CAPITAL BANCORP PLC
LAGOS, NIGERIA

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

CONTENTS **PAGE**

BOARD OF DIRECTORS:

Mr. Olutola Mobolurin	Chairman
Mr.Gbolahan Olojede	Group Managing Director**
Mr. Aigboje Higo	Non- Executive Director
Dr. Babatunde Pearse	Non- Executive Director
Mr. Akinsola Ale	Non- Executive Director
Mrs. Cecilia Osipitan	Non- Executive Director

*Resigned as the group managing director with effect from 31st July 2023
**Appointed as the group managing director with effect from 1st August 2023

MANAGEMENT TEAM:

Group Managing Director	Mr. Aigboje Higo
Group Managing Director	Mr.Gbolahan Olojede
Chief Financial Officer	Mr. Oladeji Olapo
Chief Compliance Officer	Mr. Izuchukwu Nwaeze
Head, Stockbroking Operations	Mr. Opeyemi Ayoola
Head, Internal Audit	Mr. Opeyemi Olayinka

REGISTERED OFFICE
9,Wesley Street,Beside Eleganza Building
Off Joseph Harden Street,
Lagos Island, Lagos, Nigeria

AUDITORS
BDO Professional Services
ADOL House,
15 CIPM Avenue
Central Business District
Alausa, Ikeja
Lagos, Nigeria.

MAJOR BANKERS
Guaranty Trust Bank Limited
Plot 635, Akin Adesola Street
Victoria Island
Lagos

First City Monument Bank Limited
10/12 Macarthy Street
Lagos Island
Lagos

First Bank of Nigeria Limited
35, Marina Lagos

Providus Bank Plc
114, Adeola Odeku, Eletu Ogabi Street, Victoria
Island Lagos

SECRETARIES
DCSL Corporate Services Limited
235, Ikorodu Road
Ilupeju, Lagos

SOLICITORS
Adejumo Ekisola & Ezeani
The Halcyon
15B Chief Gbolahan Owolabi street,
Lekki Phase 1, Lagos.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting to the members their report on the affairs of Capital Bancorp Plc (the "Company"), and its subsidiaries (together "the Group") along with the consolidated and separate financial statements and the Auditor's Report for the year ended 31 December 2023.

Legal Form

Capital Bancorp Plc was incorporated on 13 June 1988 under the provisions of the Companies and Allied Matters Act, 2020 with RC No. 114135. It commenced operations on 3 October 1988. The Company is registered with the Nigerian Securities and Exchange Commission (SEC) as an Issuing House and Broker/Dealer.The broker/dealer license has been vested in its wholly owned subsidiary, Bancorp Securities Limited. The shares of the Company are owned fully by Nigerian citizens and corporate organisations. The Company converted to a public liability company on 13 February 2012.

Principal Activities

The principal activities of the Company continue to be engaging in the business of underwriting, issuing, purchasing, subscribing to or otherwise acquiring and disposing of securities such as shares, bonds, debentures and other capital markets instrument.The Securities trading activities of the business is carried out by Bancorp Securities Limited, its wholly-owned subsidiary.

There was no change in the principal activities of the Company in the period under review.

The Subsidiaries

Bancorp Bureau De Change Limited (Bancorp BDC) is a wholly owned subsidiary of the Company. Bancorp BDC was incorporated on 20 February 2008 and commenced operation in February 2010. Bancorp BDC engages in buying, selling and dealing in foreign currencies (convertible currencies) to end users for purposes stipulated by CBN which include Business Travel Allowance (BTA), Personal Travel Allowance (PTA), payment of school fees, mortgage bill payment, payment of utility and medical bills, credit card, life insurance premium payment etc. In 2021, the Central Bank of Nigeria suspended the activities of all BDCc till further notice.

Bancorp Finance Limited (BFL) is wholly owned subsidiary of Capital Bancorp Plc. This entity was incorporated on 25 November 2002 as Capfin Nigeria Limited. The Company changed its name on 6 November 2003 and this was duly registered with the Corporate Affairs Commission on 29 August 2007. The finance house license of Capital Bancorp Plc was transferred to this subsidiary as a result of a CBN directive and after due approval for same was given by the CBN in July 2014. It fully began operations as a stand-alone company on 1st January 2015. Its authorized share capital is 150,000,000 shares.

Bancorp Securities Limited (a wholly-owned subsidiary) principal activities are stockbroking, investment management and proprietary investments. As a result of Securities and Exchange Commission and Nigerian Exchange Limited recommendation, Capital Bancorp Plc (the parent company), obtained approval both from Securities and Exchange Commission and Nigerian Exchange Limited to transfer its broker/Dealer license to Bancorp Securities Limited (a wholly-owned subsidiary). Consequently, the clients deposits and portfolios with CSCS and applicable receivables of Capital Bancorp Plc were transferred to Bancorp Securities Limited from April 2021.

Result for the year

The profit after income tax of the Group for the year ended 31 December 2023 and the state of the Group's affairs as at that date are set out on page 22.

	GROUP		COMPANY	
	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
Profit before income tax	562,529	202,281	430,817	105,098
Income tax expense	(21,822)	(53,427)	(13,365)	(4,509)
Profit for the year	540,707	148,854	417,452	100,589
Other comprehensive income/(loss)	225,842	(17,519)	225,842	(17,519)
Total comprehensive income	**766,549**	**131,335**	**643,294**	**83,070**

Proposed Dividend

The Directors are pleased to recommend to the Shareholders the payment of a dividend of 15kobo per ordinary share of 50Kobo each for the year ended 31st December 2023 subject to the approval of the members at the Annual General Meeting.

Shareholding and Substantial Shareholders

The issued and fully paid-up Share Capital of the Company is 1,000,000,000 ordinary shares of 50 Kobo each (2023: 1,000,000,000 ordinary shares of 50 kobo each)

Beneficial Ownership

The following shareholders held 5% or more of the issued and paid up shares of the Company as at:

31 December 2023

Name of Shareholder	TOTAL UNITS	VALUE (N)	% HOLDINGS
Mobolurin O.O.	221,166,963	110,585,481	22.2
Estate of Aremo Fola & Mrs. Awobo Pearse	124,742,989	62,371,494	12.52
Great Nig. Insurance Co. Plc	116,325,664	58,162,832	11.68
Nigerian Reinsurance Corporation	102,503,682	51,251,841	10.29
Leadway Assurance Ltd	73,303,610	36,651,805	7.36
Mobadesh Estate	60,432,661	30,216,330	6.07

31 December 2022

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Leadway Assurance Ltd	73,303,610	36,651,805	7.36
Mobadesh Estate	60,432,661	30,216,330	6.07

The Company’s shareholding structure is stated below:

As at 31 December 2023

Structure Description	Count	Holdings	%Holdings
Corporate	16	354,761,628	35
Individual	84	645,238,372	65
	100	**1,000,000,000**	**100**

As at 31 December 2022

Structure Description	Count	Holdings	%Holdings
Corporate	16	354,761,628	35
Individual	84	645,238,372	65
	100	**1,000,000,000**	**100**

Directors Interest in Shares

The interests of the Directors in the issued share capital of the Company as recorded in the Register of Directors’ Shareholdings and/or as notified by them for the purpose of Section 301 of the Companies and Allied Matters Act, 2020 and the listing requirements of the Nigerian Stock Exchange are as follows:

Name	Direct Holdings	Indirect Holdings
Mr. Olutola Mobolurin	221,166,963	-
Mrs. Olamide Fadipe	9,597,598	-
Mr. Higo Aigboje	9,597,598	-
Dr. Babatunde Pearse	27,759,720	124,742,989 (Through Estate of Aremo & Mrs.Fola Awobo Pearse)
Mrs. Cecilia Osipitan	-	116,325,664 (Through Great Nigeria Insurance Plc)
Mr. Akinsola Ale	-	102,503,682 (Through Re-insurance Corporation)
Mr. Gbolahan Olojede	-	-

Directors’ Interest in Contracts

In accordance with Section 303 of the Companies and Allied Matters Act, 2020 as amended, no Director notified the Company of any interest in any contracts in which the Company was involved in the ordinary course of business during the year under review

Acquisition of Own Shares

The Company did not purchase any of its own shares during the year (2022: Nil)

Analysis of Shareholding as at:

31 December 2023

Range			No of Holders	Percent %	Units	% Holdings
1	-	100,000	7	7	680,063	0.07
100,001	-	200,000	23	23	3,837,438	0.38
200,001	-	300,000	12	12	3,943,875	0.39
300,001	-	500,000	12	12	6, 371,625	0.64
500,001	-	1,000,000	14	14	14,463,417	1.45
1,000,001	-	10,000,000	21	21	120,051,040	12
50,000,001	-	50,000,000	6	6	223,878,500	22.39
50,000,001	-	100,000,000	4	4	405,607,081	40.56
Above		100,000,001	1	1	221,166,963	22.12
Total			**100**	**100**	**1,000,000,000**	**100**

31 December 2022

Range			No of Holders	Percent %	Units	% Holdings
1	-	100,000	7	7	680,063	0.07
100,001	-	200,000	23	23	3,837,438	0.38
200,001	-	300,000	12	12	3,943,875	0.39
300,001	-	500,000	12	12	6, 371,625	0.64
500,001	-	1,000,000	14	14	14,463,417	1.45
1,000,001	-	10,000,000	21	21	120,051,040	12
50,000,001	-	50,000,000	6	6	223,878,500	22.39
50,000,001	-	100,000,000	4	4	405,607,081	40.56
Above		100,000,001	1	1	221,166,963	22.12
Total			**100**	**100**	**1,000,000,000**	**100**

Independent Auditors

In line with Principle 20.2 of the Nigerian Code of Corporate Governance on ten years maximum tenure for external Auditors, Messrs. Ernst & Young resigned as External Auditors. Consequently, Messrs. BDO Professional Services were appointed as the External Auditors of the Group.

Property, Plant and Equipment

Information relating to changes in property, plant and equipment during the year is given in Note 24 to the financial statements. In the opinion of the Directors, the market value of the Company's property, plant and equipment is not less than the value shown in the financial statements.

Employment of Physically Challenged Persons

The company continued to maintain its policy of non-discrimination in considering applications for employment and other industrial relations matters.

Health, Safety and Welfare of Workers

The Company takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive. Top health-care providers have been carefully selected to look after the healthcare needs of employees and their dependants. We comply with relevant statutory provisions and regulations on health, safety and welfare matters.

Training and Development

The Company has adopted a training policy that advocates training and re-training for all employees. The training activities during the year cut across all categories of employees. Also, induction training has been designed to benefit new employees such that it will assist them settle into their roles conveniently. The newly introduced performance management system ensures that good performance is recognized and adequately rewarded while non-performance is appropriately sanctioned. The system is designed to assist employees develop and apply their innate skills and proficiency in the discharge of their assigned duties.

Events After the Reporting Date

As stated in note 30 there are no events or transactions that have occurred since the reporting date which would have a material effect on the financial statements as presented.

Format of the Financial Statements

The Financial Statements of Capital Bancorp Plc have been prepared in accordance with the reporting and presentation requirement of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act 2020 as amended and the requirements of Financial Reporting Council of Nigeria (Amendment) Act 2023. The Directors consider that the format adopted is the most suitable for the

Responsibility for Accuracy of Information

Pursuant to Article 2.2.4 of The Amended Listing Rules 2015 of the Nigerian Stock Exchange Limited. The Directors accept responsibility for the accuracy of the information contained in this report.

Dated: 22 March 2024

By Order of the Board
DCSL Corporate Services Limited
Company Secretaries
DCSL Corporate Services Limited
(Company Secretaries)
235, Ikorodu Road, Ilupeju
Lagos, Nigeria
Anne Agbo- FRC/2013/NBA/00000000855

CORPORATE GOVERNANCE REPORT

The Board recognizes that effective governance is imperative for sustainable performance and prosperity of the Company and operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustainable growth. The Board is focused on implementing corporate best practices in order to protect stakeholders' interests and enhance shareholders' value. The Company's corporate governance framework is designed to align management's actions with the interest of shareholders while ensuring an appropriate balance with the interests of other stakeholders.

In view of its long-standing commitment to delivering greater shareholder value, Capital Bancorp Plc. continues to institutionalise the highest standards of corporate governance principles and best practices, in recognition of the fact that these form the essential foundation upon which corporate successes are built.

Compliance with Codes of Corporate Governance

Guided by the Securities and Exchange Commission ("SEC") Corporate Governance
Guidelines (SCGG) and the Nigerian Code of Corporate Governance (NCCG), the Company is committed to total compliance with the provisions of the Guideline and Code. The Company recognizes that Corporate Governance standards and practices as well as International Best Practices must be balanced to protect the interest of the shareholders of the Company and other stakeholders.

The Board operates in line with obligations under the SCGG and the Post Listing Rules of the Nigerian Stock Exchange. In addition, the Board and Committee Charters collectively provide the basis for promoting sound Corporate Governance practices. The Company complied with Corporate Governance requirements during the year under review as set out below:

Governance Structure

The Board

The Board is ultimately responsible for the oversight of the long-term strategy, objectives and likely risks that the Company may be exposed to in the ordinary course of business. The Board is also responsible for evaluating and directing the implementation of the Company's internal controls and procedures including (but not limited to) maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. These functions of the Board are guided by the provisions of the NCCG, SCGG, the Companies and Allied Maters Act (CAMA2020), the Company's Articles of Association and other relevant laws and regulations.

Composition of the Board

The Company's Articles of Association provide that the Board shall consist of not more than eleven (11) Directors. The Board is currently of a sufficient size relative to the scale and complexity of the Company's operations and is led by a Non-Executive Chairman who provides leadership to the Board in the discharge of its oversight functions. The effectiveness of the Board is derived from the diverse range of skills and competencies of the Executive and Non-Executive Directors.

As at 31 December 2023, the Board was composed of six (6) Directors including five (5) Non-Executive Directors, all seasoned professionals who have excelled in their various fields of endeavor. This composition aligns with the provisions of NCCG, which requires majority of the Board members to be Non-Executive Directors. The Directors possess the requisite integrity,skills, and experience to bring independent judgement to bear on the deliberations of the Board.
Below are details of the Directors who held office during the financial year ended 31 December 2023:

Name		Designation
Mr. Olutola Mobolurin	-	Chairman
Mr. Aigboje Higo	-	Non- Executive Director
Mr.Gbolahan Olojede	-	Group Managing Director
Dr. Babatunde Pearse	-	Non- Executive Director
Mr. Akinsola Ale	-	Non- Executive Director
Mrs. Cecilia Osipitan	-	Non- Executive Director

The MD/CEO is responsible for the day-to-day running of the Company assisted by the other members of the Executive Management team.

Changes on the Board

Mr. Aigboje Higo resigned as the group managing director on 31st July 2023, and Mr. Gbolahan Olojede was appointed as the group managing director on 1st August 2023.

Mr. Aigboje Higo was subsequently appointed and approved as non-executive director on the 29th November 2023.

Responsibilities of the Board

The Board has the ultimate responsibility of delivering long term value to the Shareholders. In order to achieve this, it provides overall strategic direction for the Company, within a framework of rewards, incentives and controls.

