

CAPITAL BANCORP PLC

UNAUDITED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2025

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CAPITAL BANCORP PLC  
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2025  
STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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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 30 September 2025 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 30 September 2025.
- 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 30 September 2025.
- 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:



Oladeji Olapo  
FRC/2016/ICAN/000000014429  
Chief Financial Officer  
...23 ..October..... 2025



Gbolahan Olojede  
FRC/2017/00000016913  
Group Managing Director  
...23 ..October ..... 2025

CAPITAL BANCORP PLC  
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2025  
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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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  
FRC/2013/CISN/000000003804  
Chairman  
...23 October... 2025



Gbolahan Olojede  
FRC/2017/00000016913  
Group Managing Director  
...23 October... 2025

**CAPITAL BANCORP PLC**

**FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2025**

**CERTIFICATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING**

I, Gbolahan Olojede Group Managing Director of Capital Bancorp Plc, certify that:

1. I have reviewed the Management Report on the Assessment of Internal Control Over Financial Reporting of Capital Bancorp Plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit a material fact necessary to ensure that the statements made, in light of the circumstances, are not misleading for the period covered by this report.

3. I am:

i) responsible for establishing and maintaining internal controls;

ii) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, is made known to us by others, particularly during the period in which this report is being prepared;

iii) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

iv) have evaluated the effectiveness of the internal controls within 90 days prior to this report and have presented our conclusions on their effectiveness as of the reporting date.

4. Based on my most recent evaluation, I have disclosed to the Company's auditors and the audit committee of the board of directors:

i) That there are no significant deficiencies or material weaknesses in the design or operation of the internal control system that could reasonably affect the ability to record, process, summarize, and report financial information.

ii) That no fraud, whether material or not, involving management or employees with a significant role in the internal control system has been identified.

I have also disclosed in this report whether there have been any significant changes in internal controls or other factors that could materially impact the effectiveness of internal controls, including any corrective actions taken to address significant deficiencies and material weaknesses.



Gbolahan Olojede  
FRC/2017/00000016913  
Group Managing Director

...23....October...., 2025

**CAPITAL BANCORP PLC**

**FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2025**

**CERTIFICATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING**

I, Oladeji Olapo the Chief Finance Officer of Capital Bancorp Plc, certify that:

1. I have reviewed the Management Report on the Assessment of Internal Control Over Financial Reporting of Capital Bancorp Plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit a material fact necessary to ensure that the statements made, in light of the circumstances, are not misleading for the period covered by this report.

3. I am:

i) responsible for establishing and maintaining internal controls;

ii) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, is made known to us by others, particularly during the period in which this report is being prepared;

iii) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

iv) have evaluated the effectiveness of the internal controls within 90 days prior to this report and have presented our conclusions on their effectiveness as of the reporting date.

4. Based on my most recent evaluation, I have disclosed to the Company's auditors and the audit committee of the board of directors:

i) that there are no significant deficiencies or material weaknesses in the design or operation of the internal control system that could reasonably affect the ability to record, process, summarize, and report financial information.

ii) that no fraud, whether material or not, involving management or employees with a significant role in the internal control system has been identified.

I have also disclosed in this report whether there have been any significant changes in internal controls or other factors that could materially impact the effectiveness of internal controls, including any corrective actions taken to address significant deficiencies and material weaknesses.



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

...23 ....October....., 2025

CAPITAL BANCORP PLC									
Statements of Profit or Loss & Other Comprehensive Income									
For The Period Ended 30 September 2025	Notes	GROUP				COMPANY			
		1 July - 30 Sept 25	Sept-25	1 July - 30 Sept 24	Sept-24	1 July - 30 Sept 25	Sept-25	1 July - 30 Sept 24	Sept-24
		N	N	N	N	N	N	N	N
Gross Earnings		1,272,812,667	3,176,513,777	686,796,119	1,710,702,155	514,286,644	1,253,044,449	360,612,930	943,601,376
Interest Income	21	755,625,201	1,996,104,002	405,553,230	1,001,498,027	279,952,314	715,607,930	198,316,624	497,463,807
Interest Expense	21	(483,146,425)	(1,191,667,401)	(263,827,338)	(616,280,647)	(245,475,854)	(600,739,780)	(172,232,279)	(369,403,002)
Net Interest Income	21	272,478,776	804,436,601	141,725,892	385,217,380	34,476,460	114,868,150	26,084,345	128,060,805
Investment Income	22	7,148,872	62,619,061	1,264,155	40,210,553	6,380,249	56,833,725	1,030,141	32,832,706
Total Investment Income		7,148,872	62,619,061	1,264,155	40,210,553	6,380,249	56,833,725	1,030,141	32,832,706
Fees & Commission	20	106,590,401	189,818,616	59,382,757	116,707,571	5,312,038	21,938,698	238,148	669,296
Other income	23	403,448,193	927,972,098	189,304,583	367,593,171	222,642,043	458,664,096	129,736,623	227,942,734
Trading Income	24	-	-	31,291,394	184,692,833	-	-	31,291,394	184,692,833
Credit loss reversal/(expense)	25	-	-	-	-	-	-	-	-
Total Revenue		789,666,242	1,984,846,376	422,968,781	1,094,421,508	268,810,790	652,304,669	188,380,651	574,198,374
Personnel expenses	26	(115,558,536)	(329,538,814)	(97,239,605)	(270,398,999)	(57,991,366)	(165,417,688)	(40,570,806)	(108,632,037)
Depreciation	27	(87,010,095)	(261,168,796)	(25,377,464)	(84,005,742)	(18,363,981)	(57,945,378)	(17,683,300)	(59,432,971)
Other OPEX	28	(137,205,513)	(419,246,728)	(86,208,223)	(238,608,357)	(56,917,386)	(192,986,814)	(52,789,654)	(143,953,926)
Total Expense		(339,774,144)	(1,009,954,338)	(208,825,292)	(593,013,098)	(133,272,733)	(416,349,880)	(111,043,760)	(312,018,934)
Profit Before Tax		449,892,098	974,892,038	214,143,489	501,408,410	135,538,057	235,954,789	77,336,891	262,179,440
Income tax expense	29	(2,000,000)	(8,726,193)	-	(2,838,608)	-	-	-	-
Profit After Tax		447,892,098	966,165,845	214,143,489	498,569,802	135,538,057	235,954,789	77,336,891	262,179,440
Other comprehensive income, net of income tax									
Fair Valuation of Unquoted Equity		305,353,253	999,339,784	(50,404,486)	(7,748,334)	305,353,253	999,339,784	(50,404,486.24)	(7,748,334)
Other comprehensive income for the period		305,353,253	999,339,784	(50,404,486)	(7,748,334)	305,353,253	999,339,784	(50,404,486)	(7,748,334)
Total comprehensive income for the period		753,245,351	1,965,505,629	163,739,003	490,821,468	440,891,310	1,235,294,573	26,932,405	254,431,106
Profit attributable to:									
Equity holders of the Company		753,245,351	1,965,505,629	163,739,003	490,821,468	440,891,310	1,235,294,573	26,932,405	254,431,106
Non-controlling interest		-	-	-	-	-	-	-	-
Profit/(loss) for the period		753,245,351	1,965,505,629	163,739,003	490,821,468	440,891,310	1,235,294,573	26,932,405	254,431,106
Total comprehensive income attributable to:									
Equity holders of the Company		753,245,351	1,965,505,629	163,739,003	490,821,468	440,891,310	1,235,294,573	26,932,405	254,431,106
Total comprehensive income for the period		753,245,351	1,965,505,629	163,739,003	490,821,468	440,891,310	1,235,294,573	26,932,405	254,431,106
Earnings Per share		0.45	0.97	0.21	0.50	0.14	0.24	0.08	0.26

CAPITAL BANCORP PLC					
Statements of Financial Position as at 30 September 2025		GROUP		COMPANY	
	Notes	<u>Sept-25</u> N	<u>Dec-24</u> N	<u>Sept-25</u> N	<u>Dec-24</u> N
<b>ASSETS</b>					
Cash and Cash Equivalent	4	5,291,182,998	2,379,144,000	3,790,486,370	1,791,055,000
Financial Assets	6	9,035,907,461	5,486,132,000	8,113,781,493	5,582,291,000
Investment in Subsidiaries	7a	-	-	1,075,000,000	625,000,000
Other assets	9	854,944,877	1,305,376,000	678,855,508	1,277,110,000
Property Plant and Equipment	10a	1,363,061,736	1,438,900,000	532,703,841	546,115,000
Intangible asset	10b	8,612,542	11,982,000		
Investment Property	10c	234,500,000	234,500,000	234,500,000	234,500,000
<b>TOTAL ASSETS</b>		<b>16,788,209,614</b>	<b>10,856,034,000</b>	<b>14,425,327,212</b>	<b>10,056,071,000</b>
<b>LIABILITIES</b>					
Overdraft	5				
Borrowing	11	9,798,159,056	6,770,544,000	9,607,564,080	6,770,544,000
Current taxation	12	3,755,292	66,856,000	153,900	19,093,000
Deferred taxation	13				
Other Liabilities	14	1,640,429,724	538,272,000	593,649,704	177,769,000
<b>TOTAL LIABILITIES</b>		<b>11,442,344,072</b>	<b>7,375,672,000</b>	<b>10,201,367,684</b>	<b>6,967,406,000</b>
<b>EQUITY</b>					
SHARE CAPITAL	15	500,000,000	500,000,000	500,000,000	500,000,000
SHARE PREMIUM	16	17,866,953	17,867,000	17,866,953	17,867,000
RETAINED EARNINGS	16a	2,537,018,845	1,670,853,000	1,544,533,790	1,408,579,000
CURRENT YEAR Profit or (Loss)	16B				
FAIR VALUE RESERVES	17	2,161,558,785	1,162,219,000	2,161,558,785	1,162,219,000
STATUTORY RESEERVES	18	87,234,504	87,236,000		
REGULATORY RESERVES	19	42,186,455	42,187,000		
<b>SHAREHOLDERS FUND</b>		<b>5,345,865,542</b>	<b>3,480,362,000</b>	<b>4,223,959,528</b>	<b>3,088,665,000</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16,788,209,614</b>	<b>10,856,034,000</b>	<b>14,425,327,212</b>	<b>10,056,071,000</b>

The unaudited financial statements and the notes on pages were approved by the board of directors on 23 October 2025 and were signed on its behalf by :



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



Gbolahan Olojede  
FRC/2017/00000016913  
Group Managing Director



CAPITAL BANCORP PLC  
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2025  
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGE IN EQUITY - Continued

Company for the year period 30 September 2025 in thousands of Nigerian Naira	Note	Share Capital	Share premium	Retained earnings	Fair Value reserve	Total equity
<b>As at 1 January 2024</b>		500,000,000	17,867,000	1,181,490,000	1,065,368,000	2,764,725,000
<b>Profit for the year</b>				262,179,440		262,179,440
<b>Transfer of amortised cost reserve</b>				-		-
<b>Other comprehensive income</b>				-	(7,748,334)	
		500,000,000	17,867,000	1,443,669,440	1,057,619,666	3,019,156,106
<b>Transactions with owners, recorded directly in equity:</b>						
Bonus issue				-	-	-
Additional share issue				-	-	-
Dividend to equity holders				(100,000,000)	-	(100,000,000)
<b>As at 30 September 2024</b>		500,000,000	17,867,000	1,343,669,440	1,057,619,666	2,919,156,106
<b>As at 1 January 2025</b>		500,000,000	17,867,000	1,408,579,000	1,162,218,955	3,088,664,955
<b>Profit for the year after tax</b>				235,954,789		235,954,789
<b>Other comprehensive income</b>					999,339,784	999,339,784
		500,000,000	17,867,000	1,644,533,789	2,161,558,739	4,323,959,528
<b>Transactions with owners, recorded directly in equity:</b>						
<b>Bonus from Subsidiaries</b>						
Dividend paid				(100,000,000)		(100,000,000)
<b>As at 30 September 2025</b>		500,000,000	17,867,000	1,544,533,789	2,161,558,739	4,223,959,528

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

CAPITAL BANCORP PLC  
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2025  
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
<b>At 1 January 2024</b>		500,000,000	17,867,000	1,302,735,000	1,065,368,000	63,255,000	84,701,000	3,033,926,000
Profit for the year after tax				498,569,802				498,569,802
Transfer from retained earnings to statutory reserve								
Transfer from retained earnings to Regulatory reserve								
		500,000,000	17,867,000	1,801,304,802	1,065,368,000	63,255,000	84,701,000	3,532,495,802
Other comprehensive income					(7,748,334)			(7,748,334)
<b>Transactions with owners, recorded directly in equity:</b>								
Dividend paid				(100,000,000)				(100,000,000)
<b>As at 30 September 2024</b>		500,000,000	17,867,000	1,701,304,802	1,057,619,666	63,255,000	84,701,000	3,424,747,468
<b>As at 1 January 2025</b>		500,000,000	17,867,000	1,670,853,000	1,162,213,429	87,236,000	42,187,000	3,480,356,429
Profit for the year after tax				966,171,111				966,171,111
Transfer from retained earnings to statutory reserve								
Transfer from retained earnings to Regulatory reserve								
		500,000,000	17,867,000	2,637,024,111	1,162,213,429	87,236,000	42,187,000	4,446,527,540
Other comprehensive income					999,338,003			999,338,003
<b>Transactions with owners, recorded directly in equity:</b>								
Dividend paid				(100,000,000)				(100,000,000)
<b>As at 30 September 2025</b>		500,000,000	17,867,000	2,537,024,111	2,161,551,432	87,236,000	42,187,000	5,345,865,542

CAPITAL BANCORP PLC					
Statements of Cash Flow For The Period Ended 30 September 2025					
	Notes	<u>GROUP</u> <u>Sept-25</u> N	<u>Sept-24</u> N	<u>COMPANY</u> <u>Sept-25</u> N	<u>Sept-24</u> N
<b>Cash flows from operating activities</b>					
Profit for the period		974,892,038	501,408,410	235,954,789	262,179,440
Adjustments for:					
Depreciation of property, plant and equipment	27	261,168,796	84,005,742	57,945,378	59,432,971
Amortization of intangible assets	27	3,369,458	3,369,958		
Impairment of intangible assets					
Net interest income	21	(804,436,601)	(385,217,380)	(114,868,150)	(128,060,805)
Income tax expense	29	(8,726,193)	(2,838,608)		
Credit loss expense					
Fair Value Gain on FVTPL					
Gain on disposal of property and equipment					
Net trading income					
Other items (Fair value on unquoted investment)		999,339,784	(7,748,334)	999,339,784	(7,748,334)
		<b>1,425,607,282</b>	<b>192,979,788</b>	<b>1,178,371,801</b>	<b>185,803,272</b>
Changes in investment securities		(3,549,775,461)	488,280,677	(2,531,490,493)	92,880,298
Changes in securities borrowed					
Changes in receivables					
Changes in loans & advances			(477,922,458)		
Changes in due from related companies			(2,531,286,945)		(1,271,583,773)
Changes in investment property					
Changes in other assets		450,431,123	(438,425,469)	598,254,492	(249,574,324)
Changes in clients deposit					
Changes in portfolio under management					
Changes in payables to clients					
Changes in payable					
Changes in staff loans					
Changes in borrowing		3,027,615,056	4,031,794,383	2,837,020,080	
Changes in due to related companies					
Changes in deposit for shares					
Change in other liabilities		1,105,519,074		415,880,704	1,560,348,486
Other items (Audit Adjustment)		1,033,789,792	1,072,440,188	1,319,664,783	132,070,687
Interest received	21	1,996,104,002	1,001,498,027	715,607,930	497,463,807
Interest paid	21	(1,191,667,401)	(616,280,647)	(600,739,780)	(369,403,002)
Income tax paid		(66,494,145)	(19,617,132)	(18,939,100)	(14,248,507)
<b>Net cash (used in) from operating activities</b>		<b>3,197,339,530</b>	<b>1,631,020,224</b>	<b>2,593,965,633</b>	<b>431,686,257</b>
<b>Cash flows from investing activities</b>					
Acquisition of property and equipment	10a	(185,300,532)	(925,638,856)	(44,534,263)	(50,919,872)
Proceeds from sale of property and equipment	10a				
Acquisition of intangible assets					
Acquisition of investment properties	10b		(1,882,000)		(1,882,412)
Investment in subsidiaries	10c			(450,000,000)	(150,000,000)
Acquisition of financial assets at FVTPL					
Proceeds from disposal of FVTPL					
<b>Net cash used in investing activities</b>		<b>(185,300,532)</b>	<b>(927,520,856)</b>	<b>(494,534,263)</b>	<b>(202,802,284)</b>
<b>Cash flows from financing activities</b>					
Proceeds from the issue of call loans					
Proceeds from issue of common shares					
Proceeds from issue of share options					
Dividends paid		(100,000,000)	(100,000,000)	(100,000,000)	(100,000,000)
Others items (list)					
<b>Net cash from financing activities</b>		<b>(100,000,000)</b>	<b>(100,000,000)</b>	<b>(100,000,000)</b>	<b>(100,000,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,912,038,998</b>	<b>603,499,368</b>	<b>1,999,431,370</b>	<b>128,883,973</b>
<b>Effect of ECL on cash and cash equivalents</b>					
<b>Cash and cash equivalents at beginning of quarter</b>		<b>2,379,144,000</b>	<b>2,350,901,000</b>	<b>1,791,055,000</b>	<b>2,315,690,418</b>
<b>Cash and cash equivalents at end of quarter</b>		<b>5,291,182,998</b>	<b>2,954,400,368</b>	<b>3,790,486,370</b>	<b>2,444,574,391</b>

