (see note 10)	7,369	(6,954)	7,369	(6,954)
	(140)	(7,509)	(140)	(7,509)

20 Due from other banks

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Current account balances with banks within Nigeria	59,723,767	6,841,266	59,723,767	7,551,985
Current account balances with banks outside Nigeria	106,448,573	23,571,879	106,448,573	23,469,662
Placements with financial institutions within Nigeria	24,718,305	15,212,909	24,718,305	5,560,278
	190,890,645	45,626,054	190,890,645	36,581,925

Less 12 months ECL (see a below)	(120,371)	(48,964)	(120,371)	(27,061)
	190,770,274	45,577,090	190,770,274	36,554,864

Current	190,770,274	45,577,090	190,770,274	36,554,864
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a Allowance for impairment on Due from other banks

Balance at 1 January	(48,964)	(174,942)	(27,061)	(174,942)
Derecognized on disposal of subsidiaries (see note 28c)	21,903	-	-	-
(Charge)/writeback for the year (See note 10)	(93,310)	125,978	(93,310)	147,881
	(120,371)	(48,964)	(120,371)	(27,061)

21 Cash and cash equivalents for statement of cashflow purposes

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

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Due from other banks with original maturities less than 3 months (note 20)	190,890,645	45,626,053	190,890,645	36,581,925
Balances with central banks excluding mandatory reserve deposits (note 19)	104,401	139,490	104,401	139,490
	190,995,046	45,765,543	190,995,046	36,721,415

22 Financial assets at fair value through profit or loss

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Federal Government of Nigeria (FGN) bonds	1,490,606	1,282,867	1,490,606	1,282,867
Corporate bonds	137,594	128,977	137,594	128,977
Treasury bills	32,965,744	2,915,168	32,965,744	2,915,168
Unlisted equity investments	-	3,109,251	-	-
Listed equity investments	-	90,747	-	-
	34,593,944	7,527,010	34,593,944	4,327,012

Current	32,965,744	2,915,168	32,965,744	2,915,168
Non-current	1,628,200	4,611,842	1,628,200	1,411,844
	34,593,944	7,527,010	34,593,944	4,327,012

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23 Investment securities

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Financial assets at FVOCI				
<u>Debt securities</u>				
Treasury bills	24,154,721	7,035,494	24,154,721	7,035,494
Federal Government of Nigeria bonds	60,418,001	47,976,768	60,418,001	47,976,768
Other sovereign bonds	3,737,342	2,418,960	3,737,342	2,418,960
Corporate bonds	3,626,418	6,585,259	3,626,418	4,019,898
	91,936,482	64,016,481	91,936,482	61,451,120
<u>Equity securities</u>				
Listed equity investments	-	222,915	-	-
Unlisted equity investments	1,404,899	1,225,930	1,404,899	1,225,930
	1,404,899	1,448,845	1,404,899	1,225,930
Total financial assets at FVOCI	93,341,381	65,465,326	93,341,381	62,677,050
Current	24,154,721	7,035,494	24,154,721	7,035,494
Non-current	69,186,660	58,429,832	69,186,660	55,641,556
	93,341,381	65,465,326	93,341,381	62,677,050

The Group has designated as FVOCI, the following unquoted equities with a level 3 fair value hierarchy. Please refer to Note 5 for other disclosures and sensitivity analysis on the key unobservable inputs ;

- Nigeria Inter-Bank Settlement System Plc
- FMDQ OTC Securities Exchange

The Group chose this measurement basis because the investments were made for strategic purposes 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.

24 Investment securities at amortised cost

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Commercial papers	-	1,589,137	-	-
Federal Government of Nigeria bonds	603,043	-	603,043	-
Treasury bills	936,059	-	936,059	-
	1,539,102	1,589,137	1,539,102	-
Less: ECL allowance (see a below)	(35,321)	-	(35,321)	-
Total	1,503,781	1,589,137	1,503,781	-
Current	900,738	1,589,137	900,738	-
Non-current	603,043	-	603,043	-
	1,503,781	1,589,137	1,503,781	-

a Allowance for impairment on Investment securities at amortised cost

Balance at 1 January	-	(30,140)	-	(30,140)
(Charge)/write back for the year (see note 10)	(35,321)	30,140	(35,321)	30,140
	(35,321)	-	(35,321)	-

25 Pledged assets

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Treasury bills	-	33,200,000	-	33,200,000
Federal Government of Nigeria bonds	7,725,993	7,400,000	7,725,993	7,400,000
	7,725,993	40,600,000	7,725,993	40,600,000
Current	-	33,200,000	-	33,200,000
Non-current	7,725,993	7,400,000	7,725,993	7,400,000
	7,725,993	40,600,000	7,725,993	40,600,000

Federal Government of Nigeria bonds and Treasury bills are pledged to other financial institutions as collateral for inter-bank takings and FX transactions. The pledged assets have been classified at FVOCI and FVTPL.

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26 Loans and advances to customers

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Loans and advances to customers	126,065,853	107,229,475	126,065,853	107,229,475
Staff loans	614,116	755,790	614,116	578,782
Gross loans	126,679,969	107,985,265	126,679,969	107,808,257
Total allowance for impairment on loans (See note a)	(2,286,429)	(2,006,764)	(2,286,429)	(2,006,764)
Net carrying amount	124,393,540	105,978,501	124,393,540	105,801,493
(a) Allowance for impairment on loans				
Loans and advances to customers	(237,464)	(319,882)	(237,464)	(319,882)
Staff loans	(32,478)	(4,196)	(32,478)	(4,196)
Impairment on 12-month ECL (a)	(269,942)	(324,078)	(269,942)	(324,078)
Loans and advances to customers	(2,014,907)	(1,682,686)	(2,014,907)	(1,682,686)
Staff loans	(1,580)	-	(1,580)	-
Impairment on Lifetime ECL credit impaired (b)	(2,016,487)	(1,682,686)	(2,016,487)	(1,682,686)
Loans and advances to customers	(2,252,371)	(2,002,568)	(2,252,371)	(2,002,568)
Staff loans	(34,058)	(4,196)	(34,058)	(4,196)
ECL impairment allowance (a+b)	(2,286,429)	(2,006,764)	(2,286,429)	(2,006,764)
Allowance for impairment on Loans and advances				
Balance at 1 January	(2,006,764)	(2,885,829)	(2,006,764)	(2,885,829)
Loans written off during the year	53,762	1,262,505	53,762	1,262,505
Charge for the year (See Note 10)	(333,427)	(383,440)	(333,427)	(383,440)
	(2,286,429)	(2,006,764)	(2,286,429)	(2,006,764)

ECL on Loans and advances to customers

Group and Bank

	Total			
	31 December 2024			
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2024	324,078	-	1,682,686	2,006,764
Loans written off during the year	-	-	(53,762)	(53,762)
Impairment (write-back)/charge recognised during the year	(54,136)	-	387,563	333,427
Balance at 31 December 2024	269,942	-	2,016,487	2,286,429
	Loans to customers			
	31 December 2024			
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2024	319,882	-	1,682,686	2,002,568
Loans written off	-	-	(53,762)	(53,762)
Impairment (write-back)/charge recognised during the year	(82,418)	-	385,983	303,565
Balance at 31 December 2024	237,464	-	2,014,907	2,252,371
	Staff loans			
	31 December 2024			
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2024	4,196	-	-	4,196
Impairment charge recognised during the year	28,282	-	1,580	29,862
Balance at 31 December 2024	32,478	-	1,580	34,058

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	Total 31-Dec-23			Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
Balance at 1 January 2023	261,823	1,276,148	1,347,858	2,885,829
Loans written off during the year	-	(1,276,148)	(1,262,507)	(2,538,655)
Impairment recognised during the year	62,255	-	1,597,335	1,659,590
Balance at 31 December 2023	324,078	-	1,682,686	2,006,764
Loans to customers				
	31-Dec-23			Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
Balance at 1 January 2023	258,236	1,276,148	1,327,011	2,861,395
Derecognised	-	(1,276,148)	(1,262,505)	(2,538,653)
Impairment recognised during the year	61,646	-	1,618,180	1,679,826
Balance at 31 December 2023	319,882	-	1,682,686	2,002,568
Staff loans				
	31-Dec-23			Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
Balance at 1 January 2023	3,587	-	20,847	24,434
Impairment recognised during the year	609	-	(20,847)	(20,238)
Balance at 31 December 2023	4,196	-	-	4,196
27 Other assets	Group	Group	Bank	Bank
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
Other financial assets:				
Fees receivables	3,316,032	4,105,552	3,316,032	3,172,128
AGSMEIS Investment Fund	1,271,312	1,100,746	1,271,312	1,100,746
Dividend receivable	-	-	-	1,941,132
Intercompany receivables	640,018	170,537	640,018	688,191
Receivable from FBNHoldings Plc (note 28(c))	1,517,248	-	1,517,248	-
Other receivables (note 27.1)	377,474	1,753,941	377,474	1,636,562
Gross total (note 27.2)	7,122,084	7,130,776	7,122,084	8,538,759
Less: Allowances for impairment of other financial assets (note 27.3)	(2,401,781)	(910,026)	(2,401,781)	(825,490)
Net carrying amount	4,720,303	6,220,750	4,720,303	7,713,269
Non-financial assets:				
Withholding tax receivable	2,267,064	2,482,992	2,267,064	1,943,419
Prepayments	950,373	933,406	950,373	810,825
Gross total (note 27.4)	3,217,437	3,416,398	3,217,437	2,754,244
Less: Allowances for impairment of non-financial assets (note 27.5)	(590,543)	(570,802)	(590,543)	(562,543)
Net carrying amount	2,626,894	2,845,596	2,626,894	2,191,701
	7,347,197	9,066,346	7,347,197	9,904,970
Current	6,075,885	7,965,600	6,075,885	8,804,224
Non-current	1,271,312	1,100,746	1,271,312	1,100,746
	7,347,197	9,066,346	7,347,197	9,904,970