Distinct Roles of the Chairman and the Managing Director

In compliance with International Best Practices, there is a separation of powers between the Chairman and the Managing Director, as they play distinct roles, with responsibilities which should not be domiciled with one individual. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. He is also responsible for ensuring that Directors receive accurate,timely and clear information to enable the Board take informed decisions and provide advice to promote the success of the Company. The Chairman facilitates the contribution of Directors and promotes effective relationships and open communications between Executive and Non-Executive Directors, both inside and outside the Boardroom. The responsibility for the day-to-day management of the Company has however been delegated by the Board to the Management, represented by the Managing Director, albeit supported by the other two Executive Directors. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic performance; thus, it ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives.

Board Committees

The Board carries out these responsibilities through Committees, which report and make recommendations to the Board on issues within their respective terms of reference. Through these Committees, interactive dialogue is employed on a regular basis to set broad policy guidelines and to ensure the proper management and direction of the Company. All members of the respective Committees have access to the services of the Company Secretary.

The Board and the Board Committees met quarterly (at a minimum) in the financial year,although additional meetings were convened on a need basis. Decisions are taken at Board meetings by way of resolutions, as provided for in the Companies and Allied Matters Act,(CAMA 2020).

Membership and Attendance at Board Meetings for FY 2023

The Board met five (5) times during the year under review. The record of Directors' attendance at Board meetings is as set out below:

Name of Director	20.03.2023	20.04.2023	20.07.2023	19.10.2023	15.12.2023
Mr. Olutola Mobolurin	✓	✓	✓	✓	✓
Mr. Gbolahan Olojede	N/A	N/A	N/A	✓	✓
Mr. Higo Aigboje	✓	✓	✓	✓	✓
Mrs. Cecilia Osipitan	✓	✓	X	✓	✓
Dr. Babatunde Pearse	✓	✓	✓	✓	✓
Mr. Akinsola Ale	✓	✓	✓	✓	✓

Note:		
✓	-	Present
X	-	Absent
N/A	-	Not yet appointed

Board Committees - Terms of Reference/Attendance at Meetings

The Board carries out its oversight functions through its three (3) Standing Committees each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board does not sit on any of the Committees. The Standing Committees are the Statutory Audit Committee, Audit and Risk Management Committee and the Governance, Finance & Investment Committee. The composition and responsibilities of the Committees are set out below:

Statutory Audit Committee

The Statutory Audit Committee was established in compliance with the provisions of the Companies and Allied Matters Act (CAMA, 2020), which mandates all public companies to constitute an Audit Committee. The Committee assists the Board in fulfilling its oversight responsibilities relating to the Company's Financial Statements and ensuring the independence of the Company's internal and external Auditors. The Committee ensures that the Company complies with all relevant regulatory policies and procedures, as well as policies laid down by the Board of Directors.

The Committee, chaired by Mr. Joseph Caulcrick is made up of one (1) Non-Executive Directors and three (3) representatives of the shareholders. The Committee assists the Board in fulfilling its oversight responsibilities relating to the Company's financial statements, the independence of the Company's internal and external auditors and the Company's system of internal control and mechanism for receiving complaints regarding the Company's accounting and operating procedures.

The following members served on the Committee during the financial year-ended 31 December 2023:

S/N	Name	Status	Designation
1.	Mr. Segun Caulcrick	Shareholders' Representative	Chairman
2.	Chief Tunde Odanye	Shareholders' Representative	Member
3.	Mr. Olatunji Oladiji	Shareholders' Representative	Member
4.	Mrs. Cecilia Osipitan	Non-Executive Director	Member

The Committee met five (5) times during the year under review and the table below shows the members who served on the Committee in 2023 and their attendance at the meetings:

Name	14.03.2023	17.04.2023	14.07.2023	13.10.2023	12.12.2023
Mr. Segun Caulcrick	✓	✓	✓	✓	✓
Chief Tunde Odanye	✓	✓	✓	✓	✓
Mr. Olatunji Oladiji	✓	✓	✓	✓	✓
Mrs. Cecilia Osipitan	✓	✓	✓	✓	✓

Note:		
✓	-	Present
X	-	Absent

Audit and Risk Management Committee

This Committee is made up of One (1) Non-Executive Directors and is tasked with the responsibility of assisting the Board in fulfilling its oversight responsibilities relating to the Company's Internal Audit processes, as well as Credit and Market Risk Management.

Governance, Finance and Investment Committee

The Committee is made up of Two (2) Non-Executive Director and One (1) Executive Director. The Committee is responsible for assisting the Board in fulfilling its oversight responsibilities relating to:

Financial commitments and Investments;

i Financial commitments and Investments;
ii The Company's financial and operating plan;
iii The Company's financing plan, including funding, liquidity,
iv Balance sheet and Capital Management; and
v Identifying individuals qualified to serve as members of the Board and recommends candidates to the Board for appointment and other key Corporate Governance issues.

Shareholders' Participation

The Company is conscious of and promotes shareholders' rights and continues to take necessary steps in ensuring that shareholders participate actively in matters affecting the growth and development of the Company. The Board always ensures the protection of the statutory and general rights of shareholders, particularly their right to vote at general meetings. The Annual General Meeting (AGM) of the Company is the highest decision-making body of the Company and it is conducted in a transparent and fair manner. The Board and the Management have significantly benefited from the shareholder representatives on the Statutory Audit Committee as well as the contributions of shareholders at the AGMs.

Independent Advice

Independent professional advice is available, on request, to all Directors at the Company's expense when such advice is required to enable a member or committee of the Board effectively perform certain responsibilities. The Company bears the cost of independent professional advice obtained jointly or severally by a Director or Directors, where such advice
is necessary to enable them to fulfil the obligation imposed on them by virtue of their Board membership.

Management Team

The Board has a Management team that is charged with the responsibility of implementing policies and the day to day management of the affairs of the Company.

Membership of the Management team includes the following:

Group Managing Director	-	Mr. Aigboje Higo (Resigned)
Group Managing Director	-	Mr.Gbolahan Olojede
Chief Financial Officer	-	Mr. Oladeji Olapo
Mrs. Obianuju Ejim	-	Human Capital/Admin
Opeyemi Olayinka	-	Head, Internal Audit
Mrs. Temitope Adeosun	-	CEO, Bancorp Securities Limited
Mr. Peter Ibeneme	-	CEO, Bancorp Finance Limited
Mr. Olasode Enitilo	-	Head, Information Technology

*Resigned as the group managing director with effect from31st July 2023

**Appointed as the group managing director with effect from1st August 2023

Complaint Management Policy Framework

In compliance with the Securities and Exchange Commission Rules relating to the ComplaintsManagement Framework of the Nigerian Capital Market ("SEC Rules") issued in February 2015, Capital Bancorp Plc. has further strengthened its Complaint Management Procedure.

Business Conduct

Our business is conducted with integrity and due regard to the legitimate interest of all stakeholders. In furtherance of this, the Company has adopted policies such as a Code of Ethics and Business Conduct, as well as a Whistle blowing Policy. Directors and all members of staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as contained in the Ethics and Business Conduct Policy which prescribes the common ethical standard, policies and procedures of the Company.

Fines And Penalties

No fines and penalties were paid by the Company.

Inclusion and Diversity

The Company's commitment extends to fostering an inclusive and diverse environment that caters to needs and aspirations of all stakeholders. A priority for the Board is to create and maintain an atmosphere that promotes diversity and equal opportunities for everyone.

Environmental Policy

This policy statement serves to demonstrate the Company's responsibility to the environment and the pursuit of world-class vision in all aspects of its operations. The Company strives to comply with all present and future environmental laws and regulations and continuously improve the efficiency of its operations to minimise its impact on the environment.

Employment of Physically Challenged Persons

It is the policy of the Company that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. All employees, whether or not disabled, are given equal opportunities to develop. The Company's Policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. As
at 31 December 2023, there was no physically challenged person in the employment of the
Company, (2022:Nil)

Employees' Involvement and Training

Training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skill and keep them informed of new developments in the Company's business and operating environment.

The Company is also committed to keeping employees fully informed as much as possible,regarding the Company's performance and progress and seeking their views, wherever practicable, on matters which particularly affect them as employees. Management,professionals and technical experts are the Company's major assets, and investment in their
future development continues.

The Company's expanding skill base has been extended by a range of trainings provided to its employees whose opportunities for career development within the Company have thus been enhanced. Training is carried out at various levels through both in-house and external courses.

Incentive schemes designed to create goal congruence between the company and employees are implemented and some of these schemes include bonuses.

Health, Safety and Welfare of Employees

The Company takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive. Thus, the Company's business premises guarantee the safety and living health conditions of its employees. Top health care providers have also been carefully selected to look after the health care needs of employees and their dependants. We comply with relevant statutory provisions and regulations on health, safety and welfare matters.

Whistle-Blowing Procedure

The Company has a whistleblowing procedure that ensures anonymity for whistle-blowers. A dedicated email address for whistleblowing has been included on the Company's website for the purpose of whistleblowing.

Corporate Social Responsibility (CSR)

Our unwavering commitment to making a positive impact and fostering exceptional experiences in the communities where it operates is reflected in our Corporate Social Responsibility (CSR) initiatives. Alongside offering innovative service offerings to our clients and creating superior value for our shareholders, giving back to society is a critical element of our long-term business strategy.

Sustainability
As part of the fulfilment of our environmental friendliness practice, the Company conducts periodic environmental audit to monitor the significant environmental aspects of our operations and put in place controls that will minimize or eliminate their adverse impact on the environment. The Company also complies with all environmental laws and strives to minimize environmental impact associated with our activities through:

- The use of modern technology and expertise to reduce environmental pollution
- Conservation of resources in a cost -efficient manner
- The proper disposal or recycle of waste; and
- Wellbeing, diversity and other human resource policies

Board and Employees' Training
Training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skill and keep them informed of new developments in the Company's business and operating environment.

The Company is also committed to keeping employees fully informed as much as possible, regarding the Company's performance and progress and seeking their views, wherever practicable, on matters which particularly affect them as employees. Management, professionals and technical experts are the Company's major assets, and investment in their future development continues.

The Company's expanding skill base has been extended by a range of trainings provided to its employees whose opportunities for career development within the Company have thus been enhanced. Training is carried out various levels through both in-house and external courses.

Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include bonuses.

Independent Auditors
In line with Principle 20.2 of the Nigerian Code of Corporate Governance on ten years maximum tenure for external Auditors, Messrs. Ernst & Young resigned as external Auditors. Consequently, Messrs. BDO Professional Services were appointed as the external Auditors of the Company.

By Order of the Board

22nd March 2024
DCSL Corporate Services Limited
Company Secretaries
Anne Agbo
FRC/2013/NBA/00000000855

DCSL Corporate Services Limited
Company Secretary
Lagos, Nigeria

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

In line with the provision of S. 405 of CAMA 2020 as amended, we have reviewed the audited financial statements of the Group for the year ended 31 December 2023 based on our knowledge and confirm as follows:

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

ii. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the period ended 31 December 2023.

iii. The Group's internal controls have been designed to ensure that all material information relating to the Group is received and provided to the auditors in the course of the audit.

iv. The Group's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2023.

v. That we have disclosed to the Group's auditors and audit Committee the following information:

a. there are no significant deficiencies in the design or operation of the Group's internal controls which could adversely affect the Group's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of audit.

b. there is no fraud involving management or other employees which could have any significant role in the Group's internal control.

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

Signed on Behalf of the Board of Directors By:

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Gbolahan Olojede	**Oladeji Olapo**
FRC/2017/ICAN/00000016913	**FRC/2016/ICAN/0000000014429**
Group Managing Director	**Chief Finance Officer**
22 March 2024	**22 March 2024**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of the Companies and Allied Matters Act 2020 as amended, the Directors of Capital Bancorp Plc are responsible for the preparation of annual financial statements, which give a true and fair view of the financial position of the Group at the end of the year and of the financial performance and cashflows for the year then ended. The responsibilities include ensuring that:

(a) the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;

(b) appropriate and adequate internal controls are established both to safeguard the assets of the Group and to prevent and detect fraud and other irregularities;

(c) the Group prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed and;

(d) It is appropriate for the financial statements to be prepared on a going concern basis.

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

- International Financial Reporting Standards;
- The requirements of the Companies and Allied Matters Act; and
- The requirements of the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

The Directors are of the opinion that the financial statements give a fair view of the state of the financial position of the Group and of its performance and cash flows for the year.

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

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

Signed on Behalf of the Board of Directors By:

Olutola O. Mobolurin	**Gbolahan Olojede**
FRC/2013/CISN/0000000038	FRC/2017/ICAN/00000016913
Chairman	Group Managing Director
22 March 2024	**22 March 2024**

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15 CIPM Avenue
Central Business District,
Alausa, Ikeja
P. O. Box 4929, GPO, Marina
Lagos, Nigeria

Independent Auditor's Report

To the Members of Capital Bancorp Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Capital Bancorp Plc ("the Company) and its subsidiaries (together 'the Group'') which comprise the consolidated and separate statement of financial position as at 31 December 2023, the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

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 Group and the Company as at 31 December 2023, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 (as amended), Investment and Securities Act No. 29 of 2007, the Banks and Other Financial Institutions Act, 2020, the Financial Reporting Council of Nigeria (Amendment) Act 2023 and relevant Central Bank of Nigeria circulars and guidelines.

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 the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants 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 International Ethics Standards Board 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 judgement, 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, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Independent Auditor's Report

To the Members of Capital Bancorp Plc - continued

The Key Audit Matters applies only to the audit of the Consolidated Financial Statements

Key Audit Matter	**How the matter was addressed in the audit**
Impairment of loans and advances, and advances under leases	Our procedures, amongst others, included the following;
Loans and advances and advances under finance leases of ₦1.49 billion (2022: ₦903.28 million) as at 31 December 2023 represent 15% (2022: 11%) of the Group's total assets.	• We reviewed the IFRS 9 model prepared by management for the computation of impairment on loans and advances under finance leases in line with the requirements of IFRS 9.
The determination of impairment allowance using the Expected Credit Loss (ECL) model requires the application of certain financial indices which are estimated from historical financial data obtained within and outside the Company, as inputs, into the complex financial models. The ECL involves the application of judgement and estimation in determining inputs for ECL calculation such as: • determining criteria for significant increases in credit risk (SICR) for staging purposes. (At origination, loan is classified under stage 1, when there is significant increase in credit risk, the loan is migrated to stage 2 and subsequently to stage 3 when there is default).	• We gained an understanding of how the PD and LGD were derived by the model through performing a walkthrough using live data. • For loans and advances and advances under finance leases classified under stages 1 & 2, we selected material loans and reviewed the repayment history for possible repayment default. We challenged the various factors considered in classifying the loans within stage 1 & 2 and in the measurement of ECL. • For stage 3 loans, we challenged all the assumptions considered in the estimation of recovery cash flows, the discount factor, and timing of realization. In instances where we were not satisfied with the assumptions used by management in its cash flow estimation and discounting, we challenged management assumptions by re-computing the
• assessing the relationship between the quantitative factors such as default and qualitative factors such as macro-economic variables.	• We tested the historical accuracy of the model by assessing the historical projections versus actual losses.
• incorporating forward looking information in the model building process	• We focused on the most significant model assumptions including probability of default and loss given default.
• factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD)	• We performed detailed procedures on the completeness and accuracy of the information used.
• factors considered in cash flow estimation including timing and amount	• For Probability of Default (PD) used in the ECL calculations, we checked the historical movement in the balances of facilities between default and non-default categories for each other.
Given the level of complexity and judgement involved in the determining of the ECL, and also the material nature of the balance. We considered the impairment of loans and advances, and advances under leases to be a key audit matter in the financial statements.	• We used our internal specialists to assess the appropriateness of the models used and to perform an independent recalculation of the impairment provision for the selected portfolios.
Loans and advances, and advances under finance leases are disclosed in note 18 and 19 respectively.	• Lastly, we reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with the IFRS 7- Financial Instruments: Disclosures.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, Corporate Governance Report, Statement of Corporate Responsibility for the Financial Statements and Statement of Directors' Responsibilities in Relation to the Preparation of the Financial Statements. The other information 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 an audit opinion or 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 and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 as amended, Investment and Securities Act No. 29 of 2007, the Banks and Other Financial Institutions Act, 2020, the Financial Reporting Council of Nigeria (Amendment) Act 2023, relevant Central Bank of Nigeria circulars and guidelines, 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.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report
To the Members of Capital Bancorp Plc - continued

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

We communicate with the 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.