## 1. Reporting Entity

Capital Bancorp PLC (the “Company”) is a company domiciled in Nigeria. The address of the Company’s registered office is 9 Wesley Street, Lagos. The consolidated financial statements of the Company as at and for the year ended 30 September 2025 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 23 October 2025

### 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
- Financial guarantees issued

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.

Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a

**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 income.

**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**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value at the reporting date.

The Company operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employer and the employee contributions are 10% and 8% respectively of each of the qualifying employee's salary. Obligations in respect of the Company's contributions to the scheme are recognised as an expense in the profit or loss account on an annual basis.

**(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.

		GROUP		COMPANY	
	NOTES TO THE ACCOUNTS -	Sept-23	Dec-24	Sept-23	Dec-24
	For The Period Ended 30 September 2023	N	N	N	N
4	CASH AND CASH EQUIVALENT				
	Cash and bank balances	197,663,826	111,409,000	10,864,864	24,535,000
	Money market placements	5,093,519,172	2,267,735,000	3,779,621,506	1,766,520,000
		5,291,182,998	2,379,144,000	3,790,486,370	1,791,055,000
5	Overdraft				
6	Financial Instruments				
	Bonds & Comm paper Investments	1,460,377,236	1,044,100,000	1,276,052,663	891,075,000
	Equities	3,826,381,675	2,175,804,000	3,278,138,570	2,018,410,000
		5,286,758,911	3,219,904,000	4,554,191,233	2,909,485,000
7a	Investment in Subsidiaries			1,075,000,000	625,000,000
8	OTHER INVESTMENTS/LOANS & ADVANCES				
	Intercompany Receivables			3,520,149,202	2,648,368,000
	Loans and Advances	3,749,148,550	2,266,228,000	39,441,058	24,438,000
	ECL Provision				
		3,749,148,550	2,266,228,000	3,559,590,260	2,672,806,000
9	OTHER ASSETS				
	Other receivables	809,445,627	1,248,450,000	648,857,099	1,255,465,000
	Accrued fees				
	WHT Receivables				
	Prepayments	45,499,250	56,926,000	29,998,409	21,645,000
		854,944,877	1,305,376,000	678,855,508	1,277,110,000
	Less provision for other assets				
		854,944,877	1,305,376,000	678,855,508	1,277,110,000



10A	Property Plant and Equipment				
	PPE	1,363,061,736	1,438,900,000	532,703,841	546,115,000
10B	Intangible Assets	8,612,542	11,982,000		
10C	Investment Property	234,500,000	234,500,000	234,500,000	234,500,000
11	BORROWINGS				
	Deposit for Shares		-		-
	Borrowings	9,798,159,056	6,770,544,000	9,607,564,080	6,770,544,000
		9,798,159,056	6,770,544,000	9,607,564,080	6,770,544,000
12	TAXATION				
	Company Taxation	3,755,292	66,856,000	153,900	19,093,000
	Education Taxation				
	Technological Taxation	3,755,292	66,856,000	153,900	19,093,000
13	DEFERRED TAXATION				
	DEFERRED TAXATION				
14	OTHER LIABILITIES				
	Payables	672,813,409	538,272,000	551,173,117	124,485,694
	Other liabilities	668,393,568		42,476,587	53,283,306
	Intercompany Payable	299,222,747			
		1,640,429,724	538,272,000	593,649,704	177,769,000
15	SHARE CAPITAL				
	Ordinary shares	500,000,000	500,000,000	500,000,000	500,000,000
16	SHARE PREMIUM	17,866,953	17,867,000	17,866,953	17,867,000
16A	RETAINED EARNINGS				
	Retained earnings	2,537,018,845	1,670,853,000	1,544,533,790	1,408,579,000
		2,537,018,845	1,670,853,000	1,544,533,790	1,408,579,000
16B	Current period profit or (loss)				
17	FAIR VALUE RESERVES				
	Fair Valuation	2,161,558,783	1,162,219,000	2,161,558,783	1,162,219,000
18	Statutory Reserves	87,234,504	87,236,000		
19	Regulatory Reserves	42,186,455	42,187,000		

		Group				Company			
		July-Sept 25	Sept-25	July-Sept 24	Sept-24	July -Sept 25	Sept-25	July -Sept 24	Sept-24
20	FEES & COMMISSION								
	Financial Advisory Fees	5,312,038	21,938,698	238,148	669,296	5,312,038	21,938,698	238,148	669,296
	Stockbroking Commission	101,278,363	167,879,918	59,144,609	116,038,275				
		106,590,401	189,818,616	59,382,757	116,707,571	5,312,038	21,938,698	238,148	669,296
21	NET INTEREST MARGIN								
	Interest income	755,625,201	1,996,104,002	405,553,230	1,001,498,027	279,952,314	715,607,930	198,316,624	497,463,807
	Interest expense	(483,146,425)	(1,191,667,401)	(263,827,338)	(616,280,647)	(245,475,854)	(600,739,780)	(172,232,279)	(369,403,002)
		272,478,776	804,436,601	141,725,892	385,217,380	34,476,460	114,868,150	26,084,345	128,060,805
22	INVESTMENT INCOME								
	Dividend Income	7,148,872	62,619,061	1,264,155	40,210,553	6,380,249	56,833,725	1,030,141	32,832,706
	Investment Securities								
		7,148,872	62,619,061	1,264,155	40,210,553	6,380,249	56,833,725	1,030,141	32,832,706
23	OTHER INCOME								
	Other Income	26,728,333	226,311,573	7,422,832	36,526,360	14,900,312	40,842,769		11,117,514
	Bank Interest								
	Interest on staff loan								
	PROCESSING FEE								
	INCOME-ASSET DISPOSAL								
	Trading Income	210,622,336	382,471,336	111,027,703	245,832,725	138,843,810	273,999,059	103,601,970	197,071,783
	Sundry Income	76,156,449	143,090,994	29,112,105	91,918,045				
	Unrealised Gain	89,941,075	176,098,195	41,741,943	(6,683,959)	68,897,921	143,822,268	26,134,653	19,753,437
		403,448,193	927,972,098	189,304,583	367,593,171	222,642,043	458,664,096	129,736,623	227,942,734
24	TRADING INCOME								
	Others- Exchange Gain on Euroond			31,291,394	184,692,833			31,291,394	184,692,833
	Other trading income								
	Income-Asset Disposal								
		-	-	31,291,394	184,692,833	-	-	31,291,394	184,692,833
25	CREDIT LOSS REVERSAL/(EXPENSE)								
26	STAFF COSTS	115,558,536	329,538,814	97,239,605	270,398,999	57,991,366	165,417,688	40,570,806	108,632,037
27	DEPRECIATION	87,010,095	261,168,796	25,377,464	84,005,742	18,363,981	57,945,378	17,683,300	59,432,971
28	OTHER OPERATING EXPENS	137,205,513	419,246,728	86,208,223	238,608,357	56,917,386	192,986,814	52,789,654	143,953,926
29	INCOME TAX	(2,000,000)	(8,726,193)		(2,838,608)				