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	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
27.1 Other receivables				
NIBSS inward clearing account	26,000	1,565,000	26,000	1,565,000
Reimbursable expenses	51,423	1,792	51,423	1,792
Other account receivables	300,051	143,207	300,051	69,770
Commission receivable	-	43,942	-	-
	377,474	1,753,941	377,474	1,636,562
27.2 Movement of other financial assets (gross)				
Balance at 1 January	7,130,776	9,014,571	8,538,759	7,566,304
Receivable from FBNHoldings Plc (note 28(c))	1,517,248	-	1,517,248	-
Recognized on disposal of subsidiaries (see note 28c)	1,407,983	-	-	-
Movement during the year	(2,933,923)	(1,883,795)	(2,933,923)	972,455
Balance at 31 December	7,122,084	7,130,776	7,122,084	8,538,759
27.3 Allowance for impairment on financial assets				
Balance at 1 January	910,026	885,492	825,490	870,093
Derecognized on disposal of subsidiaries (see note 28c)	(84,536)	-	-	-
Receivables written-off	-	(188,009)	-	(201,761)
Exchange difference	720,192	582,413	720,192	582,413
Impairment charge/(writeback) (see note 10)	856,099	(369,871)	856,099	(425,255)
Balance at 31 December	2,401,781	910,026	2,401,781	825,490
27.4 Movement of other non-financial assets (gross)				
Balance at 1 January	3,416,398	2,263,626	2,754,244	2,209,301
Derecognized on disposal of subsidiaries (see note 28c)	(662,154)	-	-	-
Movement during the year	463,193	1,152,772	463,193	544,943
Balance at 31 December	3,217,437	3,416,398	3,217,437	2,754,244
27.5 Allowance for impairment on non-financial assets				
Balance at 1 January	570,802	570,802	562,543	562,543
Derecognized on disposal of subsidiaries (see note 28c)	(8,259)	-	-	-
Additional impairment (see note 15)	28,000	-	28,000	-
Balance at 31 December	590,543	570,802	590,543	562,543
28 Investment in subsidiaries			Bank 31 December 2024	Bank 31 December 2023
Investment in FBNQuest Securities Limited (see note c below)			-	1,448,100
Investment in FBNQuest Asset Management Limited (see note c below)			-	289,006
Investment in FBNQ MB Funding SPV Plc			1,000	1,000
			1,000	1,738,106
Less: Allowances for impairment			-	(219,858)
			1,000	1,518,248
a Movement in Investment in subsidiaries				
Balance at 1 January			1,738,106	1,738,106
Write-off of impairment of investment in subsidiaries (see note (b) below)			(219,858)	-
Transfer to other assets (see note (c) below)			(1,517,248)	-
Balance at 31 December			1,000	1,738,106
b Allowance for impairment on Investment in subsidiaries				
Balance at 1 January			(219,858)	(416,148)
Write back (note 15)			-	196,290
Write-off of impairment of investment in subsidiaries (see note (a) above)			219,858	-
Balance at 31 December			-	(219,858)

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c Discontinued operations

The Board of Directors of FBNQuest Merchant Bank Limited at the meeting held on 14 December 2023 and 7 February 2024 approved the transfer of FBNQuest Asset Management and FBNQuest Securities Limited respectively to FBNHoldings PLC effective 31 December 2023 subject to the approval of the Central Bank of Nigeria. The transfer amount was the net book value, sum of N1.52 billion, of the Bank's investment in these subsidiaries as at 31 December 2023.

The CBN approved these transfers on 24 December 2024. As at 31 December 2024, the N1.52 billion receivable from FBNHoldings in respect of the transfers was reclassified to other assets. See note 27.

Given that the effective date of the transfer was 31 December 2023, no revenue or expenses were earned nor incurred by the Group for the year ended 31 December 2024 relating to the transferred subsidiaries. The results of the transferred subsidiaries were not consolidated for the year ended 31 December 2024.

Results from discontinued operations

	Note	31 December 2024
Revenue		-
Expenses		-
Profit from discontinued operations		-

Effect of disposal on the financial position of the Group

Cash and cash equivalents		
- Due from other banks		(9,044,128)
- Allowance for impairment on due from other banks	20a	21,903
Staff loans	42(iv)	(177,009)
Investment securities at:		
- Fair value through profit and loss	42(v)	(3,199,998)
- Fair value through other comprehensive income	42(xiii)(b)(a)	(2,788,276)
- Amortised cost	42(xiii)(b)(b)	(1,589,137)
Property and equipment	29	(129,306)
Intangible assets	30	(72,173)
Other assets		
- Other financial assets	27.2	1,407,983
- Allowance for impairment on other financial assets	27.3	84,536
- Other non-financial assets	27.4	(662,154)
- Allowance for impairment on other non-financial assets	27.5	8,259
Deposits from customers	42(ix)	(1,442,307)
Accruals and other liabilities	42(x)	4,452,753
Current tax liabilities	17(b)	2,231,108
Deferred tax liabilities	32	479,693
Net assets		(10,418,252)
Total disposal proceeds receivable from FBNHoldings Plc	27	1,517,248
Net assets disposed		(8,901,004)

Cash flows from discontinued operations

There were no cash flows from the discontinued operations during the year ended 31 December 2024. The subsidiaries were transferred at book value of N1.5 billion, and as at year end the amount was not received, and was recognized as receivable from FBN Holdings Plc. See note 27

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29 Property and equipment (Group)

	Freehold Building	Land	Motor Vehicle	Leasehold Improvement	Furniture & Fittings	Office Equipment	Computer Equipment	Work In Progress	Total
Cost									
Balance at 1 January 2024	1,459,011	200,000	1,465,773	252,630	184,038	178,654	1,383,437	565,399	5,688,942
Additions during the year	3,290	-	307,250	111,124	18,635	31,345	127,234	195,932	794,810
Derecognized on disposal of subsidiaries	-	-	(251,259)	-	(1,343)	(4,017)	(45,988)	(44,694)	(347,301)
Disposals during the year	-	-	(812,884)	-	(1,095)	(4,391)	(1,348)	(766)	(820,484)
Reclassifications	28,902	-	65,000	-	-	182,959	264,465	(541,326)	-
Transfers from/(to) other accounts	-	-	4,050	-	-	-	-	(68,415)	(64,365)
Balance as at 31 December 2024	1,491,203	200,000	777,930	363,754	200,235	384,550	1,727,800	106,130	5,251,602
Cost									
Balance at 1 January 2023	675,355	200,000	1,749,094	107,313	125,693	76,739	887,109	1,058,899	4,880,202
Additions during the year	-	-	290,117	-	-	2,360	23,730	1,080,825	1,397,032
Disposals during the year	-	-	(573,438)	-	(5,023)	(1,043)	-	(8,788)	(588,292)
Reclassifications	783,656	-	-	145,317	63,368	100,598	472,598	(1,565,537)	-
Balance as at 31 December 2023	1,459,011	200,000	1,465,773	252,630	184,038	178,654	1,383,437	565,399	5,688,942
Accumulated depreciation									
Balance at 1 January 2024	206,210	-	1,164,892	119,345	128,484	82,587	872,500	-	2,574,018
Charge for the year	37,940	-	165,003	39,148	15,796	81,229	430,635	-	769,751
Derecognized on disposal of subsidiaries	-	-	(192,766)	(1,310)	(1,922)	(1,929)	(20,067)	-	(217,994)
Disposals during the year	-	-	(752,900)	-	(1,094)	(4,391)	(668)	-	(759,053)
Transfers to other accounts	-	-	(14,894)	-	-	-	-	-	(14,894)
Balance as at 31 December 2024	244,150	-	369,335	157,183	141,264	157,496	1,282,400	-	2,351,828
Accumulated depreciation									
Balance at 1 January 2023	182,172	-	1,158,149	102,425	123,429	70,879	741,515	-	2,378,569
Charge for the year	24,038	-	269,452	16,920	7,220	12,069	130,985	-	460,684
Disposals during the year	-	-	(262,709)	-	(2,164)	(361)	-	-	(265,234)
Balance as at 31 December 2023	206,210	-	1,164,892	119,345	128,484	82,587	872,500	-	2,574,018
Carrying amount									
Balance at 1 January 2023	493,183	200,000	590,945	4,888	2,264	5,860	145,594	1,058,899	2,501,633
Balance as at 31 December 2023	1,252,801	200,000	300,881	133,285	55,554	96,067	510,937	565,399	3,114,924
Balance as at 31 December 2024	1,247,053	200,000	408,595	206,571	58,971	227,054	445,400	106,130	2,899,774

- (i) Work in Progress refers to capital expenditures incurred on items of property and equipment which are however not ready for use and as such are not being depreciated
(ii) The Group had no capital commitments as at 31 December 2024 (2023: Nil).
(iii) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (2023: Nil).
(iv) There are no restrictions on the Group's title to its property and equipment.
(v) There are no impairment losses for the year (2023: Nil).
(vi) There were reclassifications of N541.3 million during the year for completed property and equipment from work in progress during the period (2023: N1.6 billion)

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29 Property and equipment (Bank)