Compliance with Section 27(2) of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circulars.

* Details of insider-related credits and other balances are disclosed in note 29 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.
* The Company did not pay penalties for contravention of any provisions of the Banks and Other Financial Institutions Act, 2020, Companies and Allied Matters Act, 2020 (as amended) and the Central Bank of Nigeria circulars.

Report on other legal and regulatory requirements

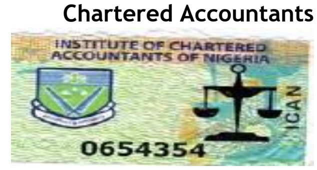
The Companies and Allied Matters Act, 2020 (As amended), requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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

ii) in our opinion, proper books of account have been kept by the Company, and

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

Olugbemiga A. Akibayo
FRC/2013/ICAN/00000001076
For: BDO Professional Services
Chartered Accountants



Lagos, Nigeria
28 March 2024

	Notes	GROUP 2023	GROUP Restated 2022	COMPANY 2023	COMPANY 2022
		N'000	N'000	N'000	N'000
Gross earnings					
Interest and similar income	5.1	872,787	649,013	489,276	350,473
Interest and similar expense	5.2	(528,018)	(421,420)	(367,950)	(270,057)
Net interest income		**344,769**	**227,593**	**121,326**	**80,416**
Fees and commission income	6	100,560	41,983	23,922	1,618
Net trading income	7	126,522	18,433	69,278	3,976
Other operating income	8	549,355	500,273	518,063	410,458
Net operating lease income	8.1	7,946	50,499		-
Operating income		**1,129,152**	**838,781**	**732,589**	**496,468**
Credit loss (expense)/reversal	10	(17,677)	17,307	(36,503)	(8,456)
Fair value gain/(loss) on financial assets at fair value through profit or loss (FVTPL)	9	220,647	(41,356)	176,455	(26,961)
Net operating income		**1,332,122**	**814,732**	**872,541**	**461,051**
Personnel expenses	11	220,363	211,015	106,077	118,375
Depreciation	24	42,155	29,210	28,020	17,408
Amortisation	23	4,494	1,498	-	-
Other operating expenses	12	502,581	370,728	307,627	220,170
Total operating expenses		**769,593**	**612,451**	**441,724**	**355,953**
Profit before income tax		562,529	202,281	430,817	105,098
Income tax expense	13.2	(21,822)	(53,427)	(13,365)	(4,509)
Profit for the year		**540,707**	**148,854**	**417,452**	**100,589**
Other comprehensive income:					
Revaluation gains/(loss) on equity instruments at fair value through other comprehensive income*		225,842	(17,519)	225,842	(17,519)
Total items that will not be reclassified to profit or loss in subsequent period		225,842	(17,519)	225,842	(17,519)
Other comprehensive income/(loss) for the year		225,842	(17,519)	225,842	(17,519)
Total comprehensive income for the year		**766,549**	**131,335**	**643,294**	**83,070**
Earnings per share					
Basic and diluted (kobo)	14	54	18	42	10

* These instruments are exempted from tax.

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

CAPITAL BANCORP PLC
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

As at 31 December 2023		**GROUP**		**COMPANY**	
		2023	**2022**	**2023**	**2022**
			Restated		
	Notes	**N'000**	**N'000**	**N'000**	**N'000**
ASSETS					
Cash and cash equivalents	15	2,402,074	1,065,973	1,999,225	781,578
Financial assets at fair value through profit or loss	16	824,847	979,097	647,305	834,434
Loans and advances	17	581,014	514,027	17,897	8,836
Advances under finance lease	18	911,820	389,250	-	-
Investment securities	19	2,240,889	2,859,110	2,240,889	2,859,112
Investment Properties	20	127,393	-	127,393	-
Trade and other receivables	21	2,165,106	1,744,732	1,854,666	1,501,829
Investment in subsidiaries	22	-	-	535,000	535,000
Intangible asset	23	16,476	20,970	-	-
Property and equipment	24	643,927	436,538	559,060	401,901
Deferred tax asset	13.4	463	463	-	-
Total assets		**9,914,009**	**8,010,160**	**7,981,435**	**6,922,690**
LIABILITIES					
Borrowings	25	4,990,554	4,359,081	4,990,554	4,359,081
Trade and other payables	26	1,863,709	1,122,144	211,297	287,744
Income tax payable	13.3	25,820	46,782	14,860	4,434
Total liabilities		**6,880,083**	**5,528,007**	**5,216,711**	**4,651,259**
EQUITY					
Share capital	27	500,000	500,000	500,000	500,000
Share premium	27.1	17,867	17,867	17,867	17,867
Retained earnings	27.2	1,302,735	1,041,832	1,181,490	914,038
Fair value reserve	27.3	1,065,368	839,526	1,065,368	839,526
Statutory reserve	27.4	63,255	48,681	-	-
Regulatory reserve	27.5	84,701	34,247	-	-
Total shareholders' equity		**3,033,926**	**2,482,153**	**2,764,725**	**2,271,431**
Total liabilities and equity		**9,914,009**	**8,010,160**	**7,981,435**	**6,922,690**

The financial statements and accompanying notes to the consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 22 March 2024 and were signed on its behalf by:

Olutola O. Mobolurin
Chairman, Board of Directors
FRC/2013/CISN/000000003804

Gbolahan Olojede
FRC/2017/ICAN/00000016913
Group Managing Director

Oladeji Olapo
Chief Finance Officer
FRC/2016/ICAN/0000000014429

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

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

Group	Notes	Share Capital	Share premium	Retained earnings	Fair value reserve	Statutory reserve	Regulatory reserve	Total equity
		N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2022		383,173	17,867	1,097,969	877,232	22,515	5,546	2,404,302
Profit for the year after tax								
-As previously reported		-	-	180,630	-	-	-	180,630
-Prior period restatement		-	-	(33,858)	-	-	2,082	(31,776)
As restated	27.2			146,772			2,082	148,854
Transfer of amortised cost reserve		-	-	20,187	(20,187)	-	-	-
Transfer from retained earnings to statutory reserve		-	-	(26,166)	-	26,166	-	-
Transfer from retained earnings to Regulatory reserve		-	-	(26,619)	-	-	26,619	-
		383,173	17,867	1,212,143	857,045	48,681	34,247	2,553,156
Other comprehensive income	27.3	-	-	-	(17,519)	-	-	(17,519)
Transactions with owners, recorded directly in equity:								-
Dividend paid		-		(87,135)	-	-	-	(87,135)
Additional share issue		1,875	-	-	-	-	-	1,875
Bonus issue		114,952	-	(114,952)	-	-	-	-
As at 31 December 2022		**500,000**	**17,867**	**1,010,056**	**839,526**	**48,681**	**34,247**	**2,450,377**
		N'000	N'000	N'000	N'000	N'000	N'000	N'000
As at 1 January 2023		500,000	17,867	1,010,056	839,526	48,681	34,247	2,450,377
Profit for the year after tax		-	-	540,707	-	-	-	540,707
Transfer from retained earnings to statutory reserve		-	-	(14,574)	-	14,574	-	-
Transfer from retained earnings to Regulatory reserve		-	-	(50,454)	-	-	50,454	-
		500,000	17,867	1,485,735	839,526	63,255	84,701	2,991,084
Other comprehensive income			-	-	225,842	-	-	225,842
Transactions with owners, recorded directly in equity:								
Dividend paid	27.2	-	-	(183,000)	-	-	-	**(183,000)**
As at 31 December 2023		**500,000**	**17,867**	**1,302,735**	**1,065,368**	**63,255**	**84,701**	**3,033,926**

Company	**Note**	**Share Capital**	**Share premium**	**Retained earnings**	**Fair value reserve**	**Total equity**
		N'000	**N'000**	**N'000**	**N'000**	**N'000**
As at 1 January 2022		383,173	17,867	984,849	877,232	**2,263,121**
Profit for the year		-	-	100,589	-	100,589
Transfer of amortised cost reserve		-	-	20,187	(20,187)	**-**
Other comprehensive income		-	-	-	(17,519)	(17,519)
		383,173	17,867	1,105,625	839,526	2,346,191
Transactions with owners, recorded directly in equity:						
Bonus issue		114,952	-	(114,952)	-	**-**
Additional share issue		1,875	-	-	-	1,875
Dividend to equity holders		-	-	(76,635)	-	(76,635)
As at 31 December 2022		**500,000**	**17,867**	**914,038**	**839,526**	**2,271,431**
		N'000	**N'000**	**N'000**	**N'000**	**N'000**
As at 1 January 2023		500,000	17,867	914,038	839,526	**2,271,431**
Profit for the year after tax		-	-	417,452	-	417,452
Other comprehensive income		-	-	-	225,842	225,842
		500,000	17,867	1,331,490	1,065,368	2,914,725
Transactions with owners, recorded directly in equity:						
Dividend paid		-	-	(150,000)	-	(150,000)
As at 31 December 2023		**500,000**	**17,867**	**1,181,490**	**1,065,368**	**2,764,725**

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

CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS

		GROUP		COMPANY	
	Notes	2023	Restated 2022	2023	2022
		N'000	N'000	N'000	N'000
Cash flow from operating activities					
Profit before income tax		562,529	202,282	430,817	105,098
Adjustment for non-cash items:					
Depreciation of property and equipment	24	42,155	29,210	28,020	17,408
Depreciation of operating assets	24	10,125	66,492	-	
Amortization of intangible asset	23	4,493	1,498	-	-
Prior year adjustment	31	-	31,775	-	-
Credit loss expense	10	17,677	(17,307)	36,503	8,456
Foreign exchange - gain on Eurobond	8	(363,173)	(274,755)	(363,173)	(274,755)
Gain on disposal of property and equipment		(11,351)	-	(910)	-
Net trading income	7	(126,522)	(18,433)	(69,278)	(3,976)
Fair value (gain)/loss on FVTPL	9	(220,647)	41,356	(176,455)	26,961
Dividend income	8	(169,932)	(225,518)	(150,248)	(135,703)
Net interest income		(344,769)	(227,593)	(121,326)	(80,416)
Operating loss before changes in operating assets and liabilities		**(599,415)**	**(390,993)**	**(386,050)**	**(336,927)**
Change in loans and advances	17	(66,987)	517,480	(9,061)	1,600
Change in advances under finance lease	18	(522,570)	(59,811)	-	-
Change in trade and other receivables	21	(420,374)	727,616	(352,837)	979,345
Change in trade and other payables	26	741,565	(1,540,540)	(76,447)	(679,579)
Income tax paid	13.3	(42,785)	(18,498)	(2,940)	(869)
Net cash (ouflow)/inflow from operating activities		**(910,566)**	**(764,746)**	**(827,335)**	**(36,430)**
Cashflow from investing activities					
Proceeds/(Acquistion) of investment securities		947,001	(257,423)	854,738	(257,423)
Acquisition of financial assets at Fair value through profit or loss		(160,865)	(10,771)	(17,639)	(14,504)
Redemption of financial assets at FVTPL		-	(37,706)		
Proceeds from disposal of financial assets at Fair value through profit or loss		566,974	-	450,498	(37,706)
Acquisition of investment properties	20	(127,393)	-	(127,393)	-
Acquisition of property and equipment	24	(387,063)	(114,411)	(312,573)	(113,206)
Acquisition of intangible asset	23	-	(22,468)	-	-
Proceeds from property, plant and equipment		11,351	-	910	-
Net interest received		344,769	227,593	121,326	80,416
Dividend income	8	169,932	225,518	150,248	135,703
Net cash inflow/(outflow) investing activities		1,364,706	10,332	1,120,115	(206,720)
Cashflow from financing activities					
Change in borrowings	25	631,473	(58,890)	631,473	(58,890)
Dividend paid	27.2	(183,000)	(87,135)	(150,000)	(76,635)
Net cash inflow/(outflow) from financing activities		448,473	(146,025)	481,473	(135,525)
Net increase/(decrease) in cash and cash equivalents		902,613	(900,439)	774,253	(378,675)
Net foreign exchange difference	8	363,173	274,755	363,173	274,755
Effect of ECL on cash and cash equivalents		(57,076)	17,307	(47,174)	(8,456)
Cash and cash equivalents at 1 January		1,065,971	1,674,348	781,578	893,954
Cash and cash equivalents at 31 December	15	**2,274,681**	**1,065,971**	**1,871,830**	**781,578**

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

1. Corporate Information

Capital Bancorp PLC (the "Company") is a company domiciled in Nigeria. The address of the Company's registered office is 1 Davies Street, Off Marina, Lagos. The consolidated financial statements of the Company as at and for the year ended 31 December 2023 include the Company and its subsidiaries (Bancorp Bureau De Change Limited, Bancorp Securities Limited and Bancorp Finance Limited; together referred to as the "Group" and individually as "Group entities"). The Company primarily is registered as an issuing House and Broker/Dealer by Nigerian Securities and Exchange Commission (SEC). The Company is also licensed by Central Bank of Nigeria as a Finance House. The Company converted to a Public Liability Company on 13 February 2012. The Company changed its accounting year end in 2012 from 31 March to 31 December in compliance with regulatory requirement.

2. Basis of preparation

2.1. Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, 2020 (As amended), Investment and Securities Act No. 29 of 2007, the Financial Reporting Council of Nigeria (Amendment) Act 2023, Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria circulars and guidelines. The consolidated and separate financial statements were authorised for issue by the Directors on ....

2.2. Functional and presentation currency

These consolidated and separate financial statements are presented in Nigerian Naira, which is the Group's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousands.

2.3. Basis of measurement

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

- financial instruments at fair value through profit or loss are measured at fair value
- financial instruments at fair value through other comprehensive income (FVTOCI)

2.4. Use of estimates and judgements

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgments in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Going Concern

The financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. Capital adequacy, profitability and liquidity ratios are continuously reviewed, and appropriate action taken to ensure that there are no going concern threats to the operation of the Group. The Directors have made assessment of the Group and the Company's ability to continue as a going concern and have no reason to believe that the Group and the Company will not remain a going concern in the next 12 months ahead.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the Group uses valuation techniques to measure such instruments. These techniques use “market observable inputs” where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the Group estimates the non-market observable inputs used in its valuation models.

Deferred tax assets and liabilities

The carrying value at the reporting date of net deferred tax asset is N463,000 (2022: (N463,000).

Further details on taxes are disclosed in Note 13.4 to the financial statements.

Impairment of financial assets

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost.

Staged Approach to the Determination of Expected Credit Losses

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:

Stage 1 The Group recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Stage 2 The Group recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.

Stage 3 Stage 3 The Group recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Group’s definition of default is aligned with the regulatory definition.

The Group does not have purchase originated credit impaired financial assets.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigates such as collateral or guarantees.

Specifically, the financial asset is credit impaired and in stage 3 when: the Group considers the obligor is unlikely to pay its credit obligations to the Group. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Group is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios by the Group’s ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:

1) The contractual cash flows that are due to the Group under the contract; and

2) The cash flows that the Group expects to receive.

Elements of ECL models that are considered accounting judgements and estimates include:

• The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
• The development of ECL models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Expected lifetime:

The expected life time of a financial asset is a key factor in determine the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The Group measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

2.5. 'Changes in accounting policies and disclosures

New standards, interpretations and amendments adopted from 1 January 2023

The following amendments are effective for the period beginning 1 January 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);

Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and

International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively).

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2023. See the applicable notes below for further details on how the amendments affected the Company.

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the financial statements of the Company .

Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the financial statements of the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments had no effect on the financial statements of the Company.

International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The IASB issued the final Amendments (the Amendments) International Tax Reform – Pillar Two Model Rules, in response to stakeholder concerns on 23 May 2023.

The Amendments introduce a mandatory exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The exception is effective immediately and retrospectively. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

Management has determined that the Company is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Company.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);

Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial

Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:

Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability. The Company does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Company.

3. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated and separate financial statements.

The accounting policies have been applied consistently by the Group entities.

3.1. Basis of consolidation

1) Subsidiaries

The Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiary have been changed where necessary to align with the policies adopted by the Group.

In the separate financial statements, investments in the subsidiary entity are carried at cost. At the date of transition to IFRSs, the Company elected to carry these investments at deemed cost determined as the previous GAAP carrying amounts for the purposes of application of IFRS 1.

2) Transactions eliminated on consolidation

Intra-group balances, incomes and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency

i) Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, as well as unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in profit or loss.

Translation differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value. For a non-monetary financial asset held for trading and for non-monetary financial assets designated at fair value through profit or loss, unrealized exchange differences are recognized in profit or loss. For non-monetary financial investments available-for-sale, unrealized exchange differences are recorded in profit or loss and other comprehensive income until the asset is sold or becomes impaired.

3.3 Interest

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

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

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.

3.4 Fair value changes

Fair value changes on financial assets carried at fair value through profit or loss, are presented in the statement of profit or loss while fair value changes on other financial instruments at fair value are presented in the statement profit and loss and other comprehensive income.

3.5 Fees and commission

Fees and commission income and expenses: Management fees, Commitment fee and Processing fees that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Net fees and commission income as disclosed in the statement of profit or loss include stockbroking commission, asset management fees, financial advisory fees and other fee income as the related services are performed.

3.6 Net trading income

Net trading income comprises net gains or losses related to disposal of assets classified as held for trading. There were no available for sale instruments sold in the current or prior year, therefore no gains recycled to statement profit or loss and other comprehensive income.

3.7 Other operating income

Other operating income comprises dividends and sundry income.

3.8 Dividends

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for equity securities. Dividends are reflected as a component of other income.

3.9 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or equity respectively.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for 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 and the entity can control the reversal. 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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.10.1 Recognition and initial measurement

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. The Group uses trade date accounting for regular way contracts when recording financial assets transactions.

3.10.1.1 Classification of financial instruments

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

The Group classifies its financial assets under IFRS 9, into the following measurement categories:

• those to be measured at fair value through other comprehensive income (FVOCI) (either with or without recycling).
• those to be measured at fair value through profit or loss (FVTPL); and those to be measured at amortised cost.

The classification depends on the Group's business model (i.e. business model test) for managing financial assets and the contractual terms of the financial assets cash flows (i.e. solely payments of principal and interest – SPPI test).

The Group also classifies its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortised cost. Management determines the classification of the financial instruments at initial recognition.

3.10.1.2 Subsequent measurements

The subsequent measurement of financial assets depend on its initial classification:

(i) Debt instruments

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

• The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The amortised cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus 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 minus any loss allowance. The effective interest method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

Financial assets under the amortised cost classification (i.e. business model whose objective is to collect the contractual cash flows) can still be held as such even when there are sales within the portfolio as long as the sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

However, if more than an infrequent number of such sales are made out of a portfolio and those sales are more than insignificant in value (either individually or in aggregate), the Group will assess whether and how such sales are consistent with an objective of collecting contractual cash flows.

The Group has defined the following factors which will be considered in concluding on the significance and frequency of sale:

• Definition of Insignificance: For financial assets within the hold to collect (HTC) portfolio, management considers the sale of assets within this portfolio as insignificant if the total sales constitute a value that is less than or equal to 15% of the current amortised cost portfolio per annum or a 5% per quarter subject to a maximum of 15% per annum threshold.
• Definition of Infrequent: The Group’s definition of infrequent sale as it relates to financial instruments within the amortised cost portfolio will be based on the number of sales within a quarter. The management has decided that any sales not more than once a quarter would be considered as an infrequent sales.
• Definition of Closeness to maturity: The management defines close to maturity as instruments with less than one year to maturity.

Fair value through other comprehensive income (FVOCI): Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

The debt instrument is subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity.

Impairment gains or losses, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal or derecognition, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net gains on investment securities while the cumulative impairment losses recognised in the OCI and accumulated in equity will be reclassified and credited to profit or loss. Interest income from these financial assets is determined using the effective interest method and recognised in profit or loss as ‘Investment income’.

The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost. The expected credit loss model is described further in Note 3.10.1.5.

Fair value through profit or loss (FVTPL): Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as ‘Net fair value gain/(loss) in the period in which it arises. Interest income from these financial assets is recognised in profit or loss as ‘Investment income’.

ii) Equity instruments

The Group subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis at the initial recognition of the instrument. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as dividend income (under Investment income) when the Group's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. All other financial assets are classified as measured at FVTPL. Changes in the fair value of financial assets at fair value through profit or loss are recognised in Net fair value gain/(loss) in the profit or loss.

In addition, 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. This is done on initial recognition of the instrument.

Business model assessment

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

1) The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
2) How the performance of the portfolio is evaluated and reported to management;
3) 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;
4) 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
5) The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest on principal amount outstanding; As a second step of its classification process the Group assesses the contractual terms of financial Instruments to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

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

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

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

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

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

Financial liabilities

All financial liabilities are recognised initially at fair value and subsequently measured at amortised cost. The measurement of financial liabilities depends on their classification as follows:

Borrowings

The Group has as part of its financial liability borrowing of a Commercial Paper nature. A Commercial Paper is an unsecured, short term debt instrument issued by the Group. The maturities range from 30 to 90 days. The borrowing is a financial liability which is measured at amortised cost. The amortised cost of a financial liability or asset is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

3.10.1.3 Reclassifications

The Group reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Group's operations.

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'.

Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not restated when reclassification occurs.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets that are debt instruments.

A change in the objective of the Group's business occurs only when the Group either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:
• A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
• A temporary disappearance of a particular market for financial assets
• A transfer of financial assets between parts of the entity with different business models

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'.

Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not restated when reclassification occurs.

Financial liabilities are not reclassified after initial classification.

i) Financial assets

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

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

3.10.1.4 Modifications of financial assets and financial liabilities

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised as a modification gain or loss in profit or loss as part of impairment loss on financial assets for the year.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Group considers the following non-exhaustive criteria:

Qualitative criteria

Scenarios where modifications could lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, are:

• Change in frequency of repayments i.e. change of monthly repayments to quarterly or yearly repayments
• Reduction of financial asset's tenor
• Extension of financial asset's tenor
• Reduction in repayment of principals and interest
• Capitalisation of overdue repayments into a new principal amount

On occurrence of any of the above factors, the Group will perform a 10% test (see below) to determine whether or not the modification is substantial.

Scenarios where modification will not lead to derecognition of existing financial assets are:

• **Change in interest rate**

Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, 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.

A modification would not lead to derecognition of existing financial asset 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 less than 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

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

• If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset
• If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Modification gain or loss shall be included as part of impairment loss on financial assets for each financial year.

ii) Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. 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. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

3.10.1.5. Impairment of financial assets

a. Overview of the Expected Credit Losses (ECL) principles

The Group recognizes allowance for expected credit losses on the following financial instruments that are not measured at FVTPL:

• Financial assets that are debt instruments
• Trade receivables and contract assets

In this section, the instruments mentioned above are all referred to as ‘financial instruments’ or ‘assets’. Equity instruments are not subject to impairment under IFRS 9.
The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12m ECL) as outlined.
The 12m ECL is the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LT ECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Loss allowances for account receivable are always measured at an amount equal to lifetime ECL. The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

• **Stage 1:** When financial assets are first recognised, the Group recognises an allowance based on 12m ECLs. Stage 1 asset also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.
• **Stage 2:** When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECLs. Stage 2 asset also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3.
• **Stage 3:** Financial assets considered credit-impaired. The Group records an allowance for the LTECLs.
• **POCI:** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR.

ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime – stage 2 or stage 3 of the ECL bucket, the Group would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 3) to 12-months ECL (Stage 2).

In addition to the 90 days probationary period above, the Group also observes a further probationary period of 90 days to upgrade from Stage 2 to 3. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-months ECL (Stage 1).

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

a. The calculation of ECLs

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

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

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

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

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

When estimating the ECLs, the Group considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.

The mechanics of the ECL method are summarised below:

• **Stage 1:** The 12-month ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

• **Stage 2:** When an asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

• **Stage 3:** For assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

• **POCI:** POCI assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

b. Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

c. Purchased or originated credit impaired financial assets (POCI)
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
• Significant financial difficulty of the borrower or issuer;
• A breach of contract such as a default or past due event;
• The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
• It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
• The disappearance of an active market for a security because of financial difficulties.

An asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

For POCI financial assets, the Group only recognises the cumulative changes in LT ECL since initial recognition in the loss allowance.

d. Collateral valuation
To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms: post-employment employee welfare benefits for staff loans, title documents of assets for commercial loans, title documents of assets to be financed for finance leases etc.

The Group's accounting policy for collateral assigned to it through its lending arrangements under is as stated, collateral, unless repossessed, is not recorded on the Group's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary.

e. Presentation of allowance for ECL in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as follows:
• Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
• Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and recognised in the fair value reserve in equity (through OCI).

f. Write-off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):
• continued contact with the customer is impossible;
• recovery cost is expected to be higher than the outstanding debt;
• amount obtained from realisation of credit collateral security leaves a balance of the debt; or
• it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement by the Board Credit and Risk Committee, as defined by the Group. Credit write-off approval is documented in writing and properly initialled by the Board Credit and Risk Committee.

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due.

g. Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:
• GDP growth
• Unemployment rates
• Inflation rates
• Crude oil price

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in the financial statements.

3.10.1.6. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

3.10.1.7. Derecognition of financial assets - policy applicable for current and comparative periods

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired, and the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- entity has transferred substantially all the risks and rewards of the asset, or
- entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When an entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the entity's continuing involvement in it.

In such case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that has retained.

Any interest in such derecognised asset financial asset that is created or retained by the Group is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that could be required to repay.

3.10.1.8. Derecognition of financial liabilities

A financial liability is derecognised when, and only when the contractual obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.
The difference in the respective carrying amounts is recognised in profit or loss.

3.10.1.9. Write off

The Group writes off a financial asset (and any related allowances for impairment losses) when the Group's Credit determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss on financial assets.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due.

3.10.1.10. Offsetting of financial instruments - policy applicable for current and comparative periods

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if the Group has a current enforceable legal right to offset the recognized amounts and an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.10.1.11. Income and expenses (Revenue recognition)

Interest income and expenses are recognised in profit or loss using the effective interest method.
The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
• The gross carrying amount of the financial asset; or
• The amortised cost of the financial liability.

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

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement.

a. Amortised cost and gross carrying amount

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

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

b. Calculation of interest income and expenses

The Group calculates interest income and expense by applying the effective interest rate to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial asset that have become credit-impaired subsequent to initial recognition and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, then the Group reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest income by calculating the credit-adjusted effective interest rate and applying that rate to the amortised cost of the asset.

The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

c. Presentation

Interest income and expense presented in the profit or loss includes:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on debt instruments measured at FVOCI calculated on an effective interest basis;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and Interest income and expense on all assets and liabilities measured at FVTPL 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 fair value gains/(losses)".

Financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

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

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

3.11 Dividend income: policy applicable for current and comparative periods

Dividend income is recognised in profit or loss when the right to receive income is established.
Usually, this is the ex-dividend date for equity securities. Dividends are reflected as a component of other income.

3.12. IFRS 15

IFRS 15 provides the accounting requirements for all revenue arising from contracts with customers.

It specifies the requirements an entity must apply to measure and recognise revenue and the related cash flows. The core principle of the standard is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer.

The principle in IFRS 15 is applied using the following five steps:

1) Identify the contract(s) with a customer
2) Identify the performance obligations in the contract(s)
3) Determine the transaction price
4) Allocate the transaction price to the performance obligations
5) Recognise revenue when (or as) the entity satisfies each performance obligation

An entity will need to exercise judgement when considering the terms of the contract(s) and all of the facts and circumstances, including implied contract terms. An entity also will have to apply the requirements of IFRS 15 consistently to contracts with similar characteristics and in similar circumstances. On both an interim and annual basis, an entity will generally need to disclose more information than it does under current IFRS. Annual disclosures will include qualitative and quantitative information about the entity’s contracts with customers, significant judgements made (and changes in those judgements) and contract cost assets.

3.12.1. Recognition of Revenue

a. Fee and commission
The fee and commission income includes stockbroking commission, asset management fees, financial advisory fees, commercial papers intermediation income and foreign exchange trading commission. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group recognises fee and commission income charged for services provided by the Group as the services are provided (for example on completion of the underlying transaction). This could either be at a point in time or over time. Some of the services that the Group provides are generally satisfied over time because the customer simultaneously receives and consumes the benefits provided by the Group as it performs the service.

In certain cases, IFRS 15 permits an entity to recognise revenue for the amount it has the right to invoice, if that amount corresponds to the value it transferred to the customer during that period.
This practical expedient is available only for the recognition of revenue for performance obligations that are satisfied over time using an output method measure of progress. Where the Group qualifies for this practical expedient, the pattern of revenue recognition under IFRS 15 may be similar to current practice (e.g., recognition of revenue on an as-invoiced basis), depending on the Group’s estimates of variable consideration.

b. Sale of property, plant and equipment
Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. In determining the transaction price (i.e. the net disposal proceed) for the sale of equipment, the Group will consider the effects of variable consideration, the existence of significant financing components (i.e. consideration for the effects of the time value of money), non-cash consideration, and consideration payable to the customer (if any). Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized under ‘Other operating income’.

3.13. Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with Central Bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

3.14. Property and equipment

i) Recognition and measurement
Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

iii) Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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

	Years
Furniture and equipment	5
Motor vehicles	4
Land	Not depreciated

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

3.15. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 respect of trade and other receivables, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

3.16. Employee benefits

(i) Defined contribution plans
Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

(ii) Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.16. Employee benefits continued

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

3.17. Share capital and reserves

(i) Dividend on ordinary shares
Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

(ii) Earnings per share
The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company 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.

3.18. Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions.

These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

3.19. Leases

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

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group did not recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases office building.

The Group does not have any leased assets categorised as low-value assets. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3.19.1 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee
Leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred. All other leases are considered finance leases.

Group as a lessor
Leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. All other leases are considered finance leases.

4 Financial Risk Management

Risk management policies and standards are set for each risk type, adopting a standard methodology consisting of five risk management steps: identification, assessment, controlling, reporting and management. Each of the five steps is adopted for each risk type.

The Group is exposed through its operations to the following financial risks:

· Credit risk
· Liquidity risk
· Market risk

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

· Cash and cash equivalents
. Investment securities
. Loans and receivables
. Borrowing

· Mandatory deposit
· Trade receivables
· Financial assets held-for-trading
· Trade payables

A General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Board receives monthly reports from the Group Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Group's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

B Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Description of management of credit risk

The Group is mainly exposed to credit risk from loans and advances. It is Group policy to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the extending facility to the customer.

4.2.1 Impairment assessment

4.2.1.1 Definition of default and cure

The group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.
As a part of a qualitative assessment of whether a customer is in default, the group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

• Internal rating of the borrower indicating default or near-default
• The borrower requesting emergency funding from the Bank
• The borrower having past due liabilities to public creditors or employees
• The borrower is deceased
• A material decrease in the borrower's turnover or the loss of a major customer
• A covenant breach not waived by the Bank

It is the group's policy to consider a financial instrument as 'cured' and therefore-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

4.2.1.2 **The group's PD estimation process**

In generating PD for different portfoilio in the group, the group use two process depending on the financial instruments:
(1) Portfolio Migration approach
(2) Credit rating approach

Portfolio Migration Approach
The PDs for loans and advances and Advances under finance lease were computed using the portfolio migration. Up to 4years historical information are to be generated to determine the movement of performing loan to non performing loans over the available observable periods. The yearly PDs are obtained by dividing the non performing loans at year end over the performing loans as at the beginning of the year. Thereafter an average of the four years would finally be obtained for each portfolio which is called 12M Unadjusted PDs. These 12M Unadjusted PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenarios as appropriate.

4.2.2.3 **Corporate Loans**

For corporate loans, the borrowers are assessed by specialised credit risk employees of the Company. The credit risk assessment is based on a credit scoring model that takes into account various historical, current and forward-looking information such as:
• Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.
• Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or CDS prices or press releases and articles.
• Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
• Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.
The complexity and granularity of the rating techniques varies based on the exposure of the company and the complexity and size of the customer. Some of the less complex small business loans are rated within the Bank's models for retail products.

4.2.2.4 **Retail Loans**

Retail loans comprises loans granted to individuals. The product is classified as less complex small business lending and are rated by an automated scorecard tool primarily driven by days past due. Other key inputs into the models are:
• Consumer lending products: use of limits and volatility thereof, GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing

4.2.2.5 **Credit Rating Approach**

The group build on information from Good Rating Agencies such as Standard and poors, Moody's, Augusto and Fitch. These information sources are first used to determine the PDs for the group financial instruments. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenarios as appropriate.

4.2.2.6 **Exposure at Default**

The exposure at default(EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the group assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of group's models.

4.2.2.7 **Loss given default**

The group segments its products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in historical recoveries and outstanding exposure, payment status or other factors that are indicative of losses in the group.

4.2.2.8 **Significant increase in credit risk**

The group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the group assesses whether there has been a significant increase in credit risk since initial recognition. The company considered an exposures to have significantly increased in credit risk in credit risk when the IFRS 9 lifetime PD has doubled since initial recognition.

The group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the group may also consider that events explained under definition of default as significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments for loans with 180 days or less, more than 180 days but less than 10 years and more than 10 years are 7 days past due, 30 days past due and 90 days past due respectively, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets, the company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

4.2.2.9 Collateral

The group 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 group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Properties.
- Vehicles.
- Shares.
- Salaries.
- Office equipment.
- Dredgers.
- Generators.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. In its normal course of business, the group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Board Credit Committee determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the credit portfolio ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers graded as "high risk" were placed on a restricted customer list, and future credit extension made only with approval of the Risk Management Committee.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

However we ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

4.2.3 Exposure to credit risk

The tables below show the maximum exposure to credit risk by class of financial asset. They also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

Exposure to credit risk

		GROUP		COMPANY	
		2023	2022	2023	2022
For the year ended 31 December	Note	N'000	N'000	N'000	N'000
Cash and cash equivalents	15	2,460,467	1,067,265	2,046,522	781,677
Loans and advances	17	581,014	514,027	17,897	8,836
Advances under finance leases	18	911,820	389,250	-	-
Account receivables	21	878,519	1,156,279	872,361	1,045,719
Debt Instruments at Amortised cost	19	806,604	1,650,280	806,604	1,650,280
Carrying amount		**5,638,424**	**4,777,101**	**3,743,384**	**3,486,512**

The amount reported above is net of impairment provisions.

In measuring credit risk of loans and advances to various counterparties, the Group considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations-value of collateral and other ways out. The Group's policy is to lend principally on the basis of our customer's repayment capacity through quantitative and qualitative evaluation. However we ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

4.2.4 Analysis of risk Concentration

The group's concentrations of risk are managed by client/counterparty, and industry sector. The maximum credit exposure to any client or counterparty as of 31 December 2023 was N5.64 Billion (2022: N4.78 Billion), before taking into account collateral or other credit enhancements.

The following table shows the risk concentration by industry for the components of the statement of financial position. Additional disclosures for credit quality and the maximum exposure for credit risk per categories based on the company's year-end stage classification are further disclosed in Notes 4.2.3 and 4.2.5.

Financial Risk Management - Continued

Industry analysis

31 December 2023	Financial services	Government	Others	Total
	N'000	N'000	N'000	N'000
Cash and cash equivalents	2,402,074	-	-	2,402,074
Loans and advances	-	-	581,014	581,014
Advances under finance leases	-	-	911,820	911,820
Account receivables	-	-	878,519	878,519
Debt Instrument at Amortised cost	502,470	304,134	-	806,604
	2,904,544	**304,134**	**2,371,353**	**5,580,031**

31 December 2022	Financial services	Government	Others	Total
	N'000	N'000	N'000	N'000
Cash and cash equivalents	1,065,971	-	-	1,065,971
Loans and advances	-	-	514.027	514.027
Advances under finance leases	-	-	389.250	389.250
Account receivables	-	-	1,156,279	1,156,279
Debt Instrument at Amortised cost	849,791	800,489	-	1,650,280
	1,915,762	**800,489**	**2,059,556**	**4,775,807**

4.2.5 Credit quality of financial assets

Group

	Notes	Neither past due not impaired	Past due but not impaired	Individually impaired	Total	Carrying amount
		N'000	N'000	N'000	N'000	N'000
For the year ended 31 December 2023						
Cash and cash equivalents	15	2,460,467	-	-	2,460,467	2,460,467
Loans and advances	17	581,014	-	2,790	583,804	581,014
Advances under finance leases	18	911,820	-	11,744	923,564	911,820
Account receivables	21	878,519	-	14,892	893,411	878,519
Financial assets measured at amortised cost	19	806,604	-	-	806,604	806,604
Carrying amount		**5,638,424**	**-**	**29,426**	**5,667,850**	**5,638,424**
For the year ended 31 December 2022						
Cash and cash equivalents	15	1,067,265	-	-	1,067,265	1,067,265
Loans and advances	17	514,027	-	6,158	520,185	514,027
Advances under finance leases	18	389,250	-	38,508	427,758	389,250
Account receivables	21	1,156,279	-	14,892	1,171,171	1,156,279
Financial assets measured at amortised cost	19	1,650,280	-		1,650,280	1,650,280
Carrying amount		**4,777,101**	**-**	**59,558**	**4,836,659**	**4,777,101**

Company

		Neither past due not impaired	Past due but not impaired	Individually impaired	Total	Carrying amount
		N'000	N'000	N'000	N'000	N'000
For the year ended 31 December 2023						
Cash and cash equivalents	15	2,046,522	-	-	2,046,522	2,046,522
Loans and advances	17	17,897	-	-	17,897	17,897
Account receivables	21	872,361	-	14,892	887,253	872,361
Debt Instrument at Amortised cost	19	806,604	-	-	806,604	806,604
Carrying amount		**3,743,384**	**-**	**14,892**	**3,758,276**	**3,743,384**
For the year ended 31 December 2022						
Cash and cash equivalents	15	781,677	-	-	781,677	781,677
Loans and advances	17	8,836	-	-	8,836	8,836
Account receivables	21	1,045,719	-	14,892	1,060,611	1,045,719
Debt Instrument at Amortised cost	19	1,650,280	-	-	1,650,280	1,650,280
Carrying amount		**3,486,512**	**-**	**14,892**	**3,501,404**	**3,486,512**

Fair value of collateral and credit enhancements held
Type of collateral or credit enhancement

Group	Fair value of collateral and credit enhancements held					
	Exposure to credit risk	Securities	Machineries vehicles & other	Surplus collateral	Net collateral	Net exposure
	N'000	N'000	N'000	N'000	N'000	N'000
31 December 2023						
Cash and cash equivalents	2,460,467	-	-	-	-	2,460,467
Loans and advances	581,014	-	726,268	(145,254)	581,014	-
Advances under finance leases	911,820	-	1,139,775	(227,955)	911,820	-
Account receivables	878,519	-	-	-	-	878,519
Investment securities - Amortised Cost	806,604	-	-	-	-	806,604
Carrying amount	**5,638,424**	**-**	**1,866,043**	**(373,209)**	**1,492,834**	**4,145,590**
31 December 2022						
Cash and cash equivalents	1,067,265	-	-	-	-	1,067,265
Loans and advances	514,027	-	642,534	(128,507)	514,027	-
Advances under finance leases	389,250	-	486,563	(97,313)	389,250	-
Account receivables	1,156,279	-	-	-	-	1,156,279
Investment securities - Amortise	1,650,280	-	-	-	-	1,650,280
Carrying amount	**4,777,101**	**-**	**1,129,096**	**(225,819)**	**903,277**	**3,873,824**

Type of collateral or credit enhancement

Company	Fair value of collateral and credit enhancements held					
	Exposure to credit risk	Securities	Machineries vehicles & other	Surplus collateral	Net collateral	Net exposure
	N'000	N'000	N'000	N'000	N'000	N'000
31 December 2023						
Cash and cash equivalents	2,046,522	-	-	-	-	2,046,522
Loans and advances	17,897	-	-	-	-	17,897
Account receivables	872,361	-	-	-	-	872,361
Debt instruments at amortised cost	806,604	-	-	-	-	806,604
Carrying amount	**3,743,384**	**-**	**-**	**-**	**-**	**3,743,384**
31 December 2022						
Cash and cash equivalents	781,677	-	-	-	-	781,677
Loans and advances	8,836	-	-	-	-	8,836
Account receivables	1,045,719	-	-	-	-	1,045,719
Debt instruments at amortised cost	1,650,280	-	-	-	-	1,650,280
Carrying amount	**3,486,512**	**-**	**-**	**-**	**-**	**3,486,512**

4.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances and (as noted above) the value of the Group's investments .

At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

4.3.1 Maturity analysis for financial assets and liabilities

The table below shows the undiscounted cash flows on the Group's financial 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 liability or commitment.

The Group

31 December 2023	Carrying amount	Less than 1 month	1-3 Months	3 months to 1 year	1-5 years	More than 5 years
	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	2,402,074	51	2,402,023	-	-	-
Loans and advances	581,014	-	151,064	110,393	319,558	-
Advances under finance leases	911,820	-	27,355	273,546	610,919	-
Debt instruments at amortised cost	806,604	-	-	-	806,604	-
Trade and other receivables	2,147,699	-	2,147,699	-	-	-
Total assets	**6,849,211**	**51**	**4,728,140**	**383,939**	**1,737,081**	**-**
Borrowings	4,990,554	96,149	992,279	3,902,126	-	-
Clients' account	-	-	-	-	-	-
Total liabilities	**4,990,554**	**96,149**	**992,279**	**3,902,126**	**-**	**-**
Liquidity gap	1,858,657	(96,098)	3,735,861	(3,518,187)	1,737,081	-

C Liquidity risk

Maturity analysis for financial assets and liabilities

The Group

31 December 2022	Carrying amount	Less than 1 month	1-3 Months	3 months to 1 year	1-5 years	More than 5 years
	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	1,065,973	77	1,065,896	-	-	-
Loans and advances	514,027	-	103,279	74,756	335,992	-
Advances under finance leases	389,250	-	16,622	167,995	204,633	-
Debt instrument at amortised cost	1,650,280	-	-	729,074	921,206	-
Trade and other receivables	1,733,564	-	1,733,564	-	-	-
Total assets	**5,353,094**	**77**	**2,919,361**	**971,825**	**1,461,831**	**-**
Borrowings	4,359,081	20,862	713,755	3,624,464	-	-
Clients' account	230	-	230	-	-	-
Total liabilities	**4,359,311**	**20,862**	**713,985**	**3,624,464**	**-**	**-**
Liquidity gap	**993,783**	**(20,785)**	**2,205,376**	**(2,652,639)**	**1,461,831**	**-**

The Company

31 December 2023	Carrying amount	Less than 1 month	1-3 Months	3 months to 1 year	1-5 years	More than 5 years
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	1,999,225	51	1,999,174	-	-	-
Loans and advances	17,897	-	17,897	-	-	-
Debt instruments at amortised cost	806,604	-	-	-	806,604	-
Trade and other receivables	1,845,077	-	-	1,845,077	-	-
Total assets	**4,668,803**	**51**	**2,017,071**	**1,845,077**	**806,604**	**-**
Borrowings	4,990,554	96,149	992,279	3,902,126	-	-
Clients' account	-	-	-	-	-	-
Total liabilities	**4,990,554**	**96,149**	**992,279**	**3,902,126**	**-**	**-**
Liquidity gap	(321,751)	(96,098)	1,024,792	(2,057,049)	806,604	-

The Company

31 December 2022	Carrying amount	Less than 1 month	1-3 Months	3 months to 1 year	1-5 years	More than 5 years
	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	781,578	68	781,510	-	-	-
Advances under finance leases	8,836	-	8,836	-	-	
Debt instruments at amortised cost	1,650,280	-	-	729,074	921,206	-
Trade and other receivables	1,046,347	-	-	1,046,347	-	-
Total assets	**3,487,041**	**68**	**790,346**	**1,775,421**	**921,206**	**-**
Borrowings	4,359,081	20,862	713,755	3,624,464	-	-
Clients' account	230	-	230	-	-	-
Total liabilities	**4,359,311**	**20,862**	**713,985**	**3,624,464**	**-**	**-**
Liquidity gap	**(872,270)**	**(20,794)**	**76,361**	**(1,849,043)**	**921,206**	**-**

D **Market risks**

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

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Price risk
The Group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

(i) Price risk

For the Group and Company

	Carrying amount of quoted equity investment	Carrying amount of fair value gain/loss on FVTPL	Increase/ (decrease)	Impact on profit	Impact on equity
	₦'000	₦'000	%	₦'000	₦'000
31 December 2023					
Financial assets at Fair value through profit or loss	647,305	-		-	-
OTC quoted equities	1,434,285	-	1%	-	14,343
31 December 2022					
Financial assets at Fair value through profit or loss	834,434	-		-	-
OTC quoted equities	1,208,832	-	1%	-	12,088

The difference between the amount impact on profit and on equity is the effect of tax implication at 30%.

Quoted equity investments are classified as financial assets held-for-trading and OTC quoted equities are classified as hold to collect and sell.

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.Fixed interest rate instruments expose the Group to fair value interest risk. The Group is not exposed to cash flow interest risk and the group does not have floating interest bearing financial instruments.The Group has no significant concentration of interest rate risk.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2023 and 2022.

The Company monitors capital using a gearing ratio, which is shareholders' fund divided by net debt. The Company includes within net debt, interest bearing loans and borrowing less cash and cash equivalents. The lowest acceptable target gearing ratio is negative 25%.

	GROUP		COMPANY	
	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
Borrowings	4,990,554	4,359,081	4,990,554	4,359,081
Less: cash and cash equivalents	2,462,991	1,167,073	2,049,046	881,485
Net debt	2,527,563	3,192,008	2,941,508	3,477,596
Shareholders' fund	3,033,926	2,482,153	2,764,725	2,271,431
Gearing ratio	**83.31%**	**128.60%**	**106.39%**	**153.10%**

E **Fair value hierarchy**

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

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

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

31 December 2023

	Level 1	Level 2	Level 3	Total
Description	₦'000	₦'000	₦'000	₦'000
For the Group and Company				
Financial assets held-for-trading	824,847	-	-	824,847
Investment securities:				
Fair Value through OCI	1,434,285	-	-	1,434,285
	2,259,132	**-**	**-**	**2,259,132**

During the reporting period ended 31 December 2019, there were no transfers between level 1 and level 2 and in and out of level 3.

31 December 2022

	Level 1	Level 2	Level 3	Total
Description	₦'000	₦'000	₦'000	₦'000
For the Group and Company				
Financial assets held-for-trading	979,097	-	-	979,097
Investment securities:				
Fair value through OCI	1,208,832	-	-	1,208,832
	2,187,929	**-**	**-**	**2,187,929**

During the reporting period ended 31 December 2023, there were no transfers between level 1 and level 2 and in and out of level 3.

The unquoted investment for which fair values could not be reliably estimated have been carried at cost less impairment. The assessment of their fair value requires too much judgements. They are carried at cost, being the fair value of the consideration paid for the acquisition of the investment. All transactions costs directly attributable to the acquisition are also included in the cost of the investment. The investment is in respect of privatisation of power sector by the Federal Government of Nigeria, the operation is yet to take off. There is no market for this investment and the Group intends to hold it for the long term.

5 Net interest income

		GROUP		COMPANY	
		2023	2022	2023	2022
		N'000	N'000	N'000	N'000
5.1	Interest and similar income				
	Interest on Treasury bills and money market	434,083	232,850	379,385	196,797
	Interest on loans and advances	212,841	226,669	72,337	79,774
	Interest on advances under finance lease	188,309	115,212	-	-
	Interest on bonds	37,554	74,282	37,554	73,902
	Total interest income	**872,787**	**649,013**	**489,276**	**350,473**
5.2	Interest and similar expense				
	Borrowings	(528,018)	(421,420)	(367,950)	(270,057)
	Total interest expense	**(528,018)**	**(421,420)**	**(367,950)**	**(270,057)**

6 Fees and commission income

Stockbroking commissions	76,638	40,365	-	-
Financial advisory fee	23,922	1,618	23,922	1,618
Total fees and commission income	**100,560**	**41,983**	**23,922**	**1,618**

7 Net trading income

Held for trading - realised gain	126,522	18,433	69,278	3,976
Total net trading income	**126,522**	**18,433**	**69,278**	**3,976**

8 Other operating income

Dividends from investments	169,932	134,940	150,248	120,029
Sundry income	16,250	90,578	4,642	15,674
Foreign exchange - gain on Eurobond	363,173	274,755	363,173	274,755
Total other operating income	**549,355**	**500,273**	**518,063**	**410,458**

8.1 Net operating lease income

Operating lease income	18,071	116,991	-	-
Depreciation – leased assets (note 24)	(10,125)	(66,492)	-	-
Total net operating lease income	**7,946**	**50,499**	**-**	**-**

9 Fair value gain/(loss) on financial asset at fair value through profit or loss (FVTPL)

Fair value gain/(loss): FVTPL	220,647	(41,356)	176,455	(26,961)
Total fair value gain/(loss)	**220,647**	**(41,356)**	**176,455**	**(26,961)**

*Fair value gain/(loss) on held for trading items is fair value changes on financial assets carried at fair value through profit or loss, which is unrealised as at year end.

10 Credit loss (expense)/reversal

The table below shows the credit loss (expense)/reversal on financial instruments for the year recorded in profit or loss for the year ended 31 December 2023:

Group
2023

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
Cash and cash equivalents	(58,115)	-	-	(58,115)
Loans and advances	-	-	3,366	3,366
Advances under finance lease	-	-	26,764	26,764
Others	10,308	-	-	10,308
Total credit loss reversal	(47,807)	-	30,130	(17,677)

2022

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
Cash and cash equivalents	1,234	-	-	1,234
Loans and advances	4,953	40	(9,639)	(4,646)
Advances under finance lease	21,696	-	9,956	31,652
Others	(10,933)	-	-	(10,933)
Total credit loss (expense)/reversal	**16,950**	**40**	**317**	**17,307**

Company
The table below shows the credit loss (expense)/reversal on financial instruments for the year recorded in profit or loss for the period ended 31 December 2023:

2023

		Stage 1	Stage 2	Stage 3	Total
		N'000	N'000	N'000	N'000
Cash and cash equivalents		(47,173)	-	-	(47,173)
Intercompany receivables	21.2	(2,841)	-	-	(2,841)
Debt instruments measured at amortised costs		13,511	-	-	13,511
Total credit loss reversal		**(36,503)**	**-**	**-**	**(36,503)**

2022

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
Cash and cash equivalents	1,356	-	-	1,356
Account receivables	(9,812)	-	-	(9,812)
Total impairment loss	**(8,455)**	**-**	**-**	**(8,455)**

11 Personnel expenses

	Note	GROUP 2023	GROUP Restated 2022	COMPANY 2023	COMPANY 2022
		N'000	N'000	N'000	N'000
Salaries and wages		196,383	193,283	94,065	106,728
Defined pension contribution		18,658	13,790	8,533	7,966
Staff training		5,322	3,942	3,479	3,681
		220,363	**211,015**	**106,077**	**118,375**

12 Other operating expenses

	Note	GROUP 2023	GROUP Restated 2022	COMPANY 2023	COMPANY 2022
Auditors remuneration		13,838	20,000	6,500	10,500
Directors fees and expenses		58,785	38,842	20,738	20,627
Others	12.1	429,958	311,886	280,389	189,043
		502,581	**370,728**	**307,627**	**220,170**

12.1 Others

	GROUP 2023	GROUP Restated 2022	COMPANY 2023	COMPANY 2022
Advertising	12,113	250	12,113	250
Bank charges	1,321	698	342	474
Consultancy fee	24,538	15,481	14,641	7,703
Insurance	13,250	11,129	6,214	8,391
Legal and secretarial fees	9,490	1,419	2,026	1,419
Light and power	26,617	34,815	22,473	34,815
Medical and welfare	61,049	45,969	34,376	39,053
Motor running	18,627	5,807	12,294	3,754
Other office expenses (2022: Group restated. Note 31)	122,926	46,861	96,101	9,723
Postage and telephone	7,495	2,812	4,805	2,130
Printing and stationery	17,057	12,435	1,634	8,100
Rates and licenses	20,997	24,048	16,875	20,453
Rent	13,539	12,489	9,447	9,677
Repair and maintenance	68,815	84,250	40,912	34,043
Subscriptions and donations	6,770	6,259	3,415	2,600
Traveling and hotel accommodation	5,354	7,164	2,720	6,458
Total other operating expense	**429,958**	**311,886**	**280,388**	**189,043**

13 Taxation

	Note	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
		N'000	N'000	N	N'000
13.1 *Income tax expense*					
Current income tax:					
Company income tax		6,021	34,768	-	-
Minimum tax		4,751	3,213	4,751	3,213
Education tax		5,378	3,128	4,284	-
Info. Tech. Dev. Levy (NITDA)		5,644	2,610	4,308	1,290
Police fund		28	14	22	6
Prior year under provision			9,694	-	
		21,822	**53,427**	**13,365**	**4,509**
Deferred tax expenses					
Origination of temporary differences	13.4	-	-	-	-
Total income tax expense		**21,822**	**53,427**	**13,365**	**4,509**
13.2 *Reconciliation of effective tax rate*					
Profit before income tax		562,529	202,281	430,817	105,098
Income tax rate @ 30%		168,759	70,217	129,245	31,530
Disallowable expenses		103,654	99,448	64,523	28,529
Minimum tax @ 0.5%		4,751	3,213	4,751	3,213
Education tax @ 3% of assessable profit		5,378	3,128	4,284	-
Info. Tech. Dev. Levy (NITDA)		5,644	2,610	4,308	1,290
Police fund		28	13	22	6
Effect of non taxable income		(267,818)	(134,897)	(195,193)	(60,059)
Impact of minimum tax		1,425		1,425	
Prior year under provision		-	9,695	-	
Total income tax expense		**21,822**	**53,427**	**13,366**	**4,509**
13.3 Income tax payable					
At the beginning of the year		46,783	11,854	4,433	793
Charged for the year		21,822	53,427	13,366	4,509
Payments during the year		(42,785)	(18,498)	(2,939)	(869)
At the end of the period		**25,820**	**46,783**	**14,860**	**4,433**

13.4 **Deferred tax asset/(liability)**

	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
Balance, beginning of year	463	463	-	-
Credits in income statement for the year		-	-	-
Balance at the end of the year	**463**	**463**	**-**	**-**

Deferred tax relates to:

	2023	2022	2023	2022
Impairment allowance	198	198	-	-
Property and equipment	265	265	-	-
	463	463	-	-

Unrecognised deferred tax assets

Deferred tax assets of ₦0.463 in respect of the group have not been recognised, which relates to unrecouped capital allowance on property, plant and equipment and impairment allowance as it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

14 Earnings/(loss) per share

Earnings per share is disclosed on the basis of the consolidated information and also on the separate financial statements. Basic and diluted earnings/(loss) per share amounts is calculated by dividing the net earnings/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary share outstanding at the reporting date.

There are no diluting instruments in the book of the Company and the group for the year ended 31 December 2023.

The following reflects the income and share data used in the basic earnings/(loss) per share computations:

	GROUP		COMPANY	
	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
Net earnings/(loss) attributable to ordinary shareholders for basic and diluted loss	540,707	148,854	417,452	100,589
Weighted average number of ordinary shares for basic and diluted earnings/(loss)	1,000,000	1,000,000	1,000,000	1,000,000
Basic and diluted earnings/(loss) per ordinary share (kobo)	54	15	42	10

15 Cash and cash equivalents

	Note	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
		N'000	N'000	N'000	N'000
Cash in hand		51	77	51	77
Cash in bank		167,503	168,266	21,021	72,334
Short-term deposits		2,292,964	898,999	2,025,501	709,343
		2,460,518	**1,067,342**	**2,046,573**	**781,754**
Less: Allowance for ECL		(58,444)	(1,371)	(47,348)	(177)
		2,402,074	**1,065,971**	**1,999,225**	**781,578**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The carrying amounts of cash and cash equivalents as disclosed above approximate their fair value at the reporting date.

15.1 Impairment allowance for cash & cash equivalents

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to cash & cash equivalents is as follows:

2023

Group

	Stage 1 individual	Stage 2 individual	Stage 3	Total N
Gross carrying amount as at 1 January 2023	1,067,342	-	-	1,067,342
New assets originated or purchased	1,393,917	-	-	1,393,917
Assets derecognized or repaid (excluding write offs)	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2023	**2,460,518**	**-**	**-**	**2,460,518**

	Stage 1 individual	Stage 2 individual	Stage 3	Total N
	N'000	N'000	N'000	N'000
ECL allowance as at 1 January 2023	1,371	-	-	1,371
New assets originated or purchased	58,444	-	-	58,444
Assets derecognized or repaid (excluding write offs)	(1,371)	-	-	(1,371)
At 31 December 2023	**58,444**	**-**	**-**	**58,444**

Company

	Stage 1 individual	Stage 2 individual	Stage 3	Total N
	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2023	781,754	-	-	781,754
New assets originated or purchased	1,264,819	-	-	1,264,819
Assets derecognized or repaid (excluding write offs)		-	-	-
At 31 December 2023	**2,046,573**	**-**	**-**	**2,046,573**

Company

	Stage 1 individual	Stage 2 individual	Stage 3	Total N
	N'000	N'000	N'000	N'000
ECL allowance as at 1 January 2023	177	-	-	177
New assets originated or purchased	47,348	-	-	47,348
Assets derecognized or repaid (excluding write offs)	(177)	-	-	(177)
At 31 December 2023	**47,348**	**-**	**-**	**47,348**

15.1 **Impairment allowance for cash & cash equivalents**

2022

Group

	Stage 1 individual	Stage 2 individual	Stage 3	Total N
	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2022	1,676,951	-	-	1,676,951
New assets originated or purchased	(609,608)	-	-	(609,608)
Assets derecognized or repaid (excluding write offs)	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2022	**1,067,342**	**-**	**-**	**1,067,343**

	Stage 1 individual	Stage 2 individual	Stage 3	Total N
	N'000	N'000	N'000	N'000
ECL allowance as at 1 January 2022	2,603	-	-	2,603
New assets originated or purchased	(1,232)	-	-	(1,232)
Assets derecognized or repaid (excluding write offs)	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2022	**1,371**	**-**	**-**	**1,371**

Company

	Stage 1 individual	Stage 2 individual	Stage 3	Total N
	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2022	895,484	-	-	895,484
New assets originated or purchased	-	-	-	-
Assets derecognized or repaid (excluding write offs)	(113,730)	-	-	(113,730)
Foreign exchange adjustments	-	-	-	-
At 31 December 2022	**781,754**	**-**	**-**	**781,754**

Company

	Stage 1 individual	Stage 2 individual	Stage 3	Total N
	N'000	N'000	N'000	N'000
ECL allowance as at 1 January 2022	1,531	-	-	1,531
New assets originated or purchased	-	-	-	-
Assets derecognized or repaid (excluding write offs)	(1,354)	-	-	(1,354)
Foreign exchange adjustments	-			-
At 31 December 2022	**177**	**-**	**-**	**177**

16 Financial assets at fair value through profit or loss

		GROUP		COMPANY	
	Note	31 December 2023	31 December 2022	2023	31 December 2022
		N'000	N'000	N'000	N'000
Equities:					
Proprietary trading		824,847	979,097	647,305	834,434
		824,847	**979,097**	**647,305**	**834,434**

17 Loans and advances

	Note				
Gross amount	17.1	583,804	520,185	17,897	8,836
Less: Allowance for ECL:	17.2	(2,790)	(6,158)	-	-
		581,014	**514,027**	**17,897**	**8,836**

Impairment allowance for loans and advances

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

Group

17.1

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2023	498,135	4,617	17,433	520,185
New assets originated or purchased	523,667	(1,614)	(1,861)	520,192
Assets derecognized or repaid (excluding write offs)	(456,573)	-		(456,573)
Transfer to stage 3				-
At 31 December 2023	**565,229**	**3,003**	**15,572**	**583,804**

Group

17.2

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
ECL allowance as at 1 January 2023	**329**	**-**	**5,829**	**6,158**
New assets originated or purchased		-	(3,366)	**(3,366)**
Assets derecognized or repaid	-	-		**-**
Transfers to Stage 3		-		**-**
At 31 December 2023	**329**	**-**	**2,463**	**2,792**

Group

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2022	858,763	-	190,370	1,049,133
New assets originated or purchased	538,082	4,617	-	542,699
Assets derecognized or repaid (excluding write offs)	(898,709)	-	(156,823)	(1,055,533)
Transfer to stage 3			(16,114)	(16,114)
At 31 December 2022	**498,135**	**4,617**	**17,433**	**520,185**

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
ECL allowance as at 1 January 2022	**5,282**	**40**	**12,303**	**17,585**
New assets originated or purchased	-	-	-	**-**
Assets derecognized or repaid (excluding write offs)	(4,953)	(40)	(6,474)	**(11,427)**
Transfers to Stage 1	-			**-**
Transfers to Stage 3		-	-	**-**
At 31 December 2022	**329**	**-**	**5,829**	**6,158**

	Note	GROUP 31 December 2023 N'000	GROUP 31 December 2022 N'000	COMPANY 31 December 2023 N'000	COMPANY 31 December 2022 N'000
18 **Advances under finance leases**					
Gross amount	18.1	923,564	427,758	-	-
Less Allowance for ECL/Impairment losses:		(11,744)	(38,508)	-	-
		911,820	**389,250**	**-**	**-**

18.1 **Impairment allowance for advances under finance lease**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to advances under finance lease is as follows:

2023

Group

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2023	373,686	200	53,872	427,758
New assets originated or purchased	516,176	-	-	516,176
Assets derecognized or repaid (excluding write offs)		(200)	(20,170)	(20,370)
At 31 December 2023	**889,862**	**-**	**33,702**	**923,564**

Group

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2023	3,730	-	34,778	38,508
New assets originated or purchased	-	-	(26,764)	(26,764)
Assets derecognized or repaid (excluding write offs)		-	-	-
At 31 December 2023	**3,730**	**-**	**8,014**	**11,744**

2022

Group

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	334,899	-	64,700	399,599
New assets originated or purchased	38,786	200	-	38,986
Assets derecognized or repaid (excluding write offs)		-	(10,827)	(10,827)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2022	**373,686**	**200**	**53,872**	**427,758**

Group

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	25,426	-	44,734	70,160
New assets originated or purchased		-	-	-
Assets derecognized or repaid (excluding write offs)	(21,696)	-	(9,956)	(31,652)
Unwind of discount	-	-	-	-
At 31 December 2022	**3,730**	**-**	**34,778**	**38,508**

19 Investment securities

Financial investments other than those measured at FVTPL

		Note	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
			N'000	N'000	N'000	N'000
A	**Debt instruments at amortised costs:**					
	Federal Government of Nigeria (FGN) /Fidelity Eurobond	19.1	502,470	849,791	502,470	849,791
			-		-	
	Long terms placement& Commercial paper		316,466	729,074	316,466	729,074
	Treasury bills		2,473	99,731	2,473	99,731
			821,409	1,678,596	821,409	1,678,596
	Less: Allowance for ECL		(14,805)	(28,316)	(14,805)	(28,316)
	Total debt instruments at amortised costs:		**806,604**	**1,650,280**	**806,604**	**1,650,280**
B	**Equity instrument measured at FVOCI:**					
	OTC quoted equities*		1,434,285	1,208,832	1,434,285	1,208,832
			1,434,285	**1,208,832**	**1,434,285**	**1,208,832**
	Net investment securities		**2,240,889**	**2,859,112**	**2,240,889**	**2,859,112**

19.1 Impairment allowance for debt instruments at amortised cost

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to debt instruments at amortised costs is as follows:

2023

Group and Company

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2023	1,678,596	-	-	1,678,596
New assets originated or purchased	316,466	-	-	316,466
Assets derecognized or repaid (excluding write offs)	(1,173,653)	-	-	(1,173,653)
Foreign exchange adjustments		-	-	-
At 31 December 2023	**821,409**	**-**	**-**	**821,409**

Group and Company

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
ECL allowance as at 1 January 2023	28,316	-	-	28,316
New assets originated or purchased	14,805	-	-	14,805
Assets derecognized or repaid (excluding write offs)	(28,316)	-	-	(28,316)
Foreign exchange adjustments		-	-	-
At 31 December 2023	**14,805**	**-**	**-**	**14,805**

2022
Group and Company

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2022	1,388,963	-	-	1,388,963
New assets originated or purchased	570,738	-	-	570,738
Assets derecognized or repaid (excluding write offs)	(281,105)	-	-	(281,105)
Foreign exchange adjustments	-	-	-	-
At 31 December 2022	**1,678,596**	**-**	**-**	**1,678,596**

Impairment allowance for debt instruments at amortised cost - continued

2022
Group and Company

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
ECL allowance as at 1 January 2022	15,006	-	-	15,006
New assets originated or purchased	28,316	-	-	28,316
Assets derecognized or repaid (excluding write offs)	(15,006)	-	-	(15,006)
At 31 December 2022	**28,316**	**-**	**-**	**28,316**

This is an investment in Fidelity Bank EuroBond Series 1 with coupon rates of 7.625% payable semi-annually with maturity dates of 28 October 2026 . The bond is carried at amortised cost using the effective interest method and is considered fully recoverable.

20 Investment Properties

	GROUP		COMPANY	
	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
Cost:				
At the end of the year	127,393	-	127,393	-

Investment properties are buildings held by the group to earn rentals and/or for capital appreciation. Properties that are owner - occupied are included in investment properties. The investment properties are measure using the Cost model.

21 Trade and other receivables

		GROUP		COMPANY	
	Note	2023	2022	2023	2022
		N'000	N'000	N'000	N'000
Account receivables		893,411	1,171,171	887,253	1,060,611
Prepayments		17,407	11,168	9,589	10,263
Others		88,423	27,099	30,883	21,747
Intercompany receivable		1,270,135	615,518	949,918	429,345
Impairment Allowance on account receivables	21.1	(14,892)	(14,892)	(14,892)	(14,892)
Impairment Allowance on intercompany	21.2	(8,451)	15,814	(8,085)	(5,245)
Impairment Allowance on other assets		(80,927)	(81,147)	-	-
		2,165,106	**1,744,732**	**1,854,666**	**1,501,829**

Account receivables are non-interest bearing and have no collateral and are generally on 30-90 day terms. The carrying amounts disclosed above approximate fair value at the reporting date.

21.1 Movement in Impairment allowance on account receivables

	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
Beginning balance for the year	14,892	34,477	14,892	14,892
Recovery for the year	-	(19,585)		
End balance for the year	**14,892**	**14,892**	**14,892**	**14,892**

21.2 Impairment allowance on Intercompany receivables

Group	Stage 1	Stage 2	Stage 3	Total
December 31,2023	**N'000**	**N'000**	**N'000**	**N'000**
Gross amount	1,270,135	-	-	1,270,135
Less: impairment allowance	(8,451)	-	-	(8,451)
End balance for the year	**1,261,684**	**-**	**-**	**1,261,684**

	Stage 1	Stage 2	Stage 3	Total
December 31,2022	**N'000**	**N'000**	**N'000**	**N'000**
Gross amount	615,518	-	-	615,518
Less: impairment allowance	15,814	-	-	15,814
End balance for the year	**631,332**	**-**	**-**	**631,332**

Company	Stage 1	Stage 2	Stage 3	Total
December 31, 2023	**N'000**	**N'000**	**N'000**	**N'000**
Gross amount	949,918	-	-	949,918
Less: impairment allowance	(8,085)	-	-	(8,085)
End balance for the year	**941,833**	**-**	**-**	**941,833**

	Stage 1	Stage 2	Stage 3	Total
December 31, 2022	**N'000**	**N'000**	**N'000**	**N'000**
Gross amount	429,345	-	-	429,345
Less: Impairment allowance	(5,245)	-	-	(5,245)
End balance for the year	**424,100**	**-**	**-**	**424,100**

Group	**N'000**	**N'000**	**N'000**	**N'000**
ECL Allowance				
Beginning balance for the year	15,814	-	-	15,814
Charge for the year	(24,265)	-	-	(24,265)
End balance for the year	**(8,451)**	**-**	**-**	**(8,451)**

	N'000	**N'000**	**N'000**	**N'000**
1 January 2022	(161)	-	-	(161)
Charge for the year	(15,653)	-	-	(15,653)
End balance for the year	**15,814**	**-**	**-**	**15,814**

Company	**N'000**	**N'000**	**N'000**	**N'000**
ECL Allowance				
Beginning balance for the year	(5,245)	-	-	(5,245)
Charge for the year	(2,841)	-	-	(2,841)
End balance for the year	**(8,086)**	**-**	**-**	**(8,086)**

	N'000	N'000	N'000	N'000
1 January 2022	(8,743)	-	-	(8,743)
Charge for the year	3,498	-	-	3,498
End balance for the year	**(5,245)**	**-**	**-**	**(5,245)**

22 Investment in subsidiaries

	GROUP		COMPANY	
	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
Bancorp Finance Limited	-	-	150,000	150,000
Bancorp Bureau De Change Limited	-	-	35,000	35,000
Bancorp Securites Limited	**-**	**-**	**350,000**	**350,000**
	-	**-**	**535,000**	**535,000**

Bancorp Bureau De Change Limited

Bancorp Bureau De Change Limited (Bancorp BDC) Limited is a wholly owned subsidiary of the Company. Bancorp BDC was incorporated in 20 February 2008 and commenced operation in February 2010. Bancorp BDC engages in the buying, selling and dealing in foreign currencies (convertible currencies) to end users for purposes stipulated by CBN which include Business Travel Allowance (BTA), Personal Travel Allowance (PTA), payment of school fees, mortgage bill payment, payment of utility and medical bills, credit card, life insurance premium payment etc.

Central Bank of Nigeria increased the minimum capital of Bureau De Change from ₦10,000,000 (Ten Million Naira) to ₦35,000,000 (Thirty Five Million Naira) in 2014 and in compliance of the directive, Bancorp Bureau De Change Limited increased their authorised shares capital to ₦35 million and consequently additional 25 million shares were issued at ₦1 each which was fully paid for by the parent company (Capital Bancorp Plc).

Bancorp Finance Limited

Bancorp Finance Limited (BFL) is wholly owned subsidiary of Capital Bancorp Plc. This entity was incorporated on 25 November 2002 as Capfin Nigeria Limited. It had its name changed on 6 November 2003 and this was duly registered with the Corporate Affairs Commission on 29 August 2007. The finance house license of Capital Bancorp Plc was transferred to the Company as a result of a CBN directive and after approval for same was gotten from the CBN in July 2014. It fully began operations as a stand alone company on 1 January 2015. Its authorized share capital is 150,000,000 shares.

Bancorp Securities Limited

Bancorp Securities Limited (a wholly-owned subsidiary) principal activities are stockbroking,investment management and proprietary investments. As a result of Securities and Exchange Commission and Nigerian Exchange Limited recommendation, Capital Bancorp Plc (the parent company), obtained approval both from Securities and Exchange Commission and Nigerian Exchange Limited to transfer its broker/ Dealer license to Bancorp Securities Limited (a wholly-owned subsidiary). Consequently, the clients deposits and portfolios with CSCS and applicable receivables of Capital Bancorp Plc were transferred to Bancorp Securities Limited from April 2021.

Summarized results for Bancorp Finance Limited and Bancorp Securities Limited
Bancorp Finance Limited

	2023	2022
Income Statement	N'000	N'000
Interest and similar income	273,298	262,106
Profit before tax	56,258	136,136
Income tax expense	(7,679)	(48,917)
Profit for the year	**48,579**	**87,219**
Statement of financial posititon		
	N'000	N'000
Total assets	1,734,822	1,078,690
Less: Total liabilities	(1,391,743)	(751,190)
Net Asset	**343,079**	**327,500**
Shareholders' funds	**343,079**	**327,500**

Bancorp Securites Limited

Income Statement	N'000	N'000
Interest and similar income	182,212	81,572
Profit/loss before tax	81,492	(12,371)
Income tax expense	(774)	-
Profit for the year	**80,718**	**(12,371)**
Statement of financial posititon	N'000	N'000
Total assets	809,633	604,811
Less: Total liabilities	**(384,152)**	(255,926)
Net Asset	**425,481**	**348,885**
Shareholders' funds	**425,481**	**348,885**

23 **Intangible assets**

	GROUP		COMPANY	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Cost:	N'000	N'000	N'000	N'000
At the beginning of the year	22,468	-	-	-
Additions	-	22,468	-	-
writeoff/disposal	-	-	-	-
At the end of the year	**22,468**	**22,468**	**-**	**-**
Accumulated amortization:				
At the beginning of the year	1,498	-	-	-
Amortisation charge	4,494	1,498	-	-
At the end of the year	5,992	1,498	-	-
Carrying amount	16,476	20,970	-	-

24 Property & equipment

	GROUP						COMPANY				
December 31, 2023	**Furniture & Equipment**	**Motor Vehicles**	**Building**	**Operating Lease assets**	**Land**	**Total**	**Furniture & Equipment**	**Motor Vehicles**	**Building**	**Land**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cost:											
At 1 January 2023	102,310	154,682	-	69,000	348,904	674,896	93,502	101,615		348,904	544,021
Additions	9,126	86,514	-	36,000	255,423	387,063	7,150	50,000	-	255,423	312,573
Reclassification	-	-	291,302		(291,302)	-	-	-	291,300	(291,300)	-
Transfer	-	-	-	-	(127,393)	(127,393)	-	-		(127,393)	(127,393)
Disposal	-	(18,200)	-	-	-	(18,200)	-	(18,200)	-	-	(18,200)
At 31 December 2023	**111,436**	**222,996**	**291,302**	**105,000**	**185,632**	**916,366**	**100,652**	**133,415**	**291,300**	**185,634**	**711,001**
December 31, 2022											
Cost:											
At 1 January 2022	101,533	155,532	-	416,800	252,673	926,538	93,028	85,115	-	252,673	430,816
Additions	1,679	16,500	-		96,231	114,410	474	16,500	-	96,231	113,205
Disposal	(902)	(17,350)	-	(347,800)	-	(366,052)			-	-	-
At 31 December 2022	**102,310**	**154,682**		**69,000**	**348,904**	**674,896**	**93,502**	**101,615**	**-**	**348,904**	**544,021**
Accummulated depreciation:											
At 1 January 2023	92,294	85,638	-	60,427	-	238,359	86,816	55,305	-	-	142,121
Charged for the year	5,307	36,848	-	10,125	-	52,280	3,739	24,281	-	-	28,020
Disposal	-	(18,200)	-	-	-	(18,200)	-	(18,200)	-	-	(18,200)
At 31 December 2023	**97,601**	**104,286**	**-**	**70,552**	**-**	**272,439**	**90,555**	**61,386**	**-**	**-**	**151,941**
Accummulated depreciation:											
At 1 January 2022	87,643	79,330	-	341,735	-	508,708	82,951	41,762	-	-	124,713
Charged for the year	5,552	23,658	-	66,492	-	95,702	3,865	13,543	-		17,408
Disposal	(901)	(17,350)	-	(347,800)	-	**(366,051)**	-	-	-	-	-
At 31 December 2022	**92,294**	**85,638**	**-**	**60,427**	**-**	**238,359**	**86,816**	**55,305**	**-**	**-**	**142,121**
Carrying amount:											
At 31 December 2023	**13,835**	**118,710**	**291,302**	**34,448**	**185,632**	**643,927**	**10,096**	**72,029**	**291,300**	**185,634**	**559,060**
At 31 December 2022	**10,016**	**69,044**	**-**	**8,573**	**348,904**	**436,537**	**6,686**	**46,310**	**-**	**348,904**	**401,900**

a. There were no capitalised borrowing costs related to the acquisition of property and equipment during the years.
b. In the opinion of the directors, the market value of the Group's property and equipment is not less than the value shown in the financial statements.
c. The Group had no capital commitments as at the reporting date.
d. None of the assets were pledged as collateral.
e. No leased assets are included in the above property and equipment.
f. The Land is the Nine Wesley Development purchased in prior years. It was previously classified as other assets as it was not available for use and now appropriately transferred to Land

25 Borrowings

	GROUP		COMPANY	
	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
Commercial paper	4,990,554	4,359,081	4,990,554	4,359,081
Analysis by maturity				
0 - 30 days	96,149	20,862	96,149	20,862
1 - 3 months	992,279	713,755	992,279	713,755
3 - 6 months	2,144,793	2,095,764	2,144,793	2,095,764
6 months and above	1,757,333	1,528,700	1,757,333	1,528,700
	4,990,554	**4,359,081**	**4,990,554**	**4,359,081**

Borrowings consist of short-term instruments - usually less than a year commercial papers issued by Capital Bancorp at an average range of 1% - 17% per annum; the majority of which is rolled over on expiration of the initial contract period. The carrying amounts disclosed above approximate fair value at the reporting date.

26 Trade and other payables

	GROUP		COMPANY	
	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
Accrued expenses	105,023	125,787	66,530	127,615
Clients' account	286,218	113,780	-	230
Dividend payable	16,852	17,941	16,852	17,941
Statutory deductions	19,430	-	12,732	-
Staff profit sharing	-	23,892	-	23,892
Intercompany	1,303,466	670,692	230	-
Directors' fee and expense	-	14,786	-	14,786
Othersss	132,720	155,267	114,951	103,281
	1,863,709	**1,122,145**	**211,297**	**287,745**

The carrying amounts disclosed above approximate fair value at the reporting date.

Clients' account represents the money collected from client to buy shares or proceeds from the disposal of shares on behalf client but yet to be remitted as at year end. This also includes investment in FGN Treasury Bills by various Clients. Capital Bancorp liases between the Primary Dealer and the Clients. The corresponding asset is included in the Cash and cash equivalent balance.

* Others comprise audit fees and other payables.

27 Equity

	GROUP		COMPANY	
	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
Share capital				
Authorised share capital:				
1,000,000,000 Ordinary share of 50 Kobo each (2022: 1,000,000,000 Ordinary share of 50 Kobo each)	500,000	500,000	500,000	500,000
Ordinary share issued and fully paid:				
1,000,000,000 Ordinary share of 50 Kobo each (2022: 1,000,000,000 Ordinary share of 50 Kobo each)	500,000	500,000	500,000	500,000

All shares rank equally. The holders of ordinary shares are entitled to receive dividends when declared and are entitled to one vote per share at meetings of the Company.

27.1 Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares. The movement in the share premium is as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning and end of the year	17,867	17,867	17,867	17,867

27.2 Retained earnings

Retained earnings is the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	1,043,914	1,097,969	914,038	984,849
Profit for the year (2022: Group restated Note 25)	540,707	146,772	477,451	100,589
Dividend paid	(183,000)	(87,135)	(150,000)	(76,635)
Transfer of amortized cost reserve	-	20,187	-	20,187
Transfer from retained earnings to statutory reserve	(14,574)	(26,166)	-	-
Transfer from retained earnings to regulatory reserve	(50,454)	(26,619)	-	-
Bonus issue	-	(114,952)	-	(114,952)
Balance at the end of the year	1,336,593	1,010,056	1,241,489	914,038

27.3 Fair value reserves

The fair value reserve shows the effects from the fair value measurement of equity instruments classified as fair value through other comprehensive income. Any gains or losses recognised are non-recycling when the assets are derecognised.

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	839,526	877,232	839,526	877,232
Transfer of amortized cost reserve	-	(20,187)	-	(20,187)
Other comprehensive income	225,842	(17,519)	225,842	(17,519)
Balance at the end of the year	1,065,368	839,526	1,065,368	839,526

27.4 Statutory reserve

Nigerian banking regulations require banks and other financial institutions to make an annual appropriation to a statutory reserve.

As stipulated by S.16 (1) of the Banks and Other Financial Institution Act CAP B3 Laws of the Federations of Nigeria 2004 and Central Bank of Nigeria guidelines, an appropriation of 30% of profit after taxation is made, if the statutory reserve is less than the paid-up share capital and 15% of profit after tax, if the statutory reserve is greater than the paid-up share capital. Since the finance business for which this reserve has been built has been transferred to Bancorp Finance Limited, this reserve has been duly transferred to retained earnings.

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	48,681	22,515	-	-
Transfer from retained earnings to statutory reserve	14,574	26,166	-	-
Balance at the end of the year	63,255	48,681	-	-

27.5 Regulatory reserve

The regulatory credit risk reserve warehouses the difference between the impairment on loans and advances determined using the Central Bank of Nigeria prudential guidelines, compared with the expected credit loss model used in determining the impairment loss under IFRS.

Where the loan loss impairment determined using the Central Bank of Nigeria prudential guidelines is higher than the loan loss impairment determined using the incurred loss model under IFRSs, the difference is transferred to regulatory credit risk reserve and it is non-distributable to owners of the Financial Institution.

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	32,165	5,546	-	-
Restatement during the period (Note 25)	2,082	-		
Restated	34,247			
Transfer from retained earnings to regulatory reserve	50,454	26,619	-	-
Balance at the end of the year	84,701	32,165	-	-

28 Contingent liabilities

Litigation and claims

There were no contingent liabilities at 31 December 2023 (31 December 2022: Nil).

Capital commitments

There were no material commitment for capital expenditures at 31 December 2023 (31 December 2022: Nil).

29 Related parties

Key management personnel

Key management personnel is defined as members of the Board of Directors of the Capital Bancorp Plc, including their close members of family and any entity over which they exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in the dealings with Capital Bancorp Plc and its subsidiaries.

Key management personnel and their immediate relatives engaged in the following transactions with the Company during the year:

	31 December 2023	31 December 2022
	N'000	N'000
Loans and advances	-	
Commercial paper	136,346	46,521
Interest expenses during the year	10,007	2,207

Compensation

	2023	2022
	N'000	N'000
Aggregate remuneration paid to key management staff during the year is as follows:		
Short-term employee benefits	73,156	35,263
Post employment pension and medical	6,182	3,579
	79,338	**38,842**
Bancorp Bureau De Change Limited (subsidiary)*	45,420	48,615
Bancorp Securities Limited (subsidiary)*	320,446	192,444
Bancorp Finance Limited (subsidiary)**	1,341,697	679,317

* The amount is outstanding payable balance in respect of purchase of foreign currency on behalf of the Clients of Capital Bancorp Plc by the Bancorp Bureau De Change Limited. The transactions were done at arm's length at ruling rates were being charged.

** The amount is outstanding receivable balance in respect of loan and lease repayments made by customers of Bancorp Finance Limited into the accounts of Capital Bancorp Plc and also loans and lease balances transferred to Bancorp Finance Limited. The transactions were done at arm's length at ruling rates were charged.

Compensation to employees and directors

The number of persons in the employment of the Group as at year-end is as follows:

	GROUP		COMPANY	
In absolute number	**2023**	**2022**	**2023**	**2022**
Junior staff	33	37	20	23
Senior staff	17	16	8	9
	50	**53**	**28**	**32**
	N'000	**N'000**	**N'000**	**N'000**
Compensation for above staff				
Salaries and wages	196,383	193,283	94,065	106,728
Defined pension contribution	18,658	13,790	8,533	7,966
	215,041	**207,073**	**102,598**	**114,694**

30 **Events after reporting date**

There were no events subsequent to the statement of financial position date which require adjustment to, or disclosure in, these financial statements. Management has assessed the going concern of company and has concluded that the use of the going concern is appropriate and that the company will be able to recover its assets and discharge its liabilities in the foreseeable future for at least the next 12 months

31 **Restatement - correction of prior year error in Group**

The statement of financial position in 2022 Group financial statements have been restated to correct the error. The restatement required an adjustment in the statement of financial position as at 1 January

The analysis below provides information about the balances that have been adjusted and the impact of the adjustments on the Group financial statements.

	Previously reported	Prior period restatemen	As restated 2022
Statement of profit or loss and other comprehensive incom	**N'000**	**N'000**	**N'000**
- Other office expenses	15,086	31,775	46,861
Statement of financial position			
- Regulatory reserve	32,165	2,083	34,248
- Retain earnings	180,630	(33,858)	146,772
	227,881	-	227,881

STATEMENT OF VALUE ADDED

	GROUP				COMPANY			
	2023	%	2022	%	2023	%	2022	%
	N'000		N'000		N'000		N'000	
Gross earnings	1,540,773		1,308,260		1,031,261		762,549	
Interest expense	(528,018)		(421,420)		(367,950)		(270,057)	
Credit loss reversal/(expense)	(17,677)		17,307		(36,503)		(8,456)	
	995,078		904,147		626,808		484,036	
Bought in material and services	(159,906)		(393,651)		(61,894)		(243,155)	
Value added	**835,172**	**100**	**510,496**	**100**	**564,914**	**100**	**240,881**	**100**
Applied as follow:								
To employees:								
Employee benefits expense	220,363	26	211,015	41	106,077	19	118,375	49
To government:								
As income tax	21,822	3	53,427	10	13,365	2	4,509	2
Retained for the Company's future:								
- Depreciation and amortisation	52,280	6	97,200	19	28,020	5	17,408	7
- Results for the year	540,707	65	148,854	29	417,452	74	100,589	42
Value added	**835,172**	**100**	**510,496**	**100**	**564,914**	**100**	**240,881**	**100**

Value added statement represents the wealth created by the efforts of the company and its employees' efforts based on ordinary activities and the allocation of that wealth being created between employees, shareholders, government and that retained for the future creation of more wealth.

Group

	2023	2022	2021	2020	2019
		Restated			
	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and cash equivalents	2,402,074	1,065,973	1,674,348	1,545,001	934,310
Financial assets held for trading	824,847	979,097	991,250	483,967	363,356
Investment securities	2,240,889	2,859,110	2,601,689	2,608,732	2,906,296
Loans and advances	581,014	514,027	1,031,507	436,104	312,172
Advances under finance lease	911,820	389,250	329,439	382,656	414,896
Trade and other receivables	2,165,106	1,744,732	2,450,285	472,055	292,175
Investment Properties	127,393	-	-	-	-
Intangible asset	16,476	20,970	-	-	-
Property and equipment	643,927	436,538	417,830	277,119	363,828
Deferred tax asset	463	463	463	463	-
Total assets	**9,914,009**	**8,010,160**	**9,496,811**	**6,206,097**	**5,587,033**
				-	
Liabilities					
Borrowing	4,990,554	4,359,081	4,417,971	3,527,144	3,118,496
Trade and other payables	1,863,709	1,122,144	2,662,684	469,774	744,188
Income tax payable	25,820	46,782	11,854	25,510	16,345
Deferred tax liability	-	-	-	-	14,895
Total liabilities	**6,880,083**	**5,528,007**	**7,092,509**	**4,022,428**	**3,893,924**
Capital and reserves					
Share capital	500,000	500,000	383,173	383,173	383,173
Share premium reserve	17,867	17,867	17,867	17,867	17,867
Retained earning	1,302,735	1,041,832	1,097,969	1,203,521	992,193
Available for sale reserve	1,065,368	839,526	877,232	510,613	251,186
Statutory reserve	63,255	48,681	22,515	20,421	5,741
Regulatory reserve	84,701	34,247	5,546	48,074	42,949
Total equity	**3,033,926**	**2,482,153**	**2,404,302**	**2,183,669**	**1,693,109**
Total liabilities and equity	**9,914,009**	**8,010,160**	**9,496,811**	**6,206,097**	**5,587,033**

Profit and loss:

For the year ended

	2023	2022	2021	2020	2019
Gross earnings	1,522,702	1,191,269	581,291	733,659	672,796
Profit/(loss) before income tax	562,529	202,281	(227,864)	315,278	96,373
Profit/(loss) after income tax	540,707	148,854	(240,373)	303,653	66,392
Earnings/(loss) per share (kobo) - Basic and diluted	54	18	(31)	40	9

Company

	2023	2022	2021	2020	2019
	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and cash equivalents	1,999,225	781,578	893,953	1,507,991	922,371
Financial assets held for trading	647,305	834,434	842,915	483,967	363,356
Investment securities	2,240,889	2,859,112	2,601,689	2,608,732	2,906,296
Investment in subsidiary	535,000	535,000	535,000	185,000	185,000
Loans and advances	17,897	8,836	10,436	9,635	43,357
Trade and other receivables	1,854,666	1,501,829	2,459,111	1,117,554	976,973
Investment Properties	127,393	-	-	-	-
Property and equipment	559,060	401,901	306,104	97,793	75,954
Total assets	**7,981,435**	**6,922,690**	**7,649,208**	**6,010,672**	**5,473,307**
Borrowing	4,990,554	4,359,081	4,417,971	3,527,144	3,118,496
Trade and other payables	211,297	287,744	967,323	435,782	732,056
Income tax payable	14,860	4,434	793	3,496	1,953
Total liabilities	**5,216,711**	**4,651,259**	**5,386,087**	**3,966,422**	**3,852,505**
Equity					
Share capital	500,000	500,000	383,173	383,173	383,173
Share premium reserve	17,867	17,867	17,867	17,867	17,867
General reserve	1,181,490	914,038	984,849	1,132,597	968,576
Available for sale reserve	1,065,368	839,526	877,232	510,613	251,186
Total equity	**2,764,725**	**2,271,431**	**2,263,121**	**2,044,250**	**1,620,802**
Total liabilities and equity	**7,981,435**	**6,922,690**	**7,649,208**	**6,010,672**	**5,473,307**

Profit and loss:
For the year ended

	2023	2022	2021	2020	2019
Gross earnings	1,031,261	762,549	252,417	474,371	414,802
Profit/(loss) before income tax	430,817	105,098	(244,333)	230,423	83,943
Profit/(loss) after income tax	417,452	100,589	(242,148)	225,329	68,230
Earnings/(loss) per share (kobo) - Basic and diluted	42	10	(32)	29	9