

**BANK OF INDUSTRY LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**BANK OF INDUSTRY LIMITED**  
**Consolidated and separate financial statement**

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## Financial Highlights

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>MAJOR PROFIT OR LOSS ACCOUNT ITEMS</b>				
Interest income	286,641,629	212,955,337	285,942,142	212,479,848
Interest expense	(144,273,943)	(83,051,553)	(145,045,901)	(83,887,239)
Other operating income	81,380,945	(7,013,486)	80,792,406	(7,371,142)
Net fees and commission expense	(4,190,434)	(675,601)	(5,434,059)	(1,537,748)
Impairment charges	(170,813)	(4,345,662)	(108,653)	(4,337,860)
Total operating expenses	(63,755,532)	(45,880,175)	(62,335,984)	(44,689,448)
Profit before tax	155,631,852	71,988,860	153,809,951	70,656,411
Taxation	(53,174,910)	(19,085,225)	(52,237,817)	(18,496,958)
Profit after tax	102,456,942	52,903,635	101,572,134	52,159,453
	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>MAJOR BALANCE SHEET ITEMS</b>				
Loans and advances	1,139,482,461	805,456,300	1,136,956,346	803,595,387
Borrowings	2,635,034,577	1,719,617,570	2,631,140,640	1,717,687,690
Share capital	306,747,632	147,371,321	306,747,632	147,371,321
Total Equity	676,937,637	429,828,883	672,994,611	426,768,371
Total assets	3,912,081,446	2,376,023,482	3,908,322,300	2,373,767,045
	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Earnings per share (in kobo)	86	72	85	71
Net assets per share (in kobo)	441	583	439	579
	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Number of employees	699	619	615	556
Total issued and paid up ordinary shares	153,373,816,245	73,685,660,619	153,373,816,245	73,685,660,619

## CORPORATE INFORMATION

### DIRECTORS:

Mallam Muhammad Bala	-	Chairman (Appointed February 12, 2024)
Dr. Olasupo Olusi	-	Managing Director/Chief Executive Officer (Appointed on October 18, 2023).
Mr. Simon C. Aranonu	-	Executive Director, Large Enterprises.
Mr. Shekarau D. Omar	-	Executive Director, Small and Medium Enterprises.
Mr. Usen O. Effiong	-	Executive Director, Corporate Services and Commercial.
Ms. Mabel Ndagi	-	Executive Director, Micro-Enterprises (appointed on March 19, 2023).
Rev. Isaac Adefemi Agoye	-	Non-Executive Director (Appointed October 24 2023).
Mr. Tajudeen Datti Ahmed	-	Non-Executive Director (Appointed January 31 2024)
Mr. Adedamola Olufemi Young	-	Non-Executive Director (Appointed February 9 2024).
Mallam Aliyu AbdulRahman Dikko	-	Chairman (Retired on June 19, 2023).
Mr. Olukayode Pitan	-	Managing Director/CEO (Retired on October 17, 2023).
Mrs. Toyin Adeniji	-	Executive Director (Retired on March 18, 2023).
Engr. Chukwuemeka Nzewi	-	Non-Executive Director(Retired on June 19, 2023).
Mr. Alexander M. Adeyemi	-	Non-Executive Director (Retired on January 8, 2023)
Mr. Philip Yila Yusuf	-	Non-Executive Director (Retired on June 19, 2023).
Mr. Adewale R. Bakare	-	Non-Executive Director (Retired on June 19, 2023).
Mr. Vincent Kawahuda Wuranti	-	Non-Executive (Retired on June 19, 2023).
Mr. Udechukwu Obi Osakwe	-	Non-Executive Director (Retired on June 19, 2023).

### KEY MANAGEMENT PERSONNEL

Dr. Olasupo Olusi	-	Managing Director/Chief Executive Officer
Mr. Simon Aranonu	-	Executive Director, Large Enterprises
Mr. Shekarau D. Omar	-	Executive Director, Small and Medium Enterprises
Mr. Usen O. Effiong	-	Executive Director, Corporate Services and Commercial
Ms. Mabel Ndagi	-	Executive Director, Micro-Enterprises (Appointed on March 19, 2023)
Dr. Ezekiel Oseni	-	Deputy General Manager/Chief Risk Officer (CRO)(retired on October 31, 2023)
Mr. Akeem Adesina	-	General Manager/Chief Financial Officer (CFO)(retired on October 31, 2023)
Mr. Leonard Maxwell Kange	-	General Manager/Divisional Head (Corporate Finance & Adv. Serv.)
Dr. Muhammad Rislunudeen	-	General Manager/ Chief Economist & Head (Strategy & Research).
Dr. Isa Emmanuel Omagu	-	General Manager/Divisional Head (Large Enterprises-I)
Mr. Ayo Bajomo	-	General Manager/Divisional Head (Treasury & Financial Institutions)
Mr. Taiwo Kolawole	-	General Manager/Chief Financial Officer (CFO)
Mrs. Yemi Ogunfeyimi	-	Deputy General Manager/Chief Audit Executive (CAE)
Mrs. Uche C. Nwuka	-	Deputy General Manager/Divisional Head (SME-South West & Lagos)
Mrs. Olufunlola O. Salami	-	Deputy General Manager/Company Secretary
Mr. Gbolahan Olutomiwa	-	Deputy General Manager/Divisional Head (Operations & Technology)
Mr. Obaro M. Osah	-	Deputy General Manager/Divisional Head (SME-South South&South East)
Mrs. Ifeoma Uz'okpala	-	Deputy General Manager/Chief Risk Officer (CRO)
Mr. Augustine O. Aikore	-	Assistant General Manager/Legal Adviser

**Bank of Industry Limited**  
*Report for the year ended*  
*31<sup>st</sup> December 2023*

<b>COMPANY SECRETARY:</b>	Mrs. Olufunlola O. Salami
<b>REGISTERED OFFICE:</b>	BOI House, 23 Marina, Lagos
<b>BUSINESS OFFICE:</b>	BOI House, 23 Marina, Lagos
<b>AUDITORS:</b>	KPMG Professional Services, (Chartered Accountants), KPMG Towers, Bishop Aboyade Cole Street, Victoria Island, Lagos, Nigeria
<b>SOLICITORS:</b>	Chris Ogunbanjo & Co., 3, Hospital Road, P.O. Box 1785, Lagos.
<b>BANKERS:</b>	Central Bank of Nigeria Ecobank Nigeria Limited Access Bank Plc Providus Bank Zenith International Bank Plc Stanbic IBTC Bank Plc First City Monument Bank Plc First Bank of Nigeria Limited Guaranty Trust Bank Plc United Bank for Africa Plc
<b>CORRESPONDENT BANK:</b>	Citibank, New York
<b>TAX IDENTIFICATION NUMBER (TIN)</b>	00102798-0001
<b>REGISTRATION NUMBER</b>	2019

## Report of the Directors

The Directors has the pleasure of submitting to members, their Report and the Audited Financial Statements for the year ended 31<sup>st</sup> December 2023.

### 1. Legal Form

Bank of Industry Limited was reconstructed in 2001 out of the Nigerian Industrial Development Bank (NIDB) Limited, which was incorporated in 1959. The Bank's authorized share capital was initially set at N50.0 billion and in the wake of NIDB's reconstruction into BOI Ltd in 2001, it was increased to N250.0 billion. The Bank's share capital was further increased to N500.0 billion in May 2023 in order to put the Bank in a better position to be in tune with the Nation's rising economic profile and in line with its mandate.

### 2. State of Affairs/Subsequent Events

In the opinion of the Directors, the state of the Bank's affairs was satisfactory and no event has occurred since the reporting date which would affect the Consolidated and Separate Financial Statements as presented.

### 3. Results for the year

	Group		Bank	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	N'000	N'000	N'000	N'000
Gross earnings	374,808,954	212,955,386	372,277,303	211,054,594
Profit before tax	155,631,852	71,988,860	153,809,951	70,656,411
Taxation	(53,174,910)	(19,085,225)	(52,237,817)	(18,496,958)
Profit for the year	102,456,942	52,903,635	101,572,134	52,159,453
Other comprehensive income	8,568,165	(29,807)	8,570,461	(19,045)
Total comprehensive income for the year	111,025,107	52,873,828	110,142,595	52,140,408

### 4. Principal Activities

The Bank's mandate includes the provision of financial assistance for the establishment of large, medium and small enterprises as well as expansion, diversification and modernization of existing enterprises and rehabilitation of ailing industries.

The Bank also manages dedicated funds and through its subsidiaries, provides business advisory services, trusteeship, leasing, insurance brokerage, etc.

There was no change in the activities of the Group and the Company during the year.

### 5. Business Review

Bank of Industry Limited carries out its activities in accordance with its Memorandum and Articles of Association and the Companies and Allied Matters Act, 2020.

### 6. Directors

The names of Directors who held office during the year are as follows:

Mallam Aliyu AbdulRahman Dikko	-	Chairman, Board of Directors (Retired on June 19, 2023).
Dr. Olasupo Olusi	-	Managing Director/Chief Executive Officer (Appointed on October 18, 2023)
Mr. Olukayode A. Pitan	-	Managing Director/Chief Executive Officer (Retired on October 17, 2023)
Mrs. Toyin Adeniji	-	Executive Director, Micro-Enterprises (Retired on March 18, 2023)

**Bank of Industry Limited**  
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**31<sup>st</sup> December 2023**

Mr. Simon C. Aranonu	-	Executive Director, Large Enterprises
Mr. Shekarau D. Omar	-	Executive Director, Small and Medium Enterprises
Mr. Usen O. Effiong	-	Executive Director, Corporate Services and Commercial
Ms. Mabel Ndagi	-	Executive Director, Micro-Enterprises (Appointed on March 19, 2023)
Engr. Chukwuemeka Nzewi	-	Non-Executive Director (Retired on June 19, 2023)
Mr. Alexander M. Adeyemi	-	Non-Executive Director (Retired on January 8, 2023)
Mr. Philip Yila Yusuf	-	Non-Executive Director (Retired on June 19, 2023)
Mr. Adewale R. Bakare	-	Non-Executive Director (Retired on June 19, 2023)
Mr. Vincent Kawahuda Wuranti	-	Non-Executive Director (Retired on June 19, 2023)
Mr. Udechukwu Obi Osakwe	-	Non-Executive Director (Retired on June 19, 2023)

**7 Record of Attendance of Directors**

Pursuant to and in accordance with the provisions of the Companies and Allied Matters Act, 2020, the record of Directors' Attendance at Board and Board Committee Meetings held during the year under review is set out in the Corporate Governance Report and shall be made available for inspection at the Annual General Meeting.

**8 Interest of Directors**

No Director has direct or indirect interest in the share capital of the Company as at 31<sup>st</sup> December 2023 (December 2023: Nil)

**9 Analysis of Shareholding**

As at 31<sup>st</sup> December, 2023, BOI's shares were held by forty four (44) shareholders as analysed in the Table below:

		2023		2022	
		No. of Shares Held	% of Total Shareholding	No. of Shares Held	% of Total Shareholding
(i)	Ministry of Finance	77,357,608,889	50.43	69,857,608,889	94.8
(ii)	Central Bank of Nigeria	76,015,602,357	49.56	3,827,446,730	5.2
(iii)	42 Other Nigerians	605,000	negligible	605,000	negligible
Total		153,373,816,246	100	73,685,660,619	100

**10 Substantial Interest in Shares (10% and above)**

The above analysis shows that two (2) shareholders (Ministry of Finance Incorporated) and Central Bank of Nigeria hold above 10% holding.

**11 Interest of Directors in Contracts**

None of the Directors has notified the Company for the purpose of the Companies and Allied Matters Act, 2020 of any disclosable interest in contracts with which the Company was involved as at 31<sup>st</sup> December, 2023.

**12 Property and equipment**

Movements in property and equipment during the year are shown in Note 25. In the opinion of the Shareholders Committee, the market value of the Group's properties is not less than the value shown in the Financial Statements.

## **13 Employment and Employees**

### **13.1 Employment of Physically Challenged Persons**

The Group and the Company operate a non-discriminatory policy in the consideration of applications for employment including those received from physically challenged persons. The Group's Policy is that the most qualified persons are recruited for appropriate job levels, irrespective of an Applicant's state of origin, ethnicity, religion or physical condition. As at the end of the year, the Group has two (2) physically challenged persons in employment.