In thousands of Nigerian Naira

	Freehold Building	Land	Motor Vehicle	Leasehold Improvement	Furniture & Fittings	Office Equipment	Computer Equipment	Work In Progress	Total
Cost									
Balance as at 1 January 2024	1,459,011	200,000	1,214,514	252,630	182,695	174,637	1,337,449	520,705	5,341,641
Addition during the year	3,290	-	307,250	111,124	18,635	31,345	127,234	195,932	794,810
Disposals during the year	-	-	(812,884)	-	(1,095)	(4,391)	(1,348)	(766)	(820,484)
Reclassifications	28,902	-	65,000	-	-	182,959	264,465	(541,326)	-
Transfers from/(to) other accounts	-	-	4,050	-	-	-	-	(68,415)	(64,365)
Balance as at 31 December 2024	1,491,203	200,000	777,930	363,754	200,235	384,550	1,727,800	106,130	5,251,602
Cost									
Balance as at 1 January 2023	675,355	200,000	1,533,333	107,313	124,350	75,082	864,851	1,014,207	4,594,491
Addition during the year	-	-	254,619	-	-	-	-	1,080,825	1,335,443
Disposals during the year	-	-	(573,438)	-	(5,023)	(1,043)	-	(8,788)	(588,292)
Reclassifications	783,656	-	-	145,317	63,368	100,598	472,598	(1,565,537)	-
Balance as at 31 December 2023	1,459,011	200,000	1,214,514	252,630	182,695	174,637	1,337,449	520,705	5,341,642
Accumulated depreciation									
Balance as at 1 January 2024	206,210	-	972,126	118,035	126,562	80,658	852,433	-	2,356,024
Charge for year	37,940	-	165,003	39,148	15,796	81,229	430,635	-	769,751
Disposals during the year	-	-	(752,900)	-	(1,094)	(4,391)	(668)	-	(759,053)
Transfers to other accounts	-	-	(14,894)	-	-	-	-	-	(14,894)
Balance as at 31 December 2024	244,150	-	309,335	157,183	141,264	157,496	1,282,400	-	2,351,828
Accumulated depreciation									
Balance as at 1 January 2023	182,172	-	1,012,280	101,115	121,761	69,264	729,590	-	2,216,182
Charge for year	24,038	-	222,555	16,920	6,966	11,755	122,843	-	405,077
Disposals during the year	-	-	(262,709)	-	(2,165)	(361)	-	-	(265,235)
Balance as at 31 December 2023	206,210	-	972,126	118,035	126,562	80,658	852,433	-	2,356,024
Carrying amount									
Balance as at 1 January 2023	493,183	200,000	521,054	6,198	2,589	5,818	135,261	1,014,207	2,378,308
Balance as at 31 December 2023	1,252,801	200,000	242,389	134,595	56,133	93,979	485,016	520,706	2,985,618
Balance as at 31 December 2024	1,247,053	200,000	408,595	206,571	58,971	227,054	445,400	106,130	2,899,774

- (i) The Bank had no capital commitments as at 31 December 2024 (2023: Nil).
(ii) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (2023: Nil).
(iii) There are no restrictions on the Bank's title to its property and equipment.
(iv) There are no impairment losses for the year (2023: Nil).
(vi) There were reclassifications of N541.3 million during the year for completed property and equipment from work in progress during the period (2023: N1.6 billion)

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30 Intangible assets

Group	Computer Software	Work In Progress	Total
Cost			
Balance as at 1 January 2024	3,839,293	74,777	3,914,070
Additions for the year	32,069	80,646	112,715
Reclassifications	132,383	(132,383)	-
Transfers from property and equipment	-	68,415	68,415
Derecognized on disposal of subsidiaries	(326,694)	(13,499)	(340,192)
Balance as at 31 December 2024	3,677,052	77,956	3,755,008
Cost			
Balance as at 1 January 2023	3,753,703	316,311	4,070,014
Additions for the year	69,849	-	69,849
Reclassifications	15,741	(15,741)	-
Write-offs	-	(225,793)	(225,793)
Balance as at 31 December 2023	3,839,293	74,777	3,914,070
Amortisation			
Balance as at 1 January 2024	3,749,461	-	3,749,461
Charge for the year	119,592	-	119,592
Derecognized on disposal of subsidiaries	(268,019)	-	(268,019)
Balance as at 31 December 2024	3,601,034	-	3,601,034
Amortisation			
Balance as at 1 January 2023	3,694,688	-	3,694,688
Charge for the year	54,773	-	54,773
Balance as at 31 December 2023	3,749,461	-	3,749,461
Carrying Amount			
Balance as at 1 January 2023	59,015	316,311	375,326
Balance as at 31 December 2023	89,832	74,777	164,609
Balance as at 31 December 2024	76,018	77,956	153,974

- (i) All intangible assets are non current. Intangible assets of the Group have finite useful life and are amortised over 3 years
- (ii) Intangible assets represents the Group's IT core applications and other auxiliary IT software
- (iii) The Group does not have internally generated intangible assets
- (iv) The Group had no capital commitments as at 31 December 2024 (2023 Nil).
- (v) There are no impairment losses for the year (2023:Nil).
- (v) There were reclassifications of N132.4million during the year for completed computer software from work in progress during the year (2023: N15.7 million)

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	Computer Software	Work In Progress	Total
Bank			
Cost			
Balance as at 1 January 2024	3,512,600	61,278	3,573,878
Additions for the year	32,069	80,646	112,715
Reclassifications	132,383	(132,383)	-
Transfers from/(to) other accounts	-	68,415	68,415
Balance as at 31 December 2024	<u>3,677,052</u>	<u>77,956</u>	<u>3,755,008</u>
Cost			
Balance as at 1 January 2023	3,492,928	77,019	3,569,947
Additions for the year	3,931	-	3,931
Reclassifications	15,741	(15,741)	-
Balance as at 31 December 2023	<u>3,512,600</u>	<u>61,278</u>	<u>3,573,878</u>
Amortisation			
Balance as at 1 January 2024	3,481,442	-	3,481,442
Charge for the year	119,592	-	119,592
Balance as at 31 December 2024	<u>3,601,034</u>	<u>-</u>	<u>3,601,034</u>
Amortisation			
Balance as at 1 January 2023	3,437,728	-	3,437,728
Charge for the year	43,714	-	43,714
Balance as at 31 December 2023	<u>3,481,442</u>	<u>-</u>	<u>3,481,442</u>
Carrying Amount			
Balance as at 1 January 2023	55,200	77,019	132,219
Balance as at 31 December 2023	31,158	61,278	92,436
Balance as at 31 December 2024	<u>76,018</u>	<u>77,956</u>	<u>153,974</u>

- (i) All intangible assets are non current. Intangible assets of the Bank have finite useful life and are amortised over 3 years
(ii) Intangible assets represents the Bank's IT core applications and other auxiliary IT software
(iii) The Bank does not have internally generated intangible assets
(iv) There are no impairment losses for the year (2023: Nil).
(v) There were reclassifications of N132.4million during the year for completed computer software from work in progress during the year (2023: N15.7 million)

31 Right of use assets

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Cost				
Balance as at 1 January	46,352	46,352	46,352	46,352
Reversals due to lease modifications	-	-	-	-
Balance as at 31 December	<u>46,352</u>	<u>46,352</u>	<u>46,352</u>	<u>46,352</u>
Depreciation				
Balance as at 1 January	46,352	24,574	46,352	24,574
Depreciation for the year	-	21,778	-	21,778
Reversals due to lease modifications	-	-	-	-
Balance as at 31 December	<u>46,352</u>	<u>46,352</u>	<u>46,352</u>	<u>46,352</u>
Carrying amount as at 31 December	-	-	-	-

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32 Deferred tax assets

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2023: 30%).

Deferred tax assets and liabilities are attributable to the following items:

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Deferred tax liabilities				
Property, plant and equipment and intangible assets	375,222	649,129	375,222	606,541
Unrealised exchange difference	867,322	172,161	867,322	69,361
Total deferred tax liabilities	1,242,544	821,290	1,242,544	675,902
Deferred tax assets				
Tax loss carried forward	(8,492,911)	(8,600,638)	(8,492,911)	(8,967,012)
Impairment of investment securities	(890,309)	(41,222)	(890,309)	(174,151)
Unabsorbed capital allowance	(202,755)	(648,287)	(202,755)	(648,287)
Fair value adjustments	(131,956)	-	(131,956)	-
Provisions	(638,161)	(164,998)	(638,161)	-
Total deferred tax assets	(10,356,092)	(9,455,145)	(10,356,092)	(9,789,450)
Net deferred tax asset	(9,113,548)	(8,633,855)	(9,113,548)	(9,113,548)

The deferred tax asset is to be recovered after more than 12 months.

Movements in temporary differences during the year:

Group	1 January 2024	Recognised in P or L	Recognised in OCI	31 December 2024
Tax losses carried forward	8,600,638	(559,455)	-	8,041,183
Unabsorbed capital allowance	648,287	-	-	648,287
Unrealised exchange difference	(172,161)	(695,161)	-	(867,322)
Impairment charge	41,222	849,087	-	890,309
Property and equipment and intangible assets	(649,129)	280,103	-	(369,026)
Fair value adjustment	-	131,956	-	131,956
Provisions	164,998	473,163	-	638,161
Temporary differences related to disposed subsidiaries (see note 28c)	-	(479,693)	-	-
	8,633,855	-	-	9,113,548

Bank	1 January 2024	Recognised in P or L	Recognised in OCI	31 December 2024
Tax losses carried forward	8,967,012	(925,829)	-	8,041,183
Unabsorbed capital allowance	648,287	-	-	648,287
Unrealised exchange difference	(69,361)	(797,961)	-	(867,322)
Impairment charge	174,151	716,158	-	890,309
Property and equipment and intangible assets	(606,541)	237,515	-	(369,026)
Fair value adjustment	-	131,956	-	131,956
Provisions	-	638,161	-	638,161
	9,113,548	-	-	9,113,548

Group	1 January 2023	Recognised in P or L	Recognised in OCI	31 December 2023
Tax losses carried forward	9,167,325	(566,687)	-	8,600,638
Unabsorbed capital allowance	648,287	-	-	648,287
Unrealised exchange difference	(69,361)	(102,800)	-	(172,161)
Impairment charge	174,151	(132,929)	-	41,222
Property and equipment and intangible assets	(606,541)	(42,588)	-	(649,129)
Provisions	-	164,998	-	164,998
	9,313,861	(680,006)	-	8,633,855

Bank	1 January 2023	Recognised in P or L	Recognised in OCI	31 December 2023
Tax losses carried forward	8,967,012	-	-	8,967,012
Unabsorbed capital allowance	648,287	-	-	648,287
Unrealised exchange difference	(69,361)	-	-	(69,361)
Impairment charge	174,151	-	-	174,151
Property and equipment and intangible assets	(606,541)	-	-	(606,541)
	9,113,548	-	-	9,113,548

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Unrecognised deferred tax assets	Group		Bank	
	Gross amount N'000	Tax impact N'000	Gross amount N'000	Tax impact N'000
Unutilised tax credits (capital allowances)	7,225,852	2,167,756	7,225,852	2,167,756
Tax losses	4,017,019	1,205,106	4,017,019	1,205,106
As at 31 December 2024	11,242,871	3,372,862	11,242,871	3,372,862

Unrecognised deferred tax assets	Group		Bank	
	Gross amount N'000	Tax impact N'000	Gross amount N'000	Tax impact N'000
Unutilised tax credits (capital allowances)	7,596,886	2,506,972	7,596,886	2,506,972
Tax losses	8,519,040	2,811,284	8,519,040	2,811,284
As at 31 December 2023	16,115,926	5,318,256	16,115,926	5,318,256

The Group and the Bank had unrecognized deferred tax asset of ₦3.37 billion (2023: ₦5.32 billion) primarily attributable to unrelieved losses and unutilized capital allowances. This has not been recognized because of the unavailability of sufficient future taxable profits.

33 Due to banks	Group	Group	Bank	Bank
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Tenored interbank takings	13,078,649	9,977,458	13,078,649	9,977,458
Open buy back - Treasury bills	-	40,051,952	-	40,051,952
Current balances due to banks	-	2,812	-	2,812
	13,078,649	50,032,222	13,078,649	50,032,222
Current	13,078,649	50,032,222	13,078,649	50,032,222
Non-current	-	-	-	-
	13,078,649	50,032,222	13,078,649	50,032,222

The Tenored interbank takings comprise short-term USD takings with tenor of 90 days at 1%.

34 Due to customers	Group	Group	Bank	Bank
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Call deposits	7,692,421	21,934,984	7,692,421	21,934,984
Tenored deposits	343,804,125	195,691,363	343,804,125	197,133,670
	351,496,546	217,626,347	351,496,546	219,068,654
Current	351,496,546	217,626,347	351,496,546	219,068,654
Non-current	-	-	-	-
	351,496,546	217,626,347	351,496,546	219,068,654

Due to customers include only financial instruments classified as liabilities at amortised cost.

35 Borrowings	Group	Group	Bank	Bank
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Corporate bonds issued (see note (i) below)	8,022,453	8,021,183	8,022,453	8,021,183
Commercial paper	-	16,743,274	-	16,743,274
	8,022,453	24,764,457	8,022,453	24,764,457
Current	22,453	16,764,457	22,453	16,764,457
Non-current	8,000,000	8,000,000	8,000,000	8,000,000
	8,022,453	24,764,457	8,022,453	24,764,457

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Movement in borrowings	Group	Group	Bank	Bank
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
Corporate bonds issued				
Opening balance	8,021,183	13,233,323	8,021,183	13,233,323
Redemption of bonds	-	(5,000,000)	-	(5,000,000)
Coupon accrued during the year	501,370	552,518	501,370	552,518
Coupon paid	(500,100)	(764,658)	(500,100)	(764,658)
Closing balance	8,022,453	8,021,183	8,022,453	8,021,183
Commercial paper				
Opening balance	16,531,134	34,318,721	16,531,134	34,318,721
Commercial papers issued during the year	-	51,152,473	-	51,152,473
Discount on commercial papers accrued for the year	957,714	4,480,566	957,714	4,480,566
Repayment of commercial papers	(17,488,848)	(73,420,626)	(17,488,848)	(73,420,626)
Closing balance	-	16,531,134	-	16,531,134

(i) Corporate bonds issued: This represents series 2 fixed rate unsecured bonds of N8 billion with tenor 10 years and with interest rate of 6.25%. The series 2 bond will mature on 16 December 2030. Subject to any purchase and cancellation of early redemption, the bond shall be redeemed on redemption date at 100% of its nominal amount. The bonds were raised through FBNQ MB Funding SPV Plc, which was established for the sole purpose of issuing bonds or debt instruments to fund the Bank's working capital, enhance liquidity and capital base. The SPV is 100% owned by the Bank and has been consolidated in these financial statements.

Series number	Amount	Tenor (years)	Interest rate	Maturity date
Series 2	8,000,000	10	6.25	December 16, 2030

36 Other liabilities

	Group	Group	Bank	Bank
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
Financial liabilities				
Trade related liabilities (see note (i) below)	44,503,667	11,909,965	44,503,667	11,909,965
Accounts payable	3,623,948	5,829,536	3,624,948	3,195,488
Payable to Pension Fund Administrators (PFAs)	31,136,158	1,706,086	31,136,158	1,706,086
Accrued liabilities	3,434,646	4,127,734	3,434,646	2,310,029
Dividend payable	-	1,006,076	-	1,006,076
	82,698,419	24,579,397	82,699,419	20,127,644
Non-financial liabilities				
Deferred income	738,170	-	738,170	-
Impairment allowance - Off-balance sheet exposures (note 36.1)	111,257	216,601	111,257	216,601
	83,547,846	24,795,998	83,548,846	20,344,245
Current	83,547,846	24,795,998	83,548,846	20,344,245
Non-current	-	-	-	-
	83,547,846	24,795,998	83,548,846	20,344,245

(i) This represents the Naira value of foreign currency-denominated liabilities due to correspondent banks and customers on letter of credit transactions.

36.1 Movement in impairment allowance

	Group	Group	Bank	Bank
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
As at 1 January	216,601	16,526	216,601	16,526
Impairment (write-back)/charge during the year (note 10)	(105,344)	200,075	(105,344)	200,075
At 31 December	111,257	216,601	111,257	216,601

The balance above relates to impairment on both Bank Guarantees and Letters of Credit (LCs)

37 Lease liabilities

	Group	Group	Bank	Bank
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
As at 1 January	-	22,658	-	22,658
Reversals due to lease modifications	-	(22,658)	-	(22,658)
Lease liabilities as at 31 December	-	-	-	-

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38 Derivative financial instruments	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Derivative assets				
Instrument type: Forwards	-	-	-	-
Instrument type: OTC FX futures	-	-	-	-
Balance, end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The movement in derivative asset is as follows:				
Balance, beginning of the year	-	197,969	-	197,969
Fair value of derivatives acquired in the year	-	-	-	-
Fair value of derivatives derecognised in the year	-	(197,969)	-	(197,969)
Balance, end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Derivative liabilities				
Instrument type: Forwards	-	-	-	-
Instrument type: OTC FX futures	-	-	-	-
Balance, end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The movement in derivatives liability is as follows:				
Balance, beginning of the year	-	(192,296)	-	(192,296)
Fair value of derivatives acquired in the year	-	-	-	-
Fair value of derivatives derecognised in the year	-	192,296	-	192,296
Balance, end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
39 Share capital	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Issued and fully paid				
4,301,577,000 ordinary shares of N1 each	<u>4,301,577</u>	<u>4,301,577</u>	<u>4,301,577</u>	<u>4,301,577</u>
40 Share premium and reserves	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
The nature and purpose of the reserves in equity are as follows:				
Share premium: Premiums from the issue of shares are reported in share premium.	<u>3,904,731</u>	<u>3,904,731</u>	<u>3,904,731</u>	<u>3,904,731</u>

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

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Balance as at 1 January	24,493,680	18,331,164	15,815,424	13,446,659
Profit for the year	11,364,429	7,205,073	11,364,429	3,411,322
Transfer to statutory and credit risk reserves (see a and b below)	(1,892,585)	(36,481)	(1,892,584)	(36,481)
Dividend declared	-	(1,006,076)	-	(1,006,076)
Derecognition of the disposed subsidiaries' retained earnings	(8,678,255)	-	-	-
Balance as at 31 December	<u>25,287,269</u>	<u>24,493,680</u>	<u>25,287,269</u>	<u>15,815,424</u>

a 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 Institution Act of Nigeria, 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. Since the statutory reserve exceeds the paid up share capital, a 15% appropriation has been made (2023: 15%).

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Balance at 1 January	9,640,489	9,128,791	9,640,489	9,128,791
Transfer during the year	1,704,665	511,698	1,704,665	511,698
Balance as at 31 December	<u>11,345,154</u>	<u>9,640,489</u>	<u>11,345,154</u>	<u>9,640,489</u>

b Regulatory risk reserve: Non-distributable regulatory reserve for the excess between the impairment reserve on loans and advances determined using the Prudential Guidelines issued by the Central Bank of Nigeria over the impairment reserves calculated under IFRS Accounting Standards.

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Balance at 1 January	1,958,934	2,434,151	1,958,934	2,434,151
Transfer during the year (see statement of prudential adjustments)	187,920	(475,217)	187,920	(475,217)
Balance as at 31 December	<u>2,146,854</u>	<u>1,958,934</u>	<u>2,146,854</u>	<u>1,958,934</u>

c General reserve: This comprises of reserves attributable to the acquisition of the subsidiaries and non-distributable to shareholders.

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Balance at 1 January	26,598	-	-	-
General reserves	-	26,598	-	-
Derecognition of the disposed subsidiaries' general reserve	(26,598)	-	-	-
Balance as at 31 December	<u>-</u>	<u>26,598</u>	<u>-</u>	<u>-</u>

41 Fair value reserve

The fair value reserve shows the effects of the fair value measurement of financial instruments classified as FVOCI. Gains or losses on debt securities at FVOCI are not recognised in the income statement until the asset has been sold or impaired.

Below is the movement in fair value reserves

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
FVOCI				
At beginning of the year	(2,666,368)	614,843	(2,862,519)	573,949
Fair value movement during the year (see note a below)	(1,096,881)	(3,281,211)	(1,096,881)	(3,436,468)
Derecognition of the disposed subsidiaries' fair value reserves	(196,151)	-	-	-
At end of the year	<u>(3,959,400)</u>	<u>(2,666,368)</u>	<u>(3,959,400)</u>	<u>(2,862,519)</u>

(a) Fair value movement during the year

Fair value changes movement on debt securities and equity investments	783,943	(719,781)	783,943	(953,037)
Impairment changes for the year	1,550,635	(2,561,430)	1,550,635	(2,483,431)
Fair value gain on derecognized FVOCI debt securities reclassified to P/L	(3,431,459)	-	(3,431,459)	-
	<u>(1,096,881)</u>	<u>(3,281,211)</u>	<u>(1,096,881)</u>	<u>(3,436,468)</u>

The loss on fair value through other comprehensive income (FVOCI) are recognised at gross amount, as they are tax exempt.

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42 Notes to cash flow statement

Reconciliation of profit before tax to cash generated from operations

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Profit before income tax	12,897,611	10,718,191	12,897,611	4,089,547
Adjustments for:				
– Depreciation of PPE (note 29)	769,751	460,684	769,751	405,077
– Depreciation on right of use of assets (note 31)	-	21,778	-	21,778
– Amortisation of intangible assets (note 30)	119,592	54,773	119,592	43,714
– (Profit)/loss on disposal of PPE (notes 14 and 15)	(5,634)	227,708	(5,634)	227,708
– Fair value gain on derecognized debt securities (note 41)	(3,431,459)	-	(3,431,459)	-
– Write-off of intangible asset (note 30)	-	225,793	-	-
– Dividend declared	-	(1,006,076)	-	(1,006,076)
– Reversal of right of use assets (note 32)	-	(22,658)	-	(22,658)
– Impairment (writeback)/charge for credit and other losses (note 10)	(345,191)	2,625,910	(345,191)	2,470,624
– Impairment writeback on investment in subsidiaries (note 28)	-	-	-	(196,290)
– Impairment charge on withholding tax receivables (note 15)	28,000	-	28,000	-
– Net loss/(gains) from financial assets at FVTPL (note 13)	488,875	(3,684,019)	488,875	(2,187,481)
– Net loss/(gains) on derivative financial instruments (note 39)	-	-	-	-
– Unrealised foreign exchange gain on revaluation (note 12)	(5,745,655)	(4,313,196)	(5,745,655)	(1,442,874)
– Net interest income (notes 8 and 9)	(10,915,558)	(2,812,227)	(10,915,558)	(1,812,253)
	(6,139,668)	2,496,661	(6,139,668)	590,816
Changes in working capital:				
– Restricted deposit (note 42.ii)	44,918,608	(14,542,403)	44,918,608	(14,542,403)
– Loans and advances to customers (note 42.iii)	(15,808,829)	1,319,523	(15,808,829)	1,319,523
– Loans and advances to staff (note 42.iv)	(35,334)	206,312	(35,334)	246,635
– Financial assets held for trading (note 42.v)	(30,462,160)	(805,041)	(30,462,160)	79,955
– Pledged assets (note 42.vi)	32,874,007	(16,551,315)	32,874,007	(16,551,315)
– Other assets (note 42.vii)	3,024,387	15,649	3,024,387	(1,215,434)
– Due to banks (note 42.viii)	(36,981,897)	6,346,224	(36,981,897)	6,346,224
– Due to customers (note 42.ix)	124,413,686	81,881,698	124,413,686	84,183,610
– Other liabilities and derivatives (note 42.x)	63,309,945	(12,686,943)	63,309,945	(14,071,497)
Cash generated from operations	179,112,745	47,680,365	179,112,745	46,386,114
i Due from other banks				
Opening balance	45,577,090	57,578,008	36,554,864	51,267,315
Movement during the year	154,215,410	(12,000,918)	154,215,410	(14,712,451)
Derecognized on disposal of subsidiaries (see note 28c)	(9,022,226)	-	-	-
Closing balance (see note 20)	<u>190,770,274</u>	<u>45,577,090</u>	<u>190,770,274</u>	<u>36,554,864</u>
ii Restricted deposits				
Opening balance	73,821,360	59,278,957	73,821,360	59,278,957
Movement during the year	(44,918,608)	14,542,403	(44,918,608)	14,542,403
Closing balance (see note 19)	<u>28,902,752</u>	<u>73,821,360</u>	<u>28,902,752</u>	<u>73,821,360</u>
iii Loans and advances to customers				
Opening balance	105,222,711	105,489,455	105,222,711	105,489,455
Movement during the year	15,808,829	(1,319,523)	15,808,829	(1,319,523)
Interest receivable on loans and advances (see xiv)	3,081,311	1,436,219	3,081,311	1,436,219
Impairment (see note 10)	(333,427)	(383,440)	(333,427)	(383,440)
Closing balance (see note 26)	<u>123,779,424</u>	<u>105,222,711</u>	<u>123,779,424</u>	<u>105,222,711</u>
iv Loans and advances to staff				
Balance as at January 1	755,791	962,103	578,782	825,417
Derecognized on disposal of subsidiaries (note 28c)	(177,009)	-	-	-
Movement during the year	35,334	(206,312)	35,334	(246,635)
Closing balance (See Note 26)	<u>614,116</u>	<u>755,791</u>	<u>614,116</u>	<u>578,782</u>
v Financial assets at FVTPL				
Opening balance	7,527,010	2,989,826	4,327,012	2,171,362
Movement during the year	30,462,160	805,041	30,462,160	(79,955)
Derecognized on disposal of subsidiaries (see note 28c)	(3,199,998)	-	-	-
Interest receivable on financial assets at FVTPL (see xiv)	293,647	48,124	293,647	48,124
Net gains on financial assets at FVTPL	(488,875)	3,684,019	(488,875)	2,187,481
Closing balance (see note 22)	<u>34,593,944</u>	<u>7,527,010</u>	<u>34,593,944</u>	<u>4,327,012</u>
vi Pledged assets				
Opening balance	40,600,000	24,048,685	40,600,000	24,048,685
Movement during the year	(32,874,007)	16,551,315	(32,874,007)	16,551,315
Closing balance (See note 25)	<u>7,725,993</u>	<u>40,600,000</u>	<u>7,725,993</u>	<u>40,600,000</u>

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	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
vii Other assets				
Opening balance	9,066,346	9,821,901	9,904,970	8,342,969
Movement during the year	(3,024,387)	(15,649)	(3,024,387)	1,215,434
Recognized on disposal of subsidiaries	838,624	-	-	-
Withholding tax utilised	(166,535)	(1,109,777)	(166,535)	(78,688)
Receivable from FBNHoldings on transfer of subsidiaries	1,517,248	-	1,517,248	-
Impairment (charge)/writeback on financial assets (note 10)	(856,099)	369,871	(856,099)	425,255
Impairment (charge)/writeback on non-financial assets (note 15)	(28,000)	-	(28,000)	-
Closing balance (see note 27)	<u>7,347,197</u>	<u>9,066,346</u>	<u>7,347,197</u>	<u>9,904,970</u>
viii Due to banks				
Opening balance	50,032,222	43,579,818	50,032,222	43,579,818
Movement during the year	(36,981,897)	6,346,224	(36,981,897)	6,346,224
Interest payable (See xv)	28,324	106,180	28,324	106,180
Closing balance (See note 33)	<u>13,078,649</u>	<u>50,032,222</u>	<u>13,078,649</u>	<u>50,032,222</u>
ix Due to customers				
Opening balance	217,626,347	133,365,930	219,068,654	132,506,325
Movement during the year	124,413,686	81,881,698	124,413,686	84,183,610
Recognized on disposal of subsidiaries	1,442,307	-	-	-
Interest payable (see xv)	8,014,206	2,378,719	8,014,206	2,378,719
Closing balance (see note 34)	<u>351,496,546</u>	<u>217,626,347</u>	<u>351,496,546</u>	<u>219,068,654</u>
x Other liabilities				
Balance as at January 1	24,795,998	37,090,570	20,344,245	34,023,371
Movement during the year	63,309,945	(12,494,647)	63,309,945	(13,879,201)
Derecognized on disposal of subsidiaries (see note 28c)	(4,452,753)	-	-	-
Impairment on off-balance sheet exposure (see note 10)	(105,344)	200,075	(105,344)	200,075
Closing balance (see note 36)	<u>83,547,846</u>	<u>24,795,998</u>	<u>83,548,846</u>	<u>20,344,245</u>
Movement in derivative liabilities	-	(192,296)	-	(192,296)
xi Gain/(Loss) on disposal of PPE				
Cost of PPE disposed (see note 29)	820,484	588,292	820,484	588,292
Accumulated depreciation of PPE disposed (see note 29)	(759,053)	(265,235)	(759,053)	(265,235)
	61,431	323,057	61,431	323,057
Gain/(loss) on disposal of PPE	5,634	(227,708)	5,634	(227,708)
Proceeds	<u>67,065</u>	<u>95,349</u>	<u>67,065</u>	<u>95,349</u>
xii Right of use asset				
Balance as at January 1	-	21,778	-	21,778
Reversal of right of use asset	-	22,658	-	22,658
Depreciation of right of use asset	-	(21,778)	-	(21,778)
Movement in lease liability	-	(22,658)	-	(22,658)
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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xiii(a) Purchase of Investment securities				
a Investment securities (FVOCI)	(78,053,261)	(80,136,509)	(78,053,261)	(79,236,510)
b Investment securities (Amortised cost)	(1,397,074)	-	(1,397,074)	-
Cash outflow on acquisition of investment securities	<u>(79,450,335)</u>	<u>(80,136,509)</u>	<u>(79,450,335)</u>	<u>(79,236,510)</u>
xiii(b) Disposal of Investment securities				
a Investment securities (FVOCI)	53,673,046	38,151,235	53,673,046	38,204,871
b Investment securities (Amortised cost)	-	83,433	-	1,283,517
c Derivative financial assets	-	197,969	-	197,969
Cash outflow on acquisition of investment securities	<u>53,673,046</u>	<u>38,432,637</u>	<u>53,673,046</u>	<u>39,686,357</u>
a Investment securities (FVOCI)				
Opening balance	65,465,326	27,786,257	62,677,050	26,060,515
Acquisition of investment securities	78,053,261	80,136,509	78,053,261	79,236,510
Derecognized on disposal of subsidiaries (see note 28c)	(2,788,276)	-	-	-
Disposal of investment securities	(53,673,046)	(38,151,234)	(53,673,046)	(38,204,871)
Interest receivable on investment securities at FVOCI (see xiv)	2,398,903	1,536,435	2,398,903	1,504,795
Impairment writeback/(charge) (see note 10)	1,550,635	(2,561,430)	1,550,635	(2,483,431)
Fair value movement (see note 41)	2,334,578	(3,281,211)	2,334,578	(3,436,468)
Closing balance (see note 23)	<u>93,341,381</u>	<u>65,465,326</u>	<u>93,341,381</u>	<u>62,677,050</u>
b Investment securities (Amortised cost)				
Opening balance	1,589,137	1,595,551	-	1,253,377
Derecognized on disposal of subsidiaries (see note 28c)	(1,589,137)	-	-	-
Acquisition/(disposal) during the year	1,397,074	(83,434)	1,397,074	(1,283,517)
Interest receivable on Investment securities at amortised cost	142,028	46,880	142,028	-
Impairment (charge)/writeback of amortised cost (see note 10)	(35,321)	30,140	(35,321)	30,140
Closing balance (see note 24)	<u>1,503,781</u>	<u>1,589,137</u>	<u>1,503,781</u>	<u>-</u>
c Derivative financial assets				
Opening balance	-	197,969	-	197,969
Disposals during the year	-	(197,969)	-	(197,969)
Closing balance (see note 38)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
d Investment in subsidiaries				
Opening balance	-	-	1,518,248	1,321,958
Receivable from FBNHoldings on transfer of subsidiaries	-	-	(1,517,248)	-
Impairment writeback (note 28)	-	-	-	196,290
Closing balance (Note 28)	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,518,248</u>
xiv Interest received				
Total interest income (see note 8)	49,017,105	24,497,730	49,017,105	23,647,367
Interest receivable on loans and advances to customers and staff	(3,081,311)	(1,436,219)	(3,081,311)	(1,436,219)
Interest receivable on investment securities at amortised cost	(142,028)	(46,880)	(142,028)	-
Interest receivable on investment securities at FVOCI	(2,398,903)	(1,536,435)	(2,398,903)	(1,504,795)
Interest receivable on financial assets at FVTPL	(293,647)	(48,124)	(293,647)	(48,124)
Interest income received	<u>43,101,216</u>	<u>21,430,072</u>	<u>43,101,216</u>	<u>20,658,229</u>
xv Interest paid				
Total interest expense (see note 9)	(38,101,547)	(21,685,503)	(38,101,547)	(21,835,114)
Interest expense on borrowings (see xvi below)	1,459,084	5,053,884	1,459,084	5,053,884
Interest payable on due to banks	28,324	106,180	28,324	106,180
Interest payable on deposits	8,014,206	2,378,719	8,014,206	2,378,719
Interest expense paid	<u>(28,599,933)</u>	<u>(14,146,720)</u>	<u>(28,599,933)</u>	<u>(14,296,331)</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Nigerian Naira

xvi Borrowings

	Group	Group	Bank	Bank
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
Opening balance	(24,764,457)	(47,552,044)	(24,764,457)	(47,552,044)
Proceeds from borrowings	-	(51,152,473)	-	(51,152,473)
Repayment of borrowings	16,764,457	75,248,150	16,764,457	75,248,150
Interest payable on borrowings	(22,453)	(1,308,090)	(22,453)	(1,308,090)
Closing balance (see note 35)	8,022,453	24,764,457	8,022,453	24,764,457

xvii Interest paid on borrowings

Interest expense on borrowings (See Note 9)	(1,459,084)	(5,053,884)	(1,459,084)	(5,053,884)
Interest payable on borrowings	22,453	1,308,090	22,453	1,308,090
Interest paid on borrowings	(1,436,631)	(3,745,794)	(1,436,631)	(3,745,794)

43 Contingent liabilities and commitments

Litigation

The Bank, in the ordinary course of business, is currently involved in three (3) cases as a defendant and one (1) case as a nominal party. In one of the cases, the total claim against the Bank is estimated at N20 million. In another case, the claimant initially sought N1.19 billion, but the court struck out the claim in 2020, and the Bank subsequently countersued for N1.86 billion. The Bank's solicitors assess the likelihood of an unfavorable judgment as low.

Based on the available information and legal counsel's advice, the Directors believe that these proceedings will not have a material adverse effect on the Bank's financial position. The estimated contingent liability arising from these cases remains nil (31 December 2023: nil).

In common with other banks, the Group conducts business involving transaction-related bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments typically comprise guarantees and letters of credit.

	Group	Group	Bank	Bank
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
Performance bonds and guarantees	27,722,832	29,044,817	27,722,832	29,044,817
Letters of credit	27,579,875	10,942,397	27,579,875	10,942,397
	55,302,707	39,987,214	55,302,707	39,987,214

Capital Commitments

At the end of the year, the Group and Bank had no capital commitments (31 December 2023: NIL)

44 Group subsidiaries and related party transactions

44.1 Parent:

The Bank is controlled by FBN Holdings Plc. incorporated in Nigeria, which owns 99.9% of the ordinary shares.

A number of transactions were entered into with related parties in the normal course of business. These include loans and deposits.

The volumes of related-party transactions, outstanding balances at the year end, and related expense and income for the year are as follows:

Subsidiary

FBNQuest MB SPV Funding PLC

The bank incorporated FBNQuest Funding SPV on 28th March 2018 to form the FBNQuest Merchant Bank Group ("the Group"). FBNQ MB Funding SPV Plc, was established for the sole purpose of issuing bonds or debt instruments to fund the Bank's working capital, enhance liquidity and capital base. The SPV is 99% owned by the Bank and has been consolidated in these financial statements.

44.2 Loans and advances to related parties

The Bank granted credit facilities in form of loans to key management personnel. The details are as shown below:

	Key management personnel	
	31 December	31 December
	2024	2023
Loans and advances to staff		
Key management personnel	375,819	261,313
	375,819	261,313

The loans issued to key management personnel during the year are repayable monthly over a period of between 2 to 20 years and have interest rates of 5% (2023: 5%).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

44.3 Deposits from related parties

	31 December 2024		31 December 2023	
	Entities controlled by the parent (N'000)	Key management personnel (N'000)	Entities controlled by the parent (N'000)	Key management personnel (N'000)
Deposit from customers				
Deposits at 1 January	11,669,337	13,147	5,014,323	13,147
Movement during the year	(11,200,603)	-	6,655,014	-
	468,734	13,147	11,669,337	13,147
Due to banks				
Deposits at 31 December	13,417,081	-	511,384	-
	13,885,815	13,147	12,180,721	13,147
Interest expenses on deposits	2,697,195	600,215	1,011,102	459,432

44.4 Other transactions and balances with related parties

In thousands of Nigerian naira

	Relationship	Nature of transaction	31 December 2024	31 December 2023
FBNQuest Capital Group	Controlled by Parent	Interest expense	155,814	250,835
FBNQuest Asset Management	Controlled by Parent	Interest expense	12,929	120,960
FBNQuest Securities	Controlled by Parent	Interest expense	299,597	52,716
FBNQuest Trustees	Controlled by Parent	Interest expense	181,406	167,396
First Bank Limited Group	Controlled by Parent	Interest expense	-	36
FBNQuest Funds	Controlled by Parent	Interest expense	-	196,934
FBN Holding	Parent	Interest expense	2,047,449	222,225
Interest expense			2,697,195	1,011,102
FBNQuest Securities	Controlled by Parent	Deposit liabilities	409,845	1,367,856
FBNQuest Asset Management	Controlled by Parent	Deposit liabilities	-	703,989
First Bank Limited Group	Controlled by Parent	Deposit liabilities	-	15
FBNQuest Capital Group	Controlled by Parent	Deposit liabilities	54,423	5,925,243
FBNQuest Trustees	Controlled by Parent	Deposit liabilities	4,466	3,672,249
FBN Holding	Parent	Deposit liabilities	13,417,081	511,369
Deposit liabilities			13,885,815	12,180,721
FBNQuest Trustees	Controlled by Parent	Intercompany payables	2,117	-
Intercompany payables			2,117	-
FBNQuest Asset Management	Controlled by Parent	Dividend receivable	-	1,941,132
Dividend receivable			-	1,941,132
FBN Holding	Parent	Dividend payable	-	1,006,076
Dividend payable			-	1,006,076
FBNQuest Capital Group	Controlled by Parent	Intercompany receivables	111,662	22,511
FBNQuest Asset Management	Controlled by Parent	Intercompany receivables	86,907	484,908
FBNQuest Securities	Controlled by Parent	Intercompany receivables	29,994	33,732
FBNQuest Trustees	Controlled by Parent	Intercompany receivables	314,466	117,540
FBNQuest Funds	Controlled by Parent	Intercompany receivables	96,989	29,500
FBN Holding	Parent	Intercompany receivables	1,517,248	-
Intercompany receivables			2,157,266	688,191

44.5 Key management compensation

	Group		Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Salaries and other short-term employee benefits	241,275	377,383	241,275	241,275
Defined contribution costs	18,046	29,574	18,046	18,046
	259,321	406,957	259,321	259,321

The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Bank and the senior management. Close members of family are those family members who may be expected to influence, or be influenced by those individuals in their dealings with FBNQ Merchant Limited.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

45 Employees

The number of persons employed by the Bank as at end of the year is as follows:

Group (31 December 2024)					
	Total No.	Male	Female	Male	Female
		Number		Percentage	
Employees	109	72	37	66%	34%

Bank (31 December 2024)					
	Total No.	Male	Female	Male	Female
		Number		Percentage	
Employees	109	72	37	66%	34%

Group (31 December 2023)					
	Total No.	Male	Female	Male	Female
		Number		Percentage	
Employees	158	92	66	58%	42%

Bank (31 December 2023)					
	Total No.	Male	Female	Male	Female
		Number		Percentage	
Employees	111	69	42	62%	38%

Group (31 December 2024)					
Gender Analysis of Board & Management					
	Total No.	Male	Female	Male	Female
		Number		Percentage	
Board	5	3	2	60%	40%
Top Management (AGM to GM)	11	7	4	64%	36%
Total	16	10	6	63%	38%

Bank (31 December 2024)					
Gender Analysis of Board & Management					
	Total No.	Male	Female	Male	Female
		Number		Percentage	
Board	5	3	2	60%	40%
Top Management (AGM to GM)	11	7	4	64%	36%
Total	16	10	6	63%	38%

Group (31 December 2023)					
Gender Analysis of Board & Management					
	Total No.	Male	Female	Male	Female
		Number		Percentage	
Board	7	6	1	86%	14%
Top Management (AGM to GM)	17	8	9	47%	53%
Total	24	14	10	58%	42%

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Bank (31 December 2023)					
Gender Analysis of Board & Management	Total No.	Male	Female	Male	Female
		Number		Percentage	
Board	7	5	2	71%	29%
Top Management (AGM to GM)	12	7	5	58%	42%
Total	19	12	7	63%	37%

Bank					
Gender Analysis of Board & Management 2024	Total No.	Male	Female	Male	Female
		Number		Percentage	
Assistant General Manager	8	5	3	63%	38%
Deputy General Manager	3	2	1	67%	33%
General Manager	0	0	0	0%	0%
Deputy Managing Director	0	0	0	0%	0%
Managing Director	1	1	0	100%	0%
Non-Executive Directors	4	2	2	50%	50%
Total	16	10	6	63%	38%

Compensation for the above staff excluding executive management:

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Wages and salaries	5,109,596	4,425,213	5,109,596	2,825,607
Other pension costs	134,016	170,108	134,016	181,636
	5,243,612	4,595,321	5,243,612	3,007,243

The number of employees of the Bank, other than Directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	Number		Number	
	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
N5,500,001 - N10,500,000	19	31	19	20
N10,500,001 and above	90	124	90	90
	109	155	109	110

In accordance with the provisions of the Pensions Reform Act 2014, the Bank commenced a contributory pension scheme in January 2005. In this regard, the Bank contributes 10% of the employees' basic salary, housing and transport allowances while the employees contribute 8%. The contribution paid by the Bank during the year was N152.1 million (2023: N198.1 million). See note 16.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

46 Directors' emoluments

Remuneration paid to the Group and Bank's directors was:

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Fees and sitting allowances	315,852	224,788	315,852	224,788
Other director expenses	226,913	31,845	226,913	31,845
	542,765	256,633	542,765	256,633

Fees and other emoluments disclosed above include amounts paid to:

	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Chairman	62,800	45,014	62,800	45,014
Highest paid non-executive director	62,800	45,014	62,800	45,014

The number of Directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	Number			
	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
N5,000,001 and above	4	4	4	4
	4	4	4	4

47 Compliance with regulatory bodies

The Bank contravened regulatory requirements and policies in the financial year ended 31 December 2024 and paid the following penalties:

Contraventions	2024	2023
	N'000	N'000
1 CBN: Contravention of sections 2.2 and 2.3 of the CBN Risk Based Cybersecurity Framework and Guidelines 2018 on conduct of periodic post-employment background checks on staff of Information Technology and Information Security	2,000	-
2 CBN: Failure to implement 6 out of 21 recommendations made in the Management Letter of 2022 Audited Financial Statements	2,000	-
3 FMDQ: Fine for late filling of Commercial Paper documentation	-	110
4 FMDQ: Non-compliance with FMDQ commercial paper registration and quotation rules	-	1,300
5 Securities and Exchange Commission: Penalty for processing long outstanding transaction without feedback from the commission	-	3,000
6 CBN: Non Disclosure of Diversity in Employment in Banks and Discount Houses	-	2,000
7 CBN: Contravention of CBN Risk Based Cybersecurity Framework and Guidelines	-	2,000
8 CBN: Contravention of CBN circular on External Auditors' Recommendations in the Management Letter of the Bank's Audited Financial statements	-	2,000
	4,000	10,410

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

48 Subsequent events

- a** There are no subsequent events which could have a material effect on the financial position of the Bank as at 31 December 2024 or the profit for the year then ended on that date, that have not been adequately provided for or disclosed in the consolidated and separate financial statements

49 Dividend

	Group	Group	Bank	Bank
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
Opening	1,006,076	1,376,386	1,006,076	1,376,386
Interim dividend declared	-	1,006,076	-	1,006,076
Dividend Paid	(1,006,076)	(1,376,386)	(1,006,076)	(1,376,386)
Closing payable	-	1,006,076	-	1,006,076

The Board of Directors, pursuant to the powers vested in it by the provisions of section 426 (2) of the Companies and Allied Matters Act (CAMA) 2020 of Nigeria, paid dividend of N1.01 billion (2023: N1.38 billion) from the retained earnings account for the year ended 31 December 2023. The Board has proposed a final dividend of N7.655 billion for the year ended 31 December 2024 (2023: interim and final dividend of N1.01 billion).

**OTHER INFORMATION - STATEMENT OF
PRUDENTIAL ADJUSTMENTS**

FBNQUEST MERCHANT BANK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF PRUDENTIAL ADJUSTMENTS

	31 December 2024 N '000	31 December 2023 N '000
Prudential guidelines provision:		
As at 1 January		
- Loans and advances (specific and general provisions)	3,158,977	3,438,479
- Other known losses (OKL)	2,411,355	2,829,870
	<u>5,570,332</u>	<u>6,268,349</u>
Charge/(write-back) for the period:		
- Loans and advances (specific and general provisions)	1,633,701	(279,503)
- Other known losses (OKL)	332,830	(418,515)
	<u>1,966,531</u>	<u>(698,018)</u>
As at 31 December		
- Loans and advances (specific and general provisions)	4,792,678	3,158,977
- Other known losses (OKL)	2,744,185	2,411,355
	<u>7,536,863</u>	<u>5,570,332</u>
IFRS impairment allowance:		
- Allowance for impairment (loans and contingents) (see note 26 and note 36)	2,397,685	2,223,365
- Other impairment (Other assets and subsidiaries) (see note 27)	2,992,324	1,388,033
	<u>5,390,009</u>	<u>3,611,398</u>
Required regulatory risk reserve at end of the year	<u>2,146,854</u>	<u>1,958,934</u>
Balance at beginning of the year	1,958,934	2,434,151
Addition/(Reversal) to regulatory risk reserve	187,920	(475,217)
Balance at end of the year	<u>2,146,854</u>	<u>1,958,934</u>

Regulatory risk reserves*: Provisioning is made in accordance with the Prudential Guidelines for Deposit Money Banks in Nigeria issued by the Central Bank of Nigeria for each account that is deemed not performing (specific) in accordance with the following terms; (1) 90 days but less than 180 days (10%); (2) 180 days but less than 360 days (50%) and over 360 days (100%). In addition, a minimum of 2% general provision is made on all risk assets which are deemed performing and have not been specifically provided for. The excess of the impairment under the Prudential Guidelines over the impairment under IFRS has been designated to a non-distributable reserve in line with the regulatory requirements of the Central Bank of Nigeria.

OTHER NATIONAL DISCLOSURES

FBNQUEST MERCHANT BANK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF VALUE ADDED

GROUP	31-Dec-2024		31-Dec-2023	
	N'000	%	N'000	%
Gross earnings	63,074,624	327	47,937,219	286
Interest expense	(38,101,547)	(198)	(21,685,503)	(129)
	<u>24,973,077</u>		<u>26,251,716</u>	
Impairment writeback/(charge) on financial assets	345,191	2	(2,625,910)	(16)
	<u>25,318,268</u>		<u>23,625,806</u>	
Bought in materials and services	(6,028,381)	(31)	(6,877,239)	(41)
Value added	<u>19,289,887</u>	100	<u>16,748,567</u>	100
Distribution of value added				
To government:				
Taxes	1,533,182	8	3,513,118	21
To employees:				
Salaries and benefits	5,502,933	29	5,493,141	33
The future:				
For replacement of fixed assets/intangible assets				
Depreciation & amortisation	889,343	5	537,235	3
To augment reserves	11,364,429	59	7,205,073	43
	<u>19,289,887</u>	100	<u>16,748,567</u>	100

This statement shows the distribution of wealth created by the Group during the period.

BANK

	31-Dec-2024		31-Dec-2023	
	N'000	%	N'000	%
Gross earnings	63,074,624	327	35,504,215	458
Interest expense	(38,101,547)	(198)	(21,835,114)	(282)
	<u>24,973,077</u>		<u>13,669,101</u>	
Impairment writeback/(charge) on financial assets	345,191	2	(2,470,624)	(32)
	<u>25,318,268</u>		<u>11,198,477</u>	
Bought in materials and services	(6,028,381)	(31)	(3,448,864)	(45)
Value added	<u>19,289,887</u>	100	<u>7,749,613</u>	100
Distribution of value added				
To government:				
Taxes	1,533,182	8	678,224	9
To employees:				
Salaries and benefits	5,502,933	29	3,189,498	41
The future:				
For replacement of fixed assets/intangible assets (depreciation & amortisation)				
	889,343	5	470,569	6
To augment reserves	11,364,429	59	3,411,322	44
	<u>19,289,887</u>	100	<u>7,749,613</u>	100

This statement shows the distribution of wealth created by the Bank during the year.

FBNQUEST MERCHANT BANK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

FIVE-YEAR FINANCIAL SUMMARY

Group	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000	N'000
Statement of financial position					
ASSETS					
Cash and balances with Central Bank of Nigeria	29,007,013	73,953,341	59,278,402	38,118,584	43,690,655
Loans and advances to banks	190,770,274	45,577,090	57,578,008	14,905,839	25,718,491
Loans and advances to customers	124,393,540	105,978,501	106,451,558	76,689,597	55,699,015
Financial assets - Fair value through profit or loss	34,593,944	7,527,010	2,989,826	6,154,032	1,910,800
Investment securities:					
- Fair value through OCI	93,341,381	65,465,326	27,786,257	43,601,118	29,041,247
- Amortised cost	1,503,781	1,589,137	1,595,551	-	7,583,938
Pledged assets	7,725,993	40,600,000	24,048,685	12,593,933	16,742,200
Derivative financial assets	-	-	197,969	361,693	417,669
Other assets	7,347,197	9,066,346	9,821,901	5,355,112	6,627,396
Deposit with Nigerian Exchange Group	-	-	-	-	1,150
Property and equipment	2,899,774	3,114,924	2,501,635	1,539,216	1,348,756
Intangible assets	153,974	164,609	375,326	337,833	218,778
Right of use assets	-	-	21,778	50,763	56,886
Deferred tax assets	9,113,548	9,455,145	9,313,861	9,362,532	9,429,283
TOTAL ASSETS	500,850,419	362,491,429	301,960,757	209,070,252	198,486,264
LIABILITIES					
Due to banks	13,078,649	50,032,222	43,579,818	9,837,048	28,475,932
Due to customers	351,496,546	217,626,347	133,365,930	119,432,839	100,136,570
Current income tax liability	1,678,740	2,791,474	1,415,586	922,057	945,860
Corporate bonds issued	8,022,453	24,764,457	47,552,044	13,233,425	13,235,587
Other liabilities	83,547,846	24,795,998	37,090,570	28,496,201	18,652,820
Lease liabilities	-	-	22,658	35,968	25,100
Derivative financial instrument	-	-	192,296	354,877	383,526
Deferred tax liability	-	821,290	-	-	-
TOTAL LIABILITIES	457,824,234	320,831,788	263,218,902	172,312,415	161,855,395
NET ASSETS	43,026,185	41,659,641	38,741,855	36,757,837	36,630,869
EQUITY AND RESERVES					
Share capital	4,301,577	4,301,577	4,301,577	4,301,577	4,301,577
Share premium	3,904,731	3,904,731	3,904,731	3,904,731	3,904,731
Retained earnings	25,287,269	24,493,680	18,331,164	16,028,094	15,587,647
Statutory reserve	11,345,154	9,640,489	9,128,791	8,708,744	8,610,990
Regulatory risk reserve	2,146,854	1,958,934	2,434,151	2,648,901	2,134,767
Fair value reserve	(3,959,400)	(2,666,368)	614,843	1,139,192	2,064,559
General reserve	-	26,598	26,598	26,598	26,598
SHAREHOLDERS' FUNDS	43,026,185	41,659,641	38,741,855	36,757,837	36,630,869
	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000	N'000
Income statement					
Operating income	25,318,268	23,625,806	16,626,639	14,032,238	17,374,906
Operating expenses	(12,420,657)	(12,907,615)	(11,414,159)	(11,551,865)	(10,749,545)
Profit before tax	12,897,611	10,718,191	5,212,480	2,480,373	6,625,361
Tax	(1,533,182)	(3,513,118)	(1,327,727)	(921,461)	(884,686)
Profit after tax	11,364,429	7,205,073	3,884,753	1,558,912	5,740,675
Earnings per share - basic (kobo)	264	167	90	36	133

FBNQUEST MERCHANT BANK LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

FIVE-YEAR FINANCIAL SUMMARY

Bank	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000	N'000
Statement of financial position					
ASSETS					
Cash and balances with Central Bank of Nigeria	29,007,013	73,953,341	59,278,402	38,118,585	43,690,655
Loans and advances to banks	190,770,274	36,554,864	51,267,315	12,006,567	22,233,202
Loans and advances to customers	124,393,540	105,801,493	106,314,872	76,589,248	55,599,526
Financial assets - Fair value through profit or loss	34,593,944	4,327,012	2,171,362	4,788,062	1,379,915
Investment securities:					
- Fair value through OCI	93,341,381	62,677,050	26,060,515	41,810,273	26,986,180
- Amortised cost	1,503,781	-	1,253,377	-	7,583,938
Pledged assets	7,725,993	40,600,000	24,048,685	12,593,933	16,742,200
Derivative financial assets	-	-	197,969	361,693	417,669
Other assets	7,347,197	9,904,970	8,342,968	4,361,595	5,265,056
Investment in subsidiaries	1,000	1,518,248	1,321,958	1,216,129	1,313,329
Property and equipment	2,899,774	2,985,618	2,378,312	1,429,522	1,295,560
Intangible assets	153,974	92,436	132,219	122,107	197,499
Right of use assets	-	-	21,778	50,763	56,886
Deferred tax assets	9,113,548	9,113,548	9,113,548	9,113,548	9,113,548
TOTAL ASSETS	500,851,419	347,528,580	291,903,280	202,562,025	191,875,163
LIABILITIES					
Due to banks	13,078,649	50,032,222	43,579,818	9,837,048	28,475,932
Due to customers	351,496,546	219,068,654	132,506,325	119,777,398	100,137,825
Current income tax liability	1,678,740	560,366	236,910	77,379	259,193
Corporate bonds issued	8,022,453	24,764,457	47,552,044	13,233,425	13,235,587
Other liabilities	83,548,846	20,344,245	34,023,371	26,475,958	15,774,191
Lease liabilities	-	-	22,658	35,968	25,100
Derivative financial instrument	-	-	192,296	354,877	383,526
TOTAL LIABILITIES	457,825,234	314,769,944	258,113,422	169,792,053	158,291,354
NET ASSETS	43,026,185	32,758,636	33,789,858	32,769,972	33,583,809
EQUITY AND RESERVES					
Share capital	4,301,577	4,301,577	4,301,577	4,301,577	4,301,577
Share premium	3,904,731	3,904,731	3,904,731	3,904,731	3,904,731
Retained earnings	25,287,269	15,815,424	13,446,659	12,228,029	12,694,799
Statutory reserve	11,345,154	9,640,489	9,128,791	8,708,745	8,610,990
Regulatory risk reserve	2,146,854	1,958,934	2,434,151	2,648,901	2,134,767
Fair value reserve	(3,959,400)	(2,862,519)	573,949	977,989	1,936,945
SHAREHOLDERS' FUNDS	43,026,185	32,758,636	33,789,858	32,769,972	33,583,809
	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000	N'000
Income statement					
Operating income	25,318,268	11,198,478	9,729,864	8,505,872	12,751,112
Operating expenses	(12,420,657)	(7,108,931)	(6,722,529)	(7,776,797)	(7,662,718)
Profit before tax	12,897,611	4,089,547	3,007,335	729,075	5,088,394
Tax	(1,533,182)	(678,224)	(207,023)	(77,379)	(207,784)
Profit after tax	11,364,429	3,411,323	2,800,312	651,696	4,880,610
Earnings per share - basic (kobo)	264	79	65	15	113