### **13.2 Health, Safety at Work and Welfare of Employees**

The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike.

Employees are adequately insured against occupational and other hazards.

In addition, the Group provides medical facilities to its employees and their immediate families at its expense.

### **13.3 Employee Involvement and Training**

The Group encourages participation of its employees in arriving at decisions in respect of matters affecting their well-being.

Towards this end, the Group provides opportunities where employees deliberate on issues affecting the Group and employees' interest, with a view to making inputs to decisions thereon.

The Group places a high premium on the development of its manpower.

### **13.4 Research and Development**

The Group also carries out on a continuous basis, research into new banking products and services.

## **14 Dividends**

The Directors, pursuant to the powers vested in it by the provisions of section 426 of the Companies and Allied Matters Act (CAMA 2020) of Nigeria, proposed a final dividend of N0.07k per share (2022: dividend of N0.11k per share) from the retained earnings account as at 31 December 2023. This will be presented for ratification by the shareholders at the next Annual General Meeting.

## **15 Donations and charitable gifts**

The Bank made contributions to charitable and non-political organisations of **N20 million** (December 2022: **N144 million**) during the year.

The beneficiaries are as follows:

	31 December 2023 N' million
Institute of Chartered Accountants of Nigeria	15
Nigerian Association of Small and Medium Enterprises	<u>5</u>
	<u>20</u>



**16 Auditors**

KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, has indicated its willingness to continue in office as Auditors to the Bank. Therefore, in accordance with Section 401 (2) of Companies and Allied Matters Act, 2020 the Auditors will be re-appointed at the next Annual General Meeting of the Bank without any resolution being passed.

**BY ORDER OF THE DIRECTORS**



**OLUFUNLOLA O. SALAMI (MRS.)**

Company Secretary

**FRC/2018/ICSAN/00000018804**

**22 April 2024**

# **CORPORATE GOVERNANCE REPORT**

The Board of Directors of Bank of Industry Limited ("the Board") ensures that a framework of rules and policies is in place to guarantee accountability, impartiality and openness in its interaction with all its stakeholders (Government, financiers, shareholders, customers, Management, employees and the general public etc).

## **GOVERNANCE STRUCTURE**

### **BOARD OF DIRECTORS**

The Board is responsible for the provision of overall guidance to Management regarding the Bank's operations and the stewardship of its assets.

Its roles include:

1. Provision of Strategic Direction.
2. Policy Formulation.
3. Decision Making.
4. Oversight.

The Board delegates some of its specific powers and authority to Three (3) Board Committees, namely:

1. Board Credit, Investment and Governance (BCIG) Committee.
2. Board Audit and Risk Committee (BARC).
3. Board Strategy and Compliance Committee.

The Board consists of people of diverse disciplines and skills, chosen on the basis of professional background and expertise, business experience and integrity as well as knowledge of the Bank's business.

The Bank's Directors are fully abreast of their responsibilities and knowledgeable in the business and are therefore able to exercise sound judgment on issues relating to the Bank's operations.

### **Responsibilities of the Board**

1. The Board is collectively responsible for the long-term success of the Bank. It achieves this by setting out strategies and monitoring its implementation.
2. The Board is responsible for overseeing the management of the business and affairs of the Bank and other oversight functions, as may be determined by it from time to time.
3. The Board has also delegated to Management, the power to take decisions as may be necessary to transact the day-to-day business of the Bank efficiently.
4. The roles of the Chairman of the Board and the Managing Director/Chief Executive Officer (MD/CEO) of the Bank are separated and do not reside with one (1) single individual.
5. The Board makes available to its new members, a suitable induction process, and ongoing training for its existing members.

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### **ATTENDANCE AT BOARD MEETINGS**

The Board of Bank of Industry Limited held three (3) meetings in 2023 (physical and virtual). The record of attendance is provided in Table I hereunder:

**TABLE I (JANUARY – DECEMBER, 2023)**

Name	Position	Jan. 10	Mar. 22	May. 17	June 19 – Dec, 31 2023
Mallam Aliyu Abdulrahman Dikko *	Chairman (Independent Director)(retired on June 19, 2023)	✓	✓	✓	<b>The Board of Directors of the Bank was dissolved by the Federal Government of Nigeria on June 19, 2023 and had not been reconstituted as at December 31, 2023.</b>
Dr. Olasupo Olusi ❖	Managing Director/Chief Executive Officer (appointed on October 18, 2023).	N/A	N/A	N/A	
Mr. Olukayode Pitan *	Managing Director/ Chief Executive Officer (retired on October 17, 2023)	✓	✓	✓	
Mrs. Toyin Adeniji *	Executive Director (Micro-Enterprises) (retired on March 18, 2023)	✓	N/A	N/A	
Mr. Simon Aranonu	Executive Director (Large Enterprises)	✓	✓	✓	
Mr. Shekarau D. Omar	Executive Director (Small and Medium Enterprises)	✓	✓	✓	
Mr. Usen Effiong	Executive Director (Corporate Services & Commercial)	✓	✓	✓	
Ms. Mabel Ndagi ❖	Executive Director (Micro-Enterprises) (appointed on March 18, 2023)	N/A	✓	✓	
Engr. Chukwuemeka Nzewi *	Non-Executive Director (Representing Manufacturers Association of Nigeria (MAN) (retired on June 19, 2023)	✓	✓	✓	
Mr. Philip Yila Yusuf *	Non-Executive Director (representing Central Bank of Nigeria) (retired on June 19, 2023)	✓	✓	✓	
Mr. Adewale R. Bakare *	Non-Executive Director (Representing Federal Ministry of Trade and Investment) (retired on June 19, 2023)	✓	✓	✓	
Mr. Vincent Kawahuda Wuranti *	Independent Non-Executive Director (retired on June 19, 2023)	✓	✓	✓	
Mr. Udechukwu Obi Osakwe *	Non-Executive Director (Representing Federal Ministry of Finance Incorporated (MOFI) (retired on June 19, 2023)	✓	✓	✓	

❖ Mr. Olasupo Olusi was appointed as the MD/CEO of the Bank on October 18, 2023.

❖ Ms. Mabel Ndagi was appointed to the Board of Directors of the Bank on March 19, 2023.

\* Mr. Olukayode Pitan retired from the services of the Bank on October 17, 2023.

\* Mrs. Toyin Adeniji retired from the Board of Directors of the Bank on March 18, 2023.

\* Mallam Aliyu Abdul Rahman Dikko, Engr. Chukwuemeka Nzewi, Mr. Philip Yila Yusuf, Mr. Adewale R. Bakare, Mr. Vincent K. Wuranti and Mr. Udechukwu Obi Osakwe retired from the Board of Directors of the Bank on June 19, 2023.

N/A - The Director had not joined or had retired from the services of the Bank as at the date of the meeting.

## **BOARD COMMITTEES:**

### **Board Committee Governance Structure**

#### **Board Credit, Investment and Governance (BCIG) Committee**



#### **Membership**

1. Engr. Chukwuemeka Nzewi - Chairman
  2. Mr. Philip Yila Yusuf - Member
  3. Mr. Adewale R. Bakare - Member
  4. Mr. Vincent K. Wuranti - Member
  5. Mr. Udechukwu O. Osakwe- Member  
(wef March 4, 2023)
- 

- **Mr. Alexander M. Adeyemi, mni – Member (up till March 3, 2023).**

The Board Credit Investment and Governance Committee meets at least once in every quarter. However, additional meetings can be convened as may be necessary.

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The Board Credit Investment and Governance Committee held six (6) meetings (physical, virtual and via circularization) during the financial year ended December 31, 2023.

#### **Attendance at the Board Credit, Investment and Governance (BCIG) Committee Meetings in 2023**

Name	Jan. 10, 2023	Mar. 2, 2023	Mar.17, 2023	April 28, 2023	May 6, 2023	May 11, 2023	June 19 – Dec. 31, 2023
Engr. Chukwuemeka Nzewi	✓	✓	✓	✓	✓	✓	The Board of Directors of the Bank was dissolved by the Federal Government of Nigeria on June 19, 2023 and had not been reconstituted as at December 31, 2023.
Mr. Alexander M. Adeyemi, mni *	✓	✓	N/A	N/A	N/A	N/A	
Mr. Philip Yila Yusuf	✓	X	✓	✓	✓	✓	
Mr. Adewale R. Bakare	✓	✓	✓	✓	✓	✓	
Mr. Vincent K. Wuranti	✓	✓	✓	✓	✓	✓	
Mr. Udechukwu Obi Osakwe *	N/A	N/A	✓	✓	✓	✓	

\* - Mr. Alexander M. Adeyemi retired from the Board of Directors of the Bank on March 3, 2023.

\* - Mr. Udechukwu Obi Osakwe joined the Board of Directors of the Bank on March 4, 2023.

X - On official assignment.

N/A – The Director had not joined or had retired from the Board of Directors of the Bank as at the time of the meeting.

## Key Responsibilities

The key responsibilities of the BCIG Committee include:

1. Considering and approving specific loans above the Executive Management Committee (EMC) approval limit, as may be determined by the Board from time to time.
2. Recommending for Board approval, specific loans above the BCIG Committee approval limit, as may be determined by the Board from time to time.
3. Reviewing, approving and/or recommending for Board approval, all investment issues involving the Bank.
4. Recommending to the Board for approval, the Board Governance and Board Committee frameworks/mechanisms and conducting its periodic review as it deems appropriate.
5. Ensuring that the Bank complies with rules and procedures regarding the governance of its operations.

6. Evaluating the overall system of Corporate Governance for the Bank and proposing any changes to the Board for approval.
7. Proffering advice to the Board on corporate governance standards and policies.
8. Reviewing and recommending for Board approval, all the policies of the Bank.
9. Handling any other issues as may be referred to it by the Board.

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### **Board Audit and Risk Committee (BARC)**



**Mr. Philip Yila Yusuf**  
Chairman (wef March 4, 2023)

#### **Membership**

1. Mr. Philip Yila Yusuf - Chairman  
(wef March 4, 2023)
  2. Mr. Adewale R. Bakare - Member
  3. Mr. Vincent K. Wuranti - Member
  4. Mr. Udechukwu O. Osakwe - Member  
(wef March 4, 2023)
- 

- **Mr. Alexander M. Adeyemi, mni – Former Chairman (up till March 3, 2023).**

The Board Audit & Risk Committee assists the Board in fulfilling its oversight functions regarding the Bank's system of Internal Audit and Control as well as ensuring compliance with the Bank's Enterprise-wide Risk Management Policies.

The Board Audit and Risk Committee meets at least once in a quarter or as often as may be required.

The Committee met three (3) times during the year ended December 31, 2023.

### **Attendance at the Board Audit and Risk Committee (BARC) Meetings in 2023**

Name	Jan. 16, 2023	Mar. 3, 2023	April 20, 2023	June 19 – Dec. 31, 2023
Mr. Phillip Yila Yusuf *	✓	✓	✓	The Board of Directors of the Bank was dissolved by the Federal Government of Nigeria on June 19, 2023 and had not been reconstituted as at December 31, 2023.
Mr. Adewale R. Bakare	✓	✓	✓	
Mr. Vincent K. Wuranti	✓	✓	✓	
Mr. Udechukwu Obi Osakwe *	N/A	N/A	✓	
Mr. Alexander M. Adeyemi, mni *	✓	✓	N/A	

\* Mr. Alexander M. Adeyemi, mni retired from the Board of Directors of the Bank on March 3, 2023.

\* Mr. Phillip Yila Yusuf became the Chairman of the Committee upon the retirement of Mr. Alexander M. Adeyemi, mni.

\* Mr. Udechukwu Obi Osakwe joined the Board of Directors of the Bank on March 4, 2023.

N/A – The Director had not joined or had retired from the Board of Directors of the Bank as at the date of the meeting.

### **Key Responsibilities**

The key responsibilities of the Board Audit and Risk Committee include, *inter alia*, the following:

1. Monitoring and assessing the overall integrity of the Financial Statements and disclosures of the financial condition and results of the Bank's operations.
2. Assisting the Board of Directors in fulfilling its oversight responsibilities with regard to the Bank's Risk Management, Internal Audit and Internal Control Framework.
3. Discharging the Board's Risk management responsibilities as defined in the Bank's risk policies and in compliance with regulations, laws and statutes applicable to Development Finance Institutions (DFIs).



4. Monitoring Management's responsibilities to ensure that an effective system of financial and internal controls are in place.
5. Reviewing and assessing the integrity and adequacy of the overall Risk Management function of the Bank.
6. Monitoring and evaluating on a regular basis, the qualifications, independence and performance of the Internal Audit and Investigation and Internal Control and Compliance Divisions as well as the Bank's External Auditors.
7. Setting Credit Approval Limits for the EMC, BARC and the Board and recommending same for Board approval.
8. Assisting the Board in discharging its responsibilities on Information Technology (IT) as it relates to financial reporting and the status of the Bank as a going concern.
9. Considering and approving specific matters presented by the Executive Management Committee (EMC) or the Executive Risk Management Committee (EMRC) and recommending same for Board approval.
10. Handling any other issues as may be referred to it by the Board.

The Chief Risk Officer (CRO) and the Chief Audit Executive present regular reports to the Committee at its meetings. These reports are recommended to the Board for approval and/or information purposes.

## **BOARD STRATEGY AND COMPLIANCE COMMITTEE**

### **Membership**



**Mr. Adewale R. Bakare**  
**Chairman**

1. Mr. Adewale R. Bakare - Chairman
2. Mr. Olukayode Pitan – Member
3. Mrs. Toyin Adeniji - Member  
(up till March 18, 2023)
4. Mr. Simon Aranonu - Member
5. Shekarau Omar - Member
6. Mr. Usen Effiong -Member
7. Ms. Mabel Ndagi - Member  
(wef March 19,2023)
7. Engr. Chukwuemeka Nzewi - Member
8. Mr. Vincent K. Wuranti -Member

**\* Mrs. Toyin Adeniji – Member (up till April 18, 2023).**

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The Board Strategy and Compliance Committee (formerly Board Finance and General Purpose Committee) discharges the Board's responsibilities with regard to strategic direction and compliance with the laws and regulations, as may be passed by the relevant regulatory authorities.

The Committee meets quarterly and additional meetings may be convened as required.

The Committee held two (2) meetings during the year ended December 31, 2023.

## **Attendance At The Board Strategy and Compliance Committee Meetings in 2023**

Name	March 1, 2023	April 28, 2023	June 19 – Dec. 31, 2023
Mr. Adewale R. Bakare	✓	✓	
Mr. Olukayode Pitan	✓	✓	
Mrs. Toyin Adeniji *	✓	N/A	
Mr. Simon Aranonu	✓	✓	
Mr. Shekarau Omar	✓	✓	
Mr. Usen Effiong	✓	✓	
Ms. Mabel Ndagi	N/A	✓	
Engr. Chukwuemeka Nzewi	✓	✓	
Mr. Vincent K. Wuranti	✓	✓	

\* Mrs. Toyin Adeniji retired from the Board of Directors of the Bank on March 18, 2023.

N/A – The Director had not joined or had retired from the Board of Directors of the Bank as at the date of the meeting.

### **Key Responsibilities**

The key responsibilities of the Board Strategy and Compliance Committee include, *inter alia*:

1. Reviewing the overall strategic and financial plans of the Bank, including capital expenditure plans.
2. Monitoring the Bank's strategic direction and business development activities.
3. Formulating and shaping the strategy of the Bank and making recommendations to the Board accordingly.
4. Monitoring the Bank's compliance with the laws and regulations as may be passed by the relevant regulatory authorities.
5. Reviewing and making recommendations to the Board of Directors with regard to the Bank's Annual Budget and policies relating to capital expenditure.

## **MANAGEMENT COMMITTEES**

The Management Committees of the Bank comprise Senior Management Staff who are involved in taking decisions that facilitate the day-to-day operations of the Bank, in line with the authority delegated to it by the Board and the relevant laws and regulations applicable to it.

The Management Standing Committees meet as often as may be required in order to take decisions on issues referred to them.

They include the following:

1. Executive Management Committee (EMC).
2. Executive Management Risk Committee (EMRC).
3. Assets and Liabilities Committee (ALCO).
4. Micro-Credit Committee (MiCC).
5. Information Technology (IT) Steering Committee.
6. Management Contract Committee (MCC).

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## **THE COMPANY SECRETARY**

The key responsibilities of the Company Secretary include the following:

1. Maintenance of the Company's Statutory Books.
2. Facilitating all Board Meetings, Board Committee Meetings, Executive Management Committee Meetings, Annual General Meetings etc.
3. Ensuring that the Minutes Books of the Board, Board Committee(s) and Management Meetings accurately capture the discussions and decisions at such meetings.

4. Facilitating compliance with the Bank's Memorandum and Articles of Association, the Codes of Corporate Governance as well as other laws and regulations.
5. Filing of Statutory Returns at the Corporate Affairs Commission.
6. Facilitating the induction of newly appointed Directors to the Bank's Board and ongoing training for the existing members of the Board of Directors.
7. Providing effective and efficient support to all Directors.
8. Effectively liaising with the Bank's shareholders and relevant stakeholders.

## **Statement of Directors' Responsibilities for the Preparation and Approval of the Consolidated and Separate Financial Statements.**

The Board of Directors accepts responsibility for the preparation of the Consolidated and Separate Financial Statements that give a true and fair view in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act, 2020, the Financial Reporting Council (FRC) of Nigeria (Amendment) Act, 2023, the Central Bank of Nigeria (CBN)'s Regulatory and Supervisory Guidelines for Development Finance Institutions in Nigeria, 2015 and other relevant Guidelines and Circulars.

The Board of Directors further accepts responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, 2020 and for such internal control measures as the Shareholders Committee deems necessary to enable the preparation of the Consolidated and Separate Financial Statements that are free from material misstatement, whether due to fraud or error.

### **Going Concern.**

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



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**Dr. Olasupo Olusi**  
**\* Managing Director/CEO**  
**22 April 2024**



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**Mr. Muhammad Bala**  
**\* Chairman**  
**22 April 2024**

**\* Dr. Olasupo Olusi and Mr. Muhammad Bala have obtained the Exceptional Waiver of the Financial Reporting Council (FRC) to sign the Bank's 2023 Audited Accounts via the FRC Letters dated March 19, 2024 and March 28, 2024 respectively.**

**Statement of Corporate Responsibility for the Financial Statements for the year ended 31<sup>st</sup> December 2023**

Further to the provisions of Section 405 of the Companies and Allied Matters Act, 2020, we, the Managing Director/CEO and Chief Financial Officer, hereby certify the Audited Consolidated and Separate Financial Statements for the year ended 31<sup>st</sup> December 2023 as follows:

- (a) That we have reviewed the Audited Consolidated and Separate Financial Statements for the year ended 31<sup>st</sup> December 2023.
- (b) That the Audited Consolidated and Separate Financial Statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- (c) That the Audited Consolidated and Separate Financial Statements and all other financial information included in the Statements fairly present, in all material respects, the financial condition and results of the operation of the Group and Bank as of and for, the year ended 31<sup>st</sup> December 2023.
- (d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Bank and its subsidiaries is made known to the Officer by other Officers of the companies, during the year-end in which the Audited Financial Statement Report is being prepared.
- (e) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- (f) That we have disclosed the following information to the Bank's Auditors and Audit and Risk Committee:
  - (i) There are no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarize and report financial data, and have identified for the Group's Auditors any material weaknesses in internal controls, and
  - (ii) There is no fraud that involves Management or other employees who have a significant role in the Group's internal control.



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**Dr. Olasupo Olusi**  
**\*Managing Director/CEO**  
**22 April 2024**



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**Taiwo Kolawole**  
**Chief Financial Officer**  
**FRC/2013/ICAN/0000002545**  
**22 April 2024**

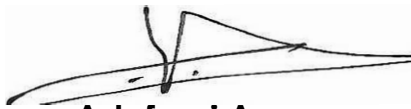
**\* Dr. Olasupo Olusi has obtained the Exceptional Waiver of the Financial Reporting Council (FRC) via the FRC Letter dated March 19, 2024.**

## **REPORT OF THE AUDIT & RISK COMMITTEE**

### **TO THE MEMBERS OF THE BANK OF INDUSTRY LIMITED**

In compliance with Section 404(7) of the Companies and Allied Matters Act, ("CAMA") 2020 and the Central Bank of Nigeria (CBN)'s Regulatory and Supervisory Guidelines for Development Finance Institutions in Nigeria, we have reviewed the Consolidated and Separate Financial Statements of the Bank of Industry Limited and its subsidiaries for the year ended 31 December 2023 and the reports thereon and confirm as follows:

1. In our opinion, the scope and planning of the audit requirement were adequate.
2. That the Accounting and Reporting Policies of the Bank and the Group are in accordance with the legal requirements and agreed ethical practices.
3. We have reviewed the findings on the Management Letters in conjunction with the External Auditors and are satisfied with the response of the Management thereon. The External Auditor's findings, as stated in the Management Letter, are being dealt with satisfactorily by the Management.
4. That the Bank's system of accounting and internal controls are adequate.
5. Related party transactions and balances have been disclosed in Note 39 to the Consolidated and Separate Financial Statements.



**Rev. Isaac Adefemi Agoye**

**Chairman**

**FRC/2015/ICAN/00000013104**

**22 April 2024**

**Members of the Audit & Risk Committee**

**Rev. Isaac Adefemi Agoye - Chairman**

**Mr. Tajudeen Datti Ahmed - Member**

**Mr. Adedamola Olufemi Young - Member**





**KPMG Professional Services**

KPMG Tower  
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Internet home.kpmg/ng

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bank of Industry Limited

### Report on the Audit of the Consolidated and Separate Financial Statements

#### *Opinion*

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

- the consolidated and separate statements of financial position as at 31 December 2023;
- the consolidated and separate statements of profit and loss;
- the consolidated and separate statements of comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Bank and its subsidiaries as at 31 December 2023, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, *the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.*

#### *Basis for Opinion*

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



### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### **Impairment of loans and advances**

The Group uses an Expected Credit Loss (ECL) model to determine the impairment allowance for its loans and advances. The ECL methodology incorporates information about past events, current conditions and forecasts of future economic conditions in determining impairment allowances.

The judgment involved in classifying loans into stages, the level of subjectivity inherent in estimating the key assumptions on the recoverability of loan balances, application of industry knowledge and prevailing economic conditions in arriving at the level of impairment required, the inputs estimated, the complexity of the estimation process and the significant judgment involved in applying these estimates to determine the level of impairment allowance required, make the impairment of loans and advances a matter of significance to the audit.

#### **How the matter was addressed in our audit**

Our procedures included the following with respect to the impairment allowances as at 31 December 2023:

- We evaluated the design and implementation of the key controls over the impairment determination process;
- For a selected sample of loans and advances to customers, we assessed the appropriateness of the Group's determination of significant increase in credit risk and the resultant classification of loans into the various stages. For loans and advances to customers which have shown a significant increase in credit risk, we evaluated the level of past due obligations using qualitative factors such as available information about the obligor's business or project being financed and quantitative backstop indicators such as number of days past due to determine the impairment based on the losses expected over the life of the facilities.
- For all loans and advances to financial institutions, we assessed the appropriateness of the Group's determination of significant increase in credit risk and evaluated the level of past due obligations to determine whether the Group should recognize an impairment based on the losses expected to result from default events within a year or defined default events over the life of the facilities.
- With the assistance of our Financial Risk Management specialists we:
  - i. assessed the appropriateness of the Group's ECL methodology by considering whether it reflects probability-weighted amounts that are determined by evaluating



- a range of possible outcomes, the time value of money and reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions;
- ii. assessed the appropriateness of the modelling approach and the historical movement in the balances of facilities between default and non-default categories in determining the Probability of Default (PD) used in the ECL calculations;
  - iii. assessed the segmentation of loans and advances based on similar credit risk characteristics and consistent with the internal credit management of the Group and Bank;
  - iv. evaluated the appropriateness of the data used in determining the Exposure at Default, including the contractual cash flow, outstanding loan balance, loan contractual repayment pattern and loan tenor;
  - v. tested the accuracy of the calculation of the Loss Given Default (LGD) used by the Group;
  - vi. assessed the valuation of the collaterals used in the ECL model;
  - vii. Challenged the appropriateness of management's forward-looking assumptions comprising the inflation rates and crude oil prices used in the ECL calculations using publicly available information from external sources;
  - viii. determined the staging of facilities through the consideration of days past due as well as other qualitative characteristics (multiple restructuring during the loan term, history of default of loan customer etc.) that signified an increase in the credit risk of a loan customer.
  - ix. tested the accuracy of the Group and Bank's ECL provision by re-performing the calculations of the ECL impairment allowance for loans and advances. For loans and advances which have shown a significant increase in credit risk, the recalculation was based on the amount which the Group and Bank may not recover throughout the life of the loans while for loans and advances that have not shown significant increase in credit risk, the recalculation was based on the losses expected to result from default events within a year.
- We evaluated the adequacy of the consolidated and separate financial statements disclosures, including the disclosures of key assumptions and judgements, and also assessed whether disclosures in the interim consolidated and separate financial statements appropriately reflect the Group's exposure to credit risk in line with the requirements of the relevant accounting standards.

The Group and Bank's accounting policy on impairment allowance for loans and advances, disclosure on judgment and estimate and relevant financial risk disclosures are shown in notes 2.1(d), 4.4, 19 and 43(e) respectively of the financial statements.

### ***Other Information***

The Directors are responsible for the other information. The other information comprises the Corporate Information, Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities in relation to the Consolidated and Separate Interim Financial Statements, Statement of Corporate Responsibilities for the Financial Statement, Other



National Disclosures and Funds under Management Disclosures, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

#### ***Responsibilities of the Directors for the Consolidated and Separate Financial Statements***

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

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

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting



from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



## Report on Other Legal and Regulatory Requirements

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

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
- iii. The Company's statement of financial position, statement of profit or loss, and statement of comprehensive income are in agreement with the books of account and returns.

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

- i. The Bank and Group paid no penalties in respect of contravention of laws during the year ended 31 December 2023.
- ii. Related party transactions and balances are disclosed in note 39 to the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Akinyemi Ashade  
FRC/2013/ICAN/00000000786  
For: KPMG Professional Services  
Chartered Accountants  
2 May 2024  
Lagos, Nigeria



**Consolidated and separate statements of profit or loss**  
**For the year ended 31 December 2023**

	Note	Group		Bank	
		Dec-23	Dec-22	Dec-23	Dec-22
		N'000	N'000	N'000	N'000
Gross earnings		374,808,954	212,955,386	372,277,303	211,054,594
Interest income	5	286,641,629	212,955,337	285,942,142	212,479,848
Interest expense	6	(144,273,943)	(83,051,553)	(145,045,901)	(83,887,239)
<b>Net interest income</b>		<b>142,367,686</b>	<b>129,903,784</b>	<b>140,896,241</b>	<b>128,592,609</b>
Fees and commission income	7	6,786,380	6,808,035	5,542,755	5,945,888
Fees and commission expense	7.2	(10,976,814)	(7,483,636)	(10,976,814)	(7,483,636)
<b>Net fees and commission expense</b>		<b>(4,190,434)</b>	<b>(675,601)</b>	<b>(5,434,059)</b>	<b>(1,537,748)</b>
Net gain/(loss) from financial instruments measured at fair value	8	1,379,995,575	(15,456,405)	1,379,994,296	(15,456,360)
Other (loss)/income	9	(1,298,614,630)	8,648,419	(1,299,201,890)	8,085,218
Share of loss of equity-accounted investee		-	(205,500)	-	-
<b>Other operating income/(loss)</b>		<b>81,380,945</b>	<b>(7,013,486)</b>	<b>80,792,406</b>	<b>(7,371,142)</b>
<b>Total operating income</b>		<b>219,558,197</b>	<b>122,214,697</b>	<b>216,254,588</b>	<b>119,683,719</b>
Impairment charges	10	(170,813)	(4,345,662)	(108,653)	(4,337,860)
<b>Net operating income</b>		<b>219,387,384</b>	<b>117,869,035</b>	<b>216,145,935</b>	<b>115,345,859</b>
Staff cost	11	(24,920,755)	(20,409,348)	(24,232,777)	(19,868,549)
Depreciation and amortisation	12	(4,290,231)	(3,243,463)	(4,485,790)	(3,363,153)
Other operating expenses	13	(34,544,546)	(22,227,364)	(33,617,417)	(21,457,746)
<b>Total operating expense</b>		<b>(63,755,532)</b>	<b>(45,880,175)</b>	<b>(62,335,984)</b>	<b>(44,689,448)</b>
<b>Profit before tax</b>		<b>155,631,852</b>	<b>71,988,860</b>	<b>153,809,951</b>	<b>70,656,411</b>
Taxation	29.2	(53,174,910)	(19,085,225)	(52,237,817)	(18,496,958)
<b>Profit for the year</b>		<b>102,456,942</b>	<b>52,903,635</b>	<b>101,572,134</b>	<b>52,159,453</b>
Profit attributable to:					
Owners of the Bank		102,448,576	52,893,604	101,572,134	52,159,453
Non-controlling interest		8,366	10,031	-	-
		<b>102,456,942</b>	<b>52,903,635</b>	<b>101,572,134</b>	<b>52,159,453</b>
Basic earnings per share (kobo)	34.1	86	72	85	71

**Consolidated and separate statements of comprehensive Income**  
**For the year ended 31 December 2023**

	Note	Group		Bank	
		Dec-23 N'000	Dec-22 N'000	Dec-23 N'000	Dec-22 N'000
<b>Profit for the year</b>		102,456,942	52,903,635	101,572,134	52,159,453
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified into profit or loss</b>					
Fair value gain/(loss) on equity instrument at FVOCI	20	8,549,938	(59,264)	8,549,938	(48,502)
Remeasurement of defined benefit obligation	31.2(d)	30,632	43,639	30,632	43,639
Taxes relating to components of OCI	29.6	(12,405)	(14,182)	(10,109)	(14,182)
		<u>8,568,165</u>	<u>(29,807)</u>	<u>8,570,461</u>	<u>(19,045)</u>
Other comprehensive income/(loss) for the year net of tax		<u>8,568,165</u>	<u>(29,807)</u>	<u>8,570,461</u>	<u>(19,045)</u>
Total comprehensive income for the year net of tax		<u>111,025,107</u>	<u>52,873,828</u>	<u>110,142,595</u>	<u>52,140,408</u>
Total comprehensive income attributable to:					
Owners of the Bank		111,016,741	52,863,797	110,142,595	52,140,408
Non-controlling interest		<u>8,366</u>	<u>10,031</u>	<u>-</u>	<u>-</u>
		<u>111,025,107</u>	<u>52,873,828</u>	<u>110,142,595</u>	<u>52,140,408</u>

*The notes on pages 7 to 81 form an integral part of these consolidated and separate financial statements*



**Consolidated and separate statements of financial position**  
**As at 31 December 2023**

	Note	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
<b>ASSETS</b>					
Cash and bank balances	14	30,938,657	19,586,744	30,394,981	19,447,643
Fixed deposits	15	489,279,634	176,300,834	488,083,052	174,976,309
Derivative asset	16	582,161,663	-	582,161,663	-
Investment in debt securities	18	1,592,084,064	1,315,068,424	1,591,949,911	1,314,957,671
Advances under finance lease	17	298,299	81,765	-	-
Loans and advances	19	1,139,482,461	805,456,300	1,136,956,346	803,595,387
Equity securities	20	19,374,134	9,315,228	19,363,873	9,304,597
Investment in associates	21	2,829,609	2,829,609	3,000,000	3,000,000
Investment in subsidiaries	22	-	-	4,445,720	3,745,720
Other assets	23	14,896,567	10,921,747	11,290,889	8,482,443
Intangible assets	24	562,434	520,761	562,434	520,761
Property and equipment	25	15,798,518	32,173,872	7,839,667	26,495,589
Investment property	26	23,535,373	3,748,062	23,410,966	3,619,435
Right-of-use assets	27	-	20,136	7,810,269	5,621,489
Employee Benefits	31	840,032	-	1,052,528	-
<b>TOTAL ASSETS</b>		<b>3,912,081,446</b>	<b>2,376,023,482</b>	<b>3,908,322,300</b>	<b>2,373,767,045</b>
<b>LIABILITIES</b>					
Derivative liability	16	-	109,630	-	109,630
Tax payable	29.1	30,131,374	22,100,229	29,995,057	21,898,160
Borrowings	30	2,635,034,577	1,719,617,570	2,631,140,640	1,717,687,690
Employee benefits	31	-	466,430	-	179,685
Deferred tax liabilities	29.4	29,931,020	2,141,753	30,260,326	2,849,474
Other liabilities	28	535,046,838	201,758,987	538,931,666	204,274,035
Deposit for shares	32	5,000,000	-	5,000,000	-
<b>TOTAL LIABILITIES</b>		<b>3,235,143,809</b>	<b>1,946,194,599</b>	<b>3,235,327,689</b>	<b>1,946,998,674</b>
<b>CAPITAL AND RESERVES</b>					
Share capital	33	306,747,632	147,371,321	306,747,632	147,371,321
Retained earnings	33	179,180,456	118,716,403	176,033,911	116,423,052
Statutory reserve	33	129,210,416	98,245,236	128,518,510	97,565,373
Regulatory risk reserves	33	24,118,731	21,392,054	23,970,988	21,255,516
Actuarial reserve	33	623,079	604,852	760,615	740,092
SME reserve	33	30,000,000	30,000,000	30,000,000	30,000,000
Fair value reserve	33	6,048,011	(2,501,927)	6,043,056	(2,506,882)
Business combinations under common control	33	919,899	919,899	919,899	919,899
Deposit for shares	32	-	15,000,000	-	15,000,000
Total equity attributable to owners of the bank		676,848,224	429,747,837	672,994,611	426,768,371
Non controlling interest		89,413	81,046	-	-
<b>TOTAL EQUITY</b>		<b>676,937,637</b>	<b>429,828,883</b>	<b>672,994,611</b>	<b>426,768,371</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,912,081,446</b>	<b>2,376,023,482</b>	<b>3,908,322,300</b>	<b>2,373,767,045</b>

The financial statements were approved by the Board of Directors on 22 April 2024 and signed on its behalf by:



Muhammad Bala  
Chairman



Dr. Olasupo Olusi  
Managing Director



Taiwo Kolawole  
Chief Financial Officer  
FRC/2013/ICAN/00000002545

Dr. Olasupo Olusi and Muhammad Bala have obtained the Exceptional Waiver of the Financial Reporting Council (FRC) to sign the Bank's 2023 Audited Accounts via the FRC Letters dated March 19, 2024 and March 28, 2024 respectively

*The notes on pages 7 to 81 form an integral part of these consolidated and separate financial statements*

Consolidated statement of changes in equity  
As at 31 December 2023  
Group

	Note	Share Capital N'000	Retained Earnings N'000	Deposit for Shares N'000	Regulatory Reserve		Business combination under common control	Actuarial Reserve N'000	SME Reserve N'000	Fair Value Reserve N'000	Total N'000	Non Controlling Interest N'000	Total equity N'000
					Statutory Reserves N'000	Regulatory risk reserves N'000	N'000						
<b>Balance as at 1 January, 2022</b>		147,371,321	90,681,892	15,000,000	82,587,137	20,108,862	919,899	559,652	30,000,000	(2,453,468)	384,775,295	71,015	384,846,310
Profit for the year		-	52,893,604	-	-	-	-	-	-	-	52,893,604	10,031	52,903,635
<b>Other Comprehensive Income</b>													
Fair value gain/(loss) on equity instrument at FVOCI	20	-	-	-	-	-	-	-	-	(59,264)	(59,264)	-	(59,264)
Remeasurement of defined benefit obligation	31.2(d)	-	-	-	-	-	-	43,639	-	-	43,639	-	43,639
Tax on other comprehensive income	29.6	-	-	-	-	-	-	(14,182)	-	-	(14,182)	-	(14,182)
<b>Total other comprehensive income</b>		-	-	-	-	-	-	29,457	-	(59,264)	(29,807)	-	(29,807)
<b>Total comprehensive income</b>		-	52,893,604	-	-	-	-	29,457	-	(59,264)	52,863,797	10,031	52,873,828
<b>Transactions with owners of the Bank</b>													
<b>Contributions and distributions</b>													
Dividend to equity holders		-	(7,891,255)	-	-	-	-	-	-	-	(7,891,255)	-	(7,891,255)
Loss on derecognition of equity securities at FVOCI transferred to retained earnings		-	(10,805)	-	-	-	-	-	-	10,805	-	-	-
Transfer to retained earnings		-	(15,743)	-	-	-	-	15,743	-	-	-	-	-
Transfer to statutory reserve		-	(15,658,099)	-	15,658,099	-	-	-	-	-	-	-	-
Transfer to non-distributable reserve		-	(1,283,192)	-	-	1,283,192	-	-	-	-	-	-	-
<b>Total contributions and distributions</b>		-	(24,859,094)	-	15,658,099	1,283,192	-	15,743	-	10,805	(7,891,255)	-	(7,891,255)
<b>Balance as at 31 December, 2022</b>		147,371,321	118,716,403	15,000,000	98,245,236	21,392,054	919,899	604,852	30,000,000	(2,501,927)	429,747,837	81,046	429,828,883
<b>Balance as at 1 January, 2023</b>		147,371,321	118,716,403	15,000,000	98,245,236	21,392,054	919,899	604,852	30,000,000	(2,501,927)	429,747,837	81,046	429,828,883
Profit for the year		-	102,448,576	-	-	-	-	-	-	-	102,448,576	8,366	102,456,942
<b>Other Comprehensive Income</b>													
Fair value gain/(loss) on equity instrument at FVOCI	20	-	-	-	-	-	-	-	-	8,549,938	8,549,938	-	8,549,938
Remeasurement of defined benefit obligation	31.2(d)	-	-	-	-	-	-	30,632	-	-	30,632	-	30,632
Tax on other comprehensive income	29.6	-	-	-	-	-	-	(12,405)	-	-	(12,405)	-	(12,405)
<b>Total other comprehensive income</b>		-	-	-	-	-	-	18,227	-	8,549,938	8,568,165	-	8,568,165
<b>Total comprehensive income</b>		-	102,448,576	-	-	-	-	18,227	-	8,549,938	111,016,741	8,366	111,025,107
<b>Transactions with owners of the Bank</b>													
<b>Contributions and distributions</b>													
Dividend to equity holders		-	(7,823,916)	-	-	-	-	-	-	-	(7,823,916)	-	(7,823,916)
Additional shares issued	33(a)	159,376,311	-	(15,000,000)	-	-	-	-	-	-	144,376,311	-	144,376,311
Share issue cost	33(a)	-	(468,750)	-	-	-	-	-	-	-	(468,750)	-	(468,750)
Transfer to statutory reserve		-	(30,965,180)	-	30,965,180	-	-	-	-	-	-	-	-
Transfer to non-distributable reserve	37b	-	(2,726,677)	-	-	2,726,677	-	-	-	-	-	-	-
<b>Total contributions and distributions</b>		159,376,311	(41,984,523)	(15,000,000)	30,965,180	2,726,677	-	-	-	-	136,083,645	-	136,083,645
<b>Balance as at 31 December, 2023</b>		306,747,632	179,180,456	-	129,210,416	24,118,731	919,899	623,079	30,000,000	6,048,011	676,848,224	89,413	676,937,637

The notes on pages 7 to 81 form an integral part of these consolidated and separate financial statements

Statement of changes in equity  
As at 31 December 2023

Bank

	Note	Regulatory reserves										Total
		Share capital	Retained earnings	Deposit for shares	Statutory reserves	Regulatory risk reserves	Business combination under common control	SME reserve	Fair value reserve	Actuarial reserve		
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Balance as at 1 January, 2022</b>		147,371,321	89,081,659	15,000,000	81,917,538	19,976,546	919,899	30,000,000	(2,458,380)	710,635	382,519,218	
Profit or loss		-	52,159,453	-	-	-	-	-	-	-	52,159,453	
<b>Other Comprehensive Income</b>												
Fair value gain/(loss) on equity instrument at FVOCI	20	-	-	-	-	-	-	-	(48,502)	-	(48,502)	
Remeasurement of defined benefit obligation	31.2(d)	-	-	-	-	-	-	-	-	43,639	43,639	
Tax on other comprehensive income	29.6	-	-	-	-	-	-	-	-	(14,182)	(14,182)	
<b>Total other comprehensive income</b>		-	-	-	-	-	-	-	(48,502)	29,457	(19,045)	
<b>Total comprehensive income</b>		-	52,159,453	-	-	-	-	-	(48,502)	29,457	52,140,408	
<b>Transactions with owners of the Bank</b>												
<b>Contributions and distributions</b>												
Dividend to equity holders		-	(7,891,255)	-	-	-	-	-	-	-	(7,891,255)	
Transfer to statutory reserve		-	(15,647,835)	-	15,647,835	-	-	-	-	-	-	
Transfer to non-distributable reserve	37b	-	(1,278,970)	-	-	1,278,970	-	-	-	-	-	
<b>Total contributions and distributions</b>		-	(24,818,060)	-	15,647,835	1,278,970	-	-	-	-	(7,891,255)	
<b>Balance as at 31 December, 2022</b>		147,371,321	116,423,052	15,000,000	97,565,373	21,255,516	919,899	30,000,000	(2,506,882)	740,092	426,768,371	
<b>Balance as at 1 January, 2023</b>		147,371,321	116,423,052	15,000,000	97,565,373	21,255,516	919,899	30,000,000	(2,506,882)	740,092	426,768,371	
Profit or loss		-	101,572,134	-	-	-	-	-	-	-	101,572,134	
<b>Other Comprehensive Income</b>												
Fair value gain/(loss) on equity instrument at FVOCI	20	-	-	-	-	-	-	-	8,549,938	-	8,549,938	
Remeasurement of defined benefit obligation	31.2(d)	-	-	-	-	-	-	-	-	30,632	30,632	
Tax on other comprehensive income	29.6	-	-	-	-	-	-	-	-	(10,109)	(10,109)	
<b>Total other comprehensive income</b>		-	-	-	-	-	-	-	8,549,938	20,523	8,570,461	
<b>Total comprehensive income</b>		-	101,572,134	-	-	-	-	-	8,549,938	20,523	110,142,595	
<b>Transactions with owners of the Bank</b>												
<b>Contributions and distributions</b>												
Additional shares issued	33(a)	159,376,311	-	(15,000,000)	-	-	-	-	-	-	144,376,311	
Share issued cost	33(a)	-	(468,750)	-	-	-	-	-	-	-	(468,750)	
Dividend to equity holders		-	(7,823,916)	-	-	-	-	-	-	-	(7,823,916)	
Transfer to statutory reserve		-	(30,953,137)	-	30,953,137	-	-	-	-	-	-	
Transfer to non-distributable reserve	37b	-	(2,715,472)	-	-	2,715,472	-	-	-	-	-	
<b>Total contributions and distributions</b>		159,376,311	(41,961,275)	(15,000,000)	30,953,137	2,715,472	-	-	-	-	136,083,645	
<b>Balance as at 31 December, 2023</b>		306,747,632	176,033,911	-	128,518,510	23,970,988	919,899	30,000,000	6,043,056	760,615	672,994,611	

The notes on pages 7 to 81 form an integral part of these consolidated and separate financial statements

**Notes to the consolidated and separate cash flow statements**  
**For the year ended 31 December 2023**

	Note	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
<b>Operating activities</b>					
Cash from operations	36	799,401,400	42,929,780	800,036,672	43,033,427
Income tax paid	29.1	(17,366,903)	(1,794,949)	(16,740,177)	(1,328,740)
Vat paid		(857,272)	(694,557)	(833,840)	(672,938)
<i>Net cash from operating activities</i>		<b>781,177,225</b>	<b>40,440,274</b>	<b>782,462,655</b>	<b>41,031,749</b>
<b>Investing activities</b>					
Purchase of equity securities	20	(1,509,338)	(784,065)	(1,509,338)	(784,065)
Dividend from equity securities	9	9,799	15,551	8,274	14,215
Purchase of investment properties	26	(42,405)	-	(42,405)	-
Purchase of property and equipment	25	(7,479,047)	(6,511,034)	(2,415,778)	(1,889,653)
Purchase of intangible assets	24	(268,001)	(176,040)	(268,001)	(176,040)
Proceed from disposal of property and equipment		186,916	131,803	63,708	-
Proceeds from redemption of debt securities	36(b)	4,087,088,865	2,887,361,482	4,087,088,865	2,887,361,482
Acquisition of debt securities	36(b)	(4,352,915,681)	(3,402,804,682)	(4,352,915,681)	(3,402,782,757)
Investment in subsidiaries	22.1	-	-	(700,000)	-
<i>Net cash used in investing activities</i>		<b>(274,928,892)</b>	<b>(522,766,985)</b>	<b>(270,690,356)</b>	<b>(518,256,818)</b>
<b>Financing activities</b>					
Proceeds from borrowing	30.3	205,994,554	910,574,982	204,000,000	909,187,145
Repayment on Borrowing	30.3	(382,905,172)	(351,084,369)	(382,905,172)	(351,084,369)
Dividend payment	35	(7,823,854)	(6,021,808)	(7,823,854)	(6,021,808)
Deposit for shares	32	5,000,000	-	5,000,000	-
Share issue cost	33(a)	(468,750)	-	(468,750)	-
Lease liability payment		-	-	(3,804,979)	(3,340,685)
<i>Net cash (used in)/from financing activities</i>		<b>(180,203,222)</b>	<b>553,468,805</b>	<b>(186,002,755)</b>	<b>548,740,283</b>
Net increase in cash and cash equivalents		326,045,111	71,142,094	325,769,544	71,515,211
Cash and cash equivalents at 1 January		196,242,603	125,100,509	194,776,275	123,261,064
Cash and cash equivalents at 31st December	36(a)	<b>522,287,714</b>	<b>196,242,603</b>	<b>520,545,819</b>	<b>194,776,275</b>

*The notes on pages 7 to 81 form an integral part of these consolidated and separate financial statements*

## Notes to the consolidated and separate financial statements

### 1. General information

Bank of Industry was incorporated as a private limited liability company under the name Nigerian Industrial Development Bank Limited on 22 January 1964 and domiciled in Nigeria. The Bank changed its name to Bank of Industry Limited by a special resolution on 5 October 2001. It is owned by the Ministry of Finance Incorporated (50.4373%), Central Bank of Nigeria (49.5623%) and other Nigerian citizens (0.0004%). The Bank's registered address is 23 Marina Road Lagos. The Bank is primarily engaged in providing financial assistance for the establishment and expansion of large, medium small scale and micro projects. The shares are not quoted in a public market and it does not file its financial statements with a securities and exchange commission for the purpose of issuing any class of instruments in a public market.

The Bank has 4 subsidiaries and an SPV; they include LECON Financial services, BOI Microfinance Bank, BOI Insurance Brokers and BOI Investment and Trust Company and BOI Finance B.V.

The consolidated and separate financial statement as at 31 December 2023 comprise the Bank and its subsidiaries together referred to as "the Group"

### 2 Basis of preparation

#### (a) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting standards and in the manner required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023 and the Banks and other Financial Institutions Act, 2020, Central Bank of Nigeria (CBN) Guidelines and Circulars and Circulars Supervisory Guidelines for Development Finance institutions in Nigeria and other relevant Guidelines and circulars.

Details of the Group's accounting policies, including changes during the period, are included in Notes 3 and 4 respectively of the consolidated and separate financial statements. The consolidated and separate financial statements were authorised for issue on 22 April 2023.

#### (b) Basis of measurement

The consolidated and separate financial statements have been prepared on a historical cost basis, except for the following material items, which are measured on the following alternative basis on each reporting date.

<i>Items</i>	<i>Measurement basis</i>
Financial instruments at FVTPL	Fair value
Equity instruments at FVOCI	Fair value
Net defined benefit asset/(liability)	Fair value of plan assets less the present value of defined benefit obligation.
Derivative financial instruments	Fair value

#### (c) Functional and presentation currency

Items included in the financial statements of Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). These consolidated and separate financial statements are presented in Nigerian Naira (=N=), which is the entity's functional currency. The financial information has been rounded to the nearest thousand, except as otherwise indicated.

#### (d) Use of judgement and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

## Notes to the consolidated and separate financial statements

### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated and separate financial statements is included in the following notes below.

#### - **Business model assessment**

Classification and measurement of financial assets depends on the contractual cashflow characteristics of financial assets and the Bank's business model for managing financial assets. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

#### - **Assessment of whether contractual cash flows are solely payments of principal and interest**

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. '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. In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial assets 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 loans); and

-features that modify consideration of the time value of money (e.g. periodical reset of interest rates)

The Group holds a portfolio of short, medium and long-term loans for which the borrower has the option to prepay at par. The Group has determined that the contractual cash flows of these loans are solely payment of principal and interest because the interest represent 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. In addition, the right to prepay merely results in the acceleration of the payment of principal outstanding plus accrued interest since the last interest payment due.

#### - **Significant increase of credit risk**

Expected Credit Loss (ECL) is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. The Group applies judgement in establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition. The Group takes into account qualitative and quantitative reasonable and supportable forward looking information. Refer to note 42(e) for details of how judgement is applied.

## **Notes to the consolidated and separate financial statements**

### **- Establishing groups of assets with similar credit risk characteristics**

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to note 42(e) for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

### **- Determination of power over relevant activities of funds under management**

The Group assesses whether it controls the relevant activities of funds under management based on the scope of decision making over the fund, the rights held by other parties, the remuneration to which it is entitled to in accordance with the fund management agreement and its exposure to variability of returns on the funds.

Different weightings are applied to each of the factors on the basis of particular facts and circumstances. Where the assessment shows that the Group controls the relevant activities of the fund under management, the fund's assets and liability are recognised as on-balance sheet item in the Group's financial statements. Where based on the assessment, the Group does not have control over the relevant activities of the fund under management, the fund's assets and liabilities are reported as off-balance sheet item.

### **Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 31 December 2023 is included in the following notes.

#### **- Impairment allowance on financial instruments**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Some of the assumptions include assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Explanations of inputs, assumptions and estimation techniques used in measuring the ECL impairment of financial instruments are further detailed in Note 4.4 and Note 43(e).

#### **- Fair value measurement and valuation process**

In estimating the fair value of a financial asset or a liability, the Group uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the Group uses valuation models to determine the fair value of its financial instruments.

The inputs, assumptions and estimation techniques used in determining fair values are further detailed in Note 20.2

#### **- Recognition of deferred tax assets**

The Group recognizes deferred tax assets based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Group's entities will have future taxable profits against which these assets can be utilized. See note 28.4

#### **- Recognition and measurement of provisions and contingencies**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. See note 27.1

## Notes to the consolidated and separate financial statements

### - **Depreciation and carrying amount of property and equipment**

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items. See note 24

### - **Determination of impairment of property and equipment, and intangible assets**

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its property and equipments and intangible assets. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed. See note 23 and 24.

## **3 New and Revised Standards issued**

### **(a) New and Revised Standards issued but not yet effective**

There are new or revised IFRS Accounting Standards and Interpretations in issue that are not yet effective. The directors have considered all of these IFRS Accounting Standards and Interpretations and found none to be applicable to the business of the entity and therefore do not expect any impact on future financial statements.

- IFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 - Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements
- Amendments to IAS 21 - Lack of Exchangeability
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an investor and its Associate or Joint Venture

### **(b) Changes in material accounting policies**

#### - **Material accounting policy information**

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 4 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.



## Notes to the consolidated and separate financial statements

### 4 Material accounting policies

#### 4.1 Interest, fees and commissions

##### (a) Interest

##### i Effective interest rate

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

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

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

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

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

Interest income is recognized in the profit or loss and it is included in the "interest income" line item.

##### ii Amortised cost and gross carrying amount

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

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

##### iii Calculation of interest income and expense

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

##### iv Presentation

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

– interest on financial assets and liabilities measured at amortised cost;

Other interest income presented in the statement of profit or loss and OCI includes interest income on lease receivables

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

– financial liabilities measured at amortised cost;

– interest expense on lease liabilities.

##### (b) Fees and commission and other income

Fee income is earned from a diverse range of services provided by Bank of Industry Limited to its customers. Fee income is accounted for as follows:

income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan commitments, arrangement and processing fees) and recorded in Interest income.

Commitment fees, together with related direct costs, for loan facilities where drawdown is probable are deferred and recognised as an adjustment to the effective interest on the loan once drawn down. Commitment fees in relation to facilities where drawdown is not probable are recognised over the term of the commitment.

Other fee and commission income – including account asset management and portfolio management is recognised overtime as the related services are performed. Fees for asset and portfolio management services are calculated based on a fixed percentage of the value of net asset managed and deducted from the fund balance on a monthly basis.

## Notes to the consolidated and separate financial statements

### 4 Material accounting policies

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses are calculated based on a fixed percentage of the outstanding balances of the loans guaranteed; and are payable on a quarterly basis by the Bank. The expense is recognised overtime as the guarantee is provided.

#### (c) Dividend income

Dividend on investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IFRS 15 Revenue from contracts, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

### 4.2 Determination of fair value

All financial instruments are recognised initially at fair value. In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received). In certain circumstances, however, the fair value will be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only data from observable markets, such as interest rate yield curves, option volatilities and currency rates. When such evidence exists, the Group recognises a gain or loss on inception of the financial instrument, being the difference between the transaction price and the fair value. When unobservable market data have a significant impact on the valuation of financial instruments, the entire initial difference in fair value indicated by the valuation model from the transaction price is not recognised immediately in the income statement but is recognised over the life of the transaction on an appropriate basis, or when the inputs become observable, or the transaction matures or is closed out, or when the firm enters into an offsetting transaction.

Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for assets held and offer prices for liabilities assumed. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Fair values of financial instruments may be determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data, where current prices or observable market data are not available. Various factors influence the availability of observable inputs and these may vary from product to product and change over time.

To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, depending on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities or other analytical techniques.

### 4.3 Financial Instruments

Financial assets and Financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and Financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### (a) Financial assets

##### i. Recognition and initial measurement

The Group recognises a financial asset in the statement of financial position on the date on which they are originated. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

## Notes to the consolidated and separate financial statements

### 4 Material accounting policies

#### ii. Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, Fair value through other comprehensive income (FVOCI) or Fair value through profit or loss (FVTPL).

Specifically:

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

-the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

-the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVOCI.

-the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

-the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

the Group may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### Equity instruments designated as at FVOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

A financial instrument is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Group has designated all investment in equity that are not held for trading as at FVOCI on initial application of IFRS 9.

Dividends on these investments in equity instruments are recognised in profit or loss when the Bank's right to receive the dividends is established in accordance with *IFRS 15 Revenue from contracts*, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

#### Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from business combination as at FVOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

## Notes to the consolidated and separate financial statements

### 4 Material accounting policies

#### iii. Reclassification

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial period and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

#### iv. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense are not offset in the income statement unless required or permitted by any accounting standard or interpretation.

#### (b) De-recognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### (c) Financial liabilities and equity instruments

##### Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

##### Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, e.g. financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate, are measured in accordance with the specific accounting policies set out below:

##### Financial liabilities at fair value through profit and loss (FVTPL)

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

## Notes to the consolidated and separate financial statements

### 4 Material accounting policies

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Bank as at fair value through profit or loss are recognised in profit or loss.

#### **Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

#### **(d) Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### **(e) Derivative financial instruments**

The Group enters into derivative financial instruments such as foreign exchange forward contracts and currency swap to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

#### **(f) Embedded derivatives**

Derivatives embedded in financial liabilities or other non-financial asset host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

#### **(g) Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other income' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;

for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other income and losses' line item. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through OCI, are included in other comprehensive income.

#### **(h) Modification of financial assets and financial liabilities**

##### **Financial assets**

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual right 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 plus any eligible transaction costs.

## Notes to the consolidated and separate financial statements

### 4 Material accounting policies

If the terms of a financial assets were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate.

#### **Financial liabilities**

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

If the terms of a financial liability modification is not substantially different, the financial liability is not derecognised. The difference between the present value of the original financial liability and the modified financial liability would be recognised in profit or loss in future periods through the revised effective interest rate.

#### **4.4 Impairment of financial assets**

The Group recognises a loss allowance for expected credit losses on loans and advances measured at amortised cost or at FVOCI, lease receivable, as well as on loan commitments. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instruments has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

## Notes to the consolidated and separate financial statements

### 4 Material accounting policies

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

For loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

#### (a) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Bank, in full (without taking into account any collaterals held by the Bank).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### (b) Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Bank monitors all financial assets and issued loan commitments that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Irrespective of the above analysis, the Group considers that credit risk has significantly increased since initial recognition when a contractual payments are more than 30 days past due unless the Group has reasonable and supportable information to demonstrate otherwise.

## Notes to the consolidated and separate financial statements

### 4 Material accounting policies

#### (c) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost 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 that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted
- restructuring of the loan
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be creditimpaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

#### (d) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### (e) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group);
- Past-due status;



**Notes to the consolidated and separate financial statements**

**4 Material accounting policies**

- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

**(f) Restructured financial assets**

If the terms of a financial assets 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 and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cashflows arising from the modified financial asset are included in calculating the cash shortfalls from the existing assets.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the asset is treated as final cash flow from the existing financial asset at the time of its derecognition. The 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.

**4.5 Property and equipment**

**(a) Recognition and measurement**

Items of property and equipment are stated at cost less any impairment losses and depreciation calculated on a straight-line basis to write-off the assets over their useful lives.

The cost of the relevant property, plant and equipment includes and is made up of expenditures that are directly attributable to the acquisition of the assets. Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the assets and the cost of the asset can be measured reliably. Where significant parts of an item of property and equipment has different useful lives, they are accounted for as separate components of property and equipment. All other repairs and maintenance are charged to the profit and loss statement during the period in which they are incurred.

**(b) Depreciation**

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its useful economic life.

The firm depreciates its assets over the following period

Freehold Buildings	50
Freehold land	Not depreciated
Leasehold land	Not depreciated
Construction Work in progress	Not depreciated
Motor vehicles	4
Furniture, fittings and Equipment	4

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

When deciding on depreciation rates and methods, the principal factors the bank takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets. When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life. Depreciation commences when the assets are ready for their intended use.

## Notes to the consolidated and separate financial statements

### 4 Material accounting policies

#### (c) Derecognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognised in the income statement during the period in which they were incurred.

#### 4.6 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise office buildings leased out under operating lease agreements.

Some properties are partially occupied by the Group, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Group can be sold separately, the Group accounts for the portions separately. The portion that is owner-occupied is accounted for under IAS 16, and the portion that is held for rental income or capital appreciation or both is treated as investment property under IAS 40. When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied. The Group considers the owner-occupied portion as insignificant when the property is more than 75% held to earn rental income or capital appreciation. In order to determine the percentage of the portions, the Group uses the size of the property measured in square metre. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost and accounted for in a manner similar to IAS 16 requirements. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

The Group depreciates its investment property over a 50 year period. Depreciation is provided on the depreciable amount of items of investment property on a straight line basis over their estimated useful economic lives. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its useful economic life.

#### 4.7 Intangible assets

##### (a) Computer software

Computer software is stated at cost, less amortisation and accumulated impairment losses, if any.

The identifiable and directly associated external and internal costs of acquiring and developing software are capitalized where the software is controlled by the Group, and where it is probable that future economic benefits that exceed its cost will flow from its use over more than one year. Costs associated with maintaining software are recognised as an expense during the period when they are incurred.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that the asset is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for computer software is 5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial period-end and adjusted if appropriate.

Intangible assets are derecognized on disposal or when no future economic benefits are expected from their use.

#### 4.8 Impairment of non-financial assets

At each balance sheet date, or more frequently where events or changes in circumstances dictate, tangible and intangible assets, are assessed for indicators of impairment. If indicators are present, these assets are subject to an impairment review. For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which management monitors the return on investment on assets. The impairment review includes the comparison of the carrying amount of the asset with its recoverable amount. The recoverable amount of the asset is the higher of the assets or the cash-generating unit's fair value less cost to sell and its value in use. Net selling price is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

## Notes to the consolidated and separate financial statements

### 4 Material accounting policies

The carrying values of tangible and intangible assets, excluding goodwill, are written down by the amount of any impairment and this loss is recognised in the income statement in the period in which it occurs. In subsequent years, the Group assesses whether indications exist that impairment losses previously recognized for tangible and intangible assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is recalculated and, if required, its carrying amount is increased to the revised recoverable amount. The increase is recognized in operating income as an impairment reversal. An impairment reversal is recognized only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset's carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognized had the original impairment not occurred.

#### 4.9 Share capital

(a) **Issued and paid up capital**

All shares issued and paid up as at year end has been recognized as part of Share capital in the Statement of Financial Position

(b) **Issued but not yet paid up capital**

Issued but not yet paid up capital: This comprises shares issued as at year end but no payment has been made, hence no financial assets has been recognized for issued but not yet paid up capital.

(c) **Called Share capital but not paid**

Called issued share capital are only recognized as financial assets once the share capital has been issued, called but not yet paid

(d) **Share issue costs**

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

(e) **Dividend on ordinary shares**

Dividend on ordinary shares is recognised in equity in the period in which it is approved by the Group's shareholders. Dividend declared after the balance sheet date is dealt with in the subsequent period.

#### 4.10 Employee benefits

(a) **Defined contribution plan**

The Group operates a defined contribution plan, based on a percentage of pensionable earnings funded by both the Group and qualifying employees under a mandatory scheme governed by the Pension Reform Act of 2014. The employer contributes 25% and employee contribute 5% of pensionable earnings hence an amount of 30% in total is contributed. Contributions to these plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(b) **Defined benefit plan**

The Group also maintains a defined benefit plan. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions is recognised in other comprehensive income. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

## Notes to the consolidated and separate financial statements

### 4 Material accounting policies

#### (b) Short term employee benefit

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

#### (c) Other long term employee benefit

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

### 4.11 Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. The amount recognized is the best estimate of the expenditure required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the firm from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

### 4.12 Taxes, including deferred taxes

Income tax comprises company income tax, education tax, information technology tax, national agency for science and engineering infrastructure levy, nigeria policy trust fund levy, minimum tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

#### (a) Current tax

Current tax is the tax expected to be payable on the taxable profit for the period, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years and is recognised as an expense in the period in which profits arise. Current tax assets and liabilities are offset when the Group intends to settle on a net basis and the legal right to offset exists. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits. Current tax is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e profit after deducting all expenses and taxes from revenue earned by the company during the year)
- National Agency for Science and Engineering Infrastructure is computed on profit before tax
- Minimum tax is assessed on gross turnover less franked investment income and only applicable when company income tax is lower than minimum tax

#### (b) Deferred tax

Deferred income tax is provided for in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantially enacted at the balance sheet date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### (i) Deferred tax asset

The recognition of a deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies.

Recognition of deferred tax assets is based on the evidence available about conditions at the balance sheet date, and requires significant judgments to be made regarding projections of loan impairment charges and the timing of recovery in the economy. These judgments take into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income, future reversals of existing taxable temporary differences, tax planning strategies and the availability of loss carrybacks. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

### 4.13 Cash and cash equivalents

For the purposes of the cash flow statement, cash comprises cash on hand, placements due from financial institutions and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

### 4.14 Lease

#### The Group as a Lessor

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

## **Notes to the consolidated and separate financial statements**

### **4 Material accounting policies**

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Amounts due from lessees under finance leases are recognised within Advance under finance lease as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see 4.3b and 4.4)

#### **The Group as a Lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the group recognise the lease payments as an operating expense on a straight-line basis over the term of the unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### **Initial Recognition**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

The incremental borrowing rate is the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as part of other liabilities in the consolidated statement of financial position.

Right-of-use asset are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

#### **Subsequent Recognition**

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payment made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets that do not meet the definition of investment property are presented as a separate line in the Statement of financial position.

#### **Depreciation on right of use assets**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

#### **Remeasurement/modifications of lease liability**

The Group remeasures the lease liability (and make a corresponding adjustment to right-of-use asset) whenever:

## Notes to the consolidated and separate financial statements

### 4 Material accounting policies

-the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

-the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

-a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

#### 4.15 Fiduciary activities

The Bank acts as fund manager and in other fiduciary capacities to some Federal Government, State Governments of Nigeria, other government agencies and high net worth individuals that results in the holding or placing of assets on behalf of these stakeholders. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank. The fees earned on these activities are recognised as management fees.

#### 4.16 Earnings per share

The Bank present basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Where there are shares that could potentially affect the numbers of share issued, those shares are considered in calculating the diluted earnings per share.

#### 4.17 Business combination

Business Combination under common controls are accounted for in the consolidated accounts prospectively from the date the Bank obtains the ownership interests. Assets and liabilities are recognized upon reconsolidation at their carrying amount in the consolidated financial statement of the Group. Any difference between the fair values of consideration paid and the amounts at which the assets and liabilities are recorded is recognized directly in equity reserve.

For acquisitions meeting the definition of business, the acquisition method is used. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair values of the Group's share of the identifiable net assets acquired is recorded as goodwill. Any goodwill arising from initial consolidation is tested for impairment at least once a year and whenever events or changes in circumstances indicated the need for an impairment. If the cost of acquisition is less than the fair value of the Group's share of the net assets acquired, the difference is recognized directly in the consolidated income statement.

For acquisitions not meeting the definition of business, the Group allocates the cost between the individual identifiable assets and liabilities. The cost of acquired assets and liabilities is determined by (a) accounting for financial assets and liabilities at their fair value at the acquisition date as measured in accordance with IFRS 9, "Financial instruments"; and (b) allocating the remaining balance of the cost of purchasing the assets and liabilities to the individual assets and liabilities, other than financial instruments, based on their relative fair values at the acquisition date.

#### 4.18 Consolidation

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

##### a) Subsidiaries

The consolidated financial statements of the Group comprise the financial statements of the parent entity and all consolidated subsidiaries as of the reporting periods. Subsidiaries are companies in which the Group directly or indirectly holds the majority of the voting rights and where it determines their financial and business policies and is able to exercise control over them in order to benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective acquisition date or up to the effective date on which control ceases, as appropriate. Inter-company transactions, balances and intragroup gains on transactions between group companies are eliminated. Intragroup losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences

##### b) Non-Controlling Interest (NCI)

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

##### c) Loss of Control

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

##### d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

## **Notes to the consolidated and separate financial statements**

### **4 Material accounting policies**

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves are recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### **e) Common control transactions**

Common control transactions in the consolidated financial statements are accounted for prospectively from the date the Bank obtains the ownership interest. Assets and liabilities are recognized upon consolidation at their carrying amount in the consolidated financial statement of the Group. Any difference between the fair values of the consideration paid and the amounts at which the assets and liabilities are recorded is recognized directly in equity reserve.

#### **e) Transactions eliminated on consolidation**

Intra-group balances and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### **4.19 Government Grant**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized as follows:

i. If the grant received is a guarantee integral to loans and advances issued by the Bank, then the Bank considers the guarantee, including whether the conditions attached to it will be met, in measuring the loan. If all conditions are met, the grant is deducted from the carrying amount of the assets.

ii. Conversely if the grant is not integral to loans and advances issued by the Bank, the grant is recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

	Note	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
<b>5 Interest income</b>					
Interest income on financial assets carried at amortised cost:					
Loans and advances to customers		83,121,032	57,886,539	82,651,266	57,535,223
Loans and advances to financial institutions		1,139,924	977,497	1,139,924	977,497
Placements with financial institutions		23,498,429	14,212,844	23,276,763	14,105,074
Investment in debt securities		178,882,244	139,868,045	178,874,189	139,862,054
		<u>286,641,629</u>	<u>212,944,925</u>	<u>285,942,142</u>	<u>212,479,848</u>
Total interest income calculated using effective interest method		286,641,629	212,944,925	285,942,142	212,479,848
Other Interest income:					
Lease Income		-	10,412	-	-
		<u>286,641,629</u>	<u>212,955,337</u>	<u>285,942,142</u>	<u>212,479,848</u>
<b>6 Interest expense</b>					
Borrowings	6.1	144,272,280	83,051,286	143,955,474	82,797,490
Lease liabilities	6.2	1,663	267	1,090,427	1,089,749
		<u>144,273,943</u>	<u>83,051,553</u>	<u>145,045,901</u>	<u>83,887,239</u>
6.1 The total represents interest expense on financial liabilities that are measured at amortised cost.					
6.2 This represents the unwinding of discount on future lease payments for the year. Lease transactions between the Bank and its subsidiaries have been eliminated at the group level.					
<b>7 Fees and commission income</b>					
Management fee on third party funds	7.1	817,882	2,353,587	817,882	2,353,587
Credit related fees		5,583,482	4,229,445	4,686,748	3,588,650
Commission on letter of credit		385,016	225,003	38,125	3,651
Fees and commission income		<u>6,786,380</u>	<u>6,808,035</u>	<u>5,542,755</u>	<u>5,945,888</u>
7.1 Management fees on third party funds relate to fees earned by the Bank on trust and fiduciary activities in which the Bank holds or manage funds on behalf of its customers.					
7.2 Fee and commission expense relates to 1% to 2% monitoring fees paid to Commercial Banks for loan facilities guaranteed.					
<b>8 Net gain/(loss) from financial instruments measured at fair value</b>					
Derivative gain/(loss) - Euro Currency swap		1,293,917,032	(18,587,705)	1,293,917,032	(18,587,705)
Derivative gain - USD Currency swap		86,077,264	3,131,345	86,077,264	3,131,345
Fair value gain/(loss) on equity investments at FVTPL		1,279	(45)	-	-
		<u>1,379,995,575</u>	<u>(15,456,405)</u>	<u>1,379,994,296</u>	<u>(15,456,360)</u>
<b>9 Other income/(loss)</b>					
Exchange (loss)/gain	9.1	(1,301,239,864)	4,768,892	(1,301,264,270)	4,760,351
Rental income	9.2	1,072,143	413,169	1,020,229	389,667
Loan recoveries		646,262	2,531,612	646,262	2,531,612
Brokerage Income		153,721	128,100	-	-
Dividend from equity securities		9,799	15,551	8,274	14,215
Gain/(loss) on disposal of Property and equipment	25.1	121,190	110,714	(2,018)	(74)
Other miscellaneous income		622,119	680,381	389,633	389,447
		<u>(1,298,614,630)</u>	<u>8,648,419</u>	<u>(1,299,201,890)</u>	<u>8,085,218</u>
9.1 Exchange loss for the year ended 31 December 2023 reflects changes experienced in Nigeria's unification of exchange rate which led to the exchange loss of N1,301billion. This loss resulted from the Group's significant exposure to foreign currency which stood at a net liability of EUR2.1billion as at 31 December 2023.					
9.2 Rental Income represents income earned from rental of the Group's investment properties and building.					



**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

Note	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
<b>10 Impairment charges/(write back)</b>				
Cash balances	43(e)(i)	141	292	141
Fixed deposits	43(e)(ii)	1,714,257	33,132	1,715,322
Investment in debt securities	43(e)(iii)	91,163	(9,021)	91,182
Loans and advances	43(e)(iv)	(1,657,034)	1,762,955	(1,748,835)
Other assets	43(e)(v)	20,098	224,852	50,843
Advances under finance lease	43(e)(vi)	2,188	(364)	-
Modification loss	10(a)	-	2,333,816	-
		<b>170,813</b>	<b>4,345,662</b>	<b>108,653</b>
				<b>4,337,860</b>
10(a) The Group restructured some of its loans in 2020, 2021 and 2022 in form of interest rate reduction, moratorium extension and tenure elongation. This was necessitated due to the anticipated impact of COVID-19 on the business of its customers. In 2020, interest rate was reduced by 2%, a moratorium of three(3) months was also extended and in some cases there were additional moratorium extension of nine(9) months. The interest rate reduction by 2% for one (1) year commenced April 1, 2020 and terminated March 31, 2021. After the terminal period of March 31, 2021, there was a further restructuring in 2021, which led to the extension of the interest rate reduction of 2% by an additional twelve (12) months, which terminated in March 31, 2022. The interest rate reduction was further extended to August 31, 2022. The effect of this restructuring resulted to a modification loss of N2.334 billion in December 2022. With the cessation of moratorium extension and elongation in August 2022, no further modification loss was recognised in 2023.				
<b>11 Staff costs</b>				
Salaries and wages		20,548,641	17,183,898	19,969,138
Defined contribution plans	31.1	1,861,705	1,423,522	1,762,105
Income related to post-employment defined benefit plans	31.2(e)	(573,083)	(326,380)	(572,606)
Medical and welfare expenses		3,083,492	2,128,308	3,074,140
		<b>24,920,755</b>	<b>20,409,348</b>	<b>24,232,777</b>
				<b>19,868,549</b>
<b>12 Depreciation and amortisation</b>				
Amortisation of Intangible asset	24	226,329	177,572	226,329
Depreciation of property and equipment	25	3,741,748	2,884,013	959,050
Depreciation of investment property	26	302,018	180,200	297,798
Depreciation of right-of-use asset	27	20,136	1,678	3,002,613
		<b>4,290,231</b>	<b>3,243,463</b>	<b>4,485,790</b>
				<b>3,363,153</b>
<b>13 Other operating expenses</b>				
Rent and rates		771,999	691,100	743,220
Directors' emoluments	38b	1,272,999	506,261	1,238,635
Postages and telephones		172,436	204,251	166,332
Entertainment		358,957	322,233	349,720
Motor running/ travelling expenses		3,976,630	2,418,844	3,936,378
Advertisement expenses		639,522	701,102	634,272
Professional service fees		1,602,239	1,359,991	1,536,792
Corporate promotional expenses		4,340,934	2,997,982	4,340,934
Business development expenses		2,792,416	2,135,508	2,792,416
MSME development		7,551,183	2,837,271	7,551,183
Training and conference, etc		3,416,546	2,142,512	3,384,102
Bank charges		165,733	45,999	156,831
Insurance		699,881	319,491	556,067
Subscriptions		50,966	46,982	49,203
Donations		20,000	143,954	20,000
Repairs and maintenance		2,274,139	1,954,483	2,263,248
Sundry expenses		271,748	179,539	108,801
Office expenses		3,643,906	2,881,225	3,286,535
Printing and stationery		388,923	244,607	382,748
Other asset write off		1,000	-	-
Audit fee		132,389	94,029	120,000
		<b>34,544,546</b>	<b>22,227,364</b>	<b>33,617,417</b>
				<b>21,457,746</b>

**13.1** The auditors, KPMG Professional Services performed non-audit service of NGN6million during the year which is recognized under Professional service fees. The non-audit service relates to Certification of loan financial covenants.

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

	Note	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
<b>14 Cash and Bank Balances</b>					
Cash in hand		31,721	33,839	5,815	1,444
Cash balances with Local Banks		1,166,553	2,987,508	648,783	2,880,802
Cash Balances with Foreign Banks		3,805,214	4,816,097	3,805,214	4,816,097
Cash with CBN		25,936,310	11,750,300	25,936,310	11,750,300
		30,939,798	19,587,744	30,396,122	19,448,643
Allowance for impairment	43(e)(i)	(1,141)	(1,000)	(1,141)	(1,000)
		<b>30,938,657</b>	<b>19,586,744</b>	<b>30,394,981</b>	<b>19,447,643</b>
<b>15 Fixed deposits</b>					
Fixed Deposit - denominated in local currency		287,297,094	110,747,210	286,098,875	103,121,018
Fixed Deposit - denominated in foreign currency		204,050,822	65,907,649	204,050,822	72,206,614
		491,347,916	176,654,859	490,149,697	175,327,632
Allowance for impairment	43(e)(ii)	(2,068,282)	(354,025)	(2,066,645)	(351,323)
		<b>489,279,634</b>	<b>176,300,834</b>	<b>488,083,052</b>	<b>174,976,309</b>

Due from financial institutions represents local and domiciliary fixed deposit placements with financial institutions in Nigeria with original maturities of less than three months

**16 Derivative instrument**

**Group and Bank**

		Fair Values			
		Notional contract Counterparty Amount	Derivative Asset	Derivative Liability	Net
		31-Dec-23			
		N'000	N'000	N'000	N'000
Foreign Currency swap - EUR	Central Bank of Nigeria	2,082,983,007	582,161,663	-	582,161,663
		2,082,983,007	582,161,663	-	582,161,663
		31-Dec-22			
		N'000	N'000	N'000	
Foreign Currency swap - USD	Central Bank of Nigeria	205,366,500	1,716,396	-	1,716,396
Foreign Currency swap - EUR	Central Bank of Nigeria	1,051,404,520	1,220,997	(3,047,023)	(1,826,026)
		1,256,771,020	2,937,393	(3,047,023)	(109,630)

The Bank entered into various foreign currency swap contracts of Euros and US dollars notional amount with the Central Bank of Nigeria (CBN) during the period. On reporting date, the Group estimates the fair value of the derivatives transacted with the CBN using the discounted cashflow technique with the observable yield curves.

During the year ended 31 December 2023, the derivative contracts entered into by the Group generated net gain of N1,379.99billion (31 December 2022 net loss of N15.46billion), which were recognized in the statement of profit or loss and other comprehensive income. See note 8.

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

	Note	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
<b>17 Advances under Finance Lease</b>					
Gross Investment	17.1	310,178	91,374	-	-
Unearned Income	17.1	(8,777)	(8,695)	-	-
Present value of minimum lease payments	17.1	301,401	82,679	-	-
Allowance for uncollectible lease payments	17.1	(3,102)	(914)	-	-
		<b>298,299</b>	<b>81,765</b>	-	-

17.1 Advances under finance lease may be analysed as follows:

Gross investment in finance leases					
- No later than 1 year		-	-	-	-
- Later than 1 year and no later than 5 years		310,178	91,374	-	-
- More than 5 years		-	-	-	-
		310,178	91,374	-	-
		(8,777)	(8,695)	-	-
Net Investment in finance lease		301,401	82,679	-	-
Less Impairment allowance	42(e)(vi)	(3,102)	(914)	-	-
		298,299	81,765	-	-
Net Investment in finance lease					
Less than one year		-	-	-	-
Between one and five years		301,401	82,679	-	-
More than five years		-	-	-	-
		<b>301,401</b>	<b>82,679</b>	-	-

The Group enters into finance leasing arrangements as a lessor for generating sets and motor vehicles to its customers. The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in Naira. Residual value risk on the motor vehicles and generating set is not significant, because the residual values are guaranteed and also the existence of a secondary market with respect to them.

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

		<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>Note</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
		<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>18 Investment in debt securities</b>					
Treasury Bills		134,180	110,800	-	-
CBN Omo Bills	18.1	1,592,101,977	1,315,018,554	1,592,101,977	1,315,018,554
		1,592,236,157	1,315,129,354	1,592,101,977	1,315,018,554
Impairment allowance		(152,093)	(60,930)	(152,066)	(60,883)
		<b>1,592,084,064</b>	<b>1,315,068,424</b>	<b>1,591,949,911</b>	<b>1,314,957,671</b>

18.1 This represents the carrying amount of the Bank's investment in CBN OMO Bills at an interest rate that ranged from 11% to 13% per annum during the year ended 31 December 2023.

**19 Loans and advances**

Loans to customers		1,077,341,625	712,677,708	1,074,710,523	710,792,277
		75,632,419	111,567,868	75,632,419	111,567,868
Gross loans and advances		1,152,974,044	824,245,576	1,150,342,942	822,360,145
Less ECL allowance	42(e)(iv)	(13,491,583)	(18,789,276)	(13,386,596)	(18,764,758)
Net loans and advances		<b>1,139,482,461</b>	<b>805,456,300</b>	<b>1,136,956,346</b>	<b>803,595,387</b>

**20 Equity investment securities**

Quoted equity investments at FVTPL		3,672	4,042	676	676
Quoted equity investments at FVOCI		6,701	6,701	4,237	4,237
Unquoted equity investments at FVOCI		19,363,761	9,304,485	19,358,960	9,299,684
<b>Total equity investment securities</b>		<b>19,374,134</b>	<b>9,315,228</b>	<b>19,363,873</b>	<b>9,304,597</b>

Analysis of movement in the Group's equity investment securities are presented below:

**Group**

<b>31-Dec-23</b>	<b>Quoted equity investments at FVTPL N'000</b>	<b>Quoted equity investments at FVOCI N'000</b>	<b>Unquoted equity investments at FVOCI N'000</b>	<b>Total N'000</b>
Balance as at 1 January 2023	4,042	6,701	9,304,485	9,315,228
Additions during the year	-	-	1,509,338	1,509,338
Disposal during the year	(1,649)	-	-	(1,649)
Realised fair value gain/(loss) recognised in P&L	1,279	-	-	1,279
Unrealised fair value gain/(loss) recognised in P&L	-	-	-	-
Unrealised fair value gain/(loss) recognised in other comprehensive income	-	-	8,549,938	8,549,938
Balance as at 31 December 2023	<b>3,672</b>	<b>6,701</b>	<b>19,363,761</b>	<b>19,374,134</b>

**Notes to the consolidated and separate financial statements**

<b>31-Dec-22</b>	<b>Quoted equity investments at FVTPL N'000</b>	<b>Quoted equity investments at FVOCI N'000</b>	<b>Unquoted equity investments at FVOCI N'000</b>	<b>Total N'000</b>
Balance as at 1 January 2022	4,087	10,498	8,575,887	8,590,472
Additions during the year	-	-	784,065	784,065
Unrealised fair value gain/(loss) recognised in P&L	(45)	-	-	(45)
Unrealised fair value gain/(loss) recognised in other comprehensive income	-	(3,797)	(55,467)	(59,264)
Balance as at 31 December 2022	4,042	6,701	9,304,485	9,315,228

Bank

<b>31-Dec-23</b>	<b>Quoted equity investments at FVTPL N'000</b>	<b>Quoted equity investments at FVOCI N'000</b>	<b>Unquoted equity investments at FVOCI N'000</b>	<b>Total N'000</b>
Balance as at 1 January 2023	676	4,237	9,299,684	9,304,597
Additions during the year	-	-	1,509,338	1,509,338
Unrealised fair value gain/(loss) recognised in other comprehensive income	-	-	8,549,938	8,549,938
Balance as at 31 December 2023	676	4,237	19,358,960	19,363,873

<b>31-Dec-22</b>	<b>Quoted equity investments at FVTPL N'000</b>	<b>Quoted equity investments at FVOCI N'000</b>	<b>Unquoted equity investments at FVOCI N'000</b>	<b>Total N'000</b>
Balance as at 1 January 2022	676	8,077	8,560,281	8,569,034
Additions during the year	-	-	784,065	784,065
Unrealised fair value loss recognised in other comprehensive income	-	(3,840)	(44,662)	(48,502)
Balance as at 31 December 2022	676	4,237	9,299,684	9,304,597

20.1 Details of the Group and Bank's equity investments are presented below:

	<b>Group 31-Dec-23 N'000</b>	<b>Group 31-Dec-22 N'000</b>	<b>Bank 31-Dec-23 N'000</b>	<b>Bank 31-Dec-22 N'000</b>
(a) Quoted equity investment securities measured at FVTPL				
Union Trading Company Plc	676	676	676	676
Other Equity investments	2,950	3,366	-	-
	3,626	4,042	676	676

**Notes to the consolidated and separate financial statements**

(b) Quoted equity investment securities measured at FVOCI

GlaxoSmith Kline	311	311	311	311
Staco Insurance Plc	3,426	3,426	3,426	3,426
Gold link Insurance	500	500	500	500
Other equity investments	2,464	2,464	-	-
	6,701	6,701	4,237	4,237

(c) Unquoted equity investment securities measured at FVOCI

The Group has designated some investments in equity instruments at FVOCI as these are investments that the Group plans to hold in the long term for strategic reasons.

LADOL Integrated Logistics Free Zone Enterprises	9,492,961	3,297,932	9,492,961	3,297,932
Ketron Investment Limited	1,655,808	3,588,169	1,655,808	3,588,169
Alitheia	8,179,091	2,413,583	8,179,091	2,413,583
Other equity investments	35,900	4,801	31,100	-
	19,363,760	9,304,485	19,358,960	9,299,684

Total	19,374,087	9,315,228	19,363,873	9,304,597
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**20.2 Measurement of fair value**

i Fair value hierarchy

The fair value of the equity securities at FVOCI was determined by management as the bank's share of the fair value of the investee companies determined based on average trading comparables as at 31 December 2023.

The fair value measurement for the unquoted equity securities of N19billion (31 Dec 2022: N9billion) has been categorised as Level 3 fair value based on the inputs into valuation technique used.

ii Valuation technique and significant unobservable inputs

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The fair values are determined by applying the average of trading comparables. References were made to the investee companies historical financial performance and market multiples. The fair values are based on average market multiples of comparable companies.	-Price to Book value of comparable companies -Price to Sales value of comparable companies -Price to Earnings Before Interest Tax Depreciation and amortisation (EBITDA) -Illiquidity discount -minority discount	The estimated fair value would increase (decrease) if the following key inputs increases or (decreases): i. Price to book value ratio ii. Price to sales value ratio iii. Price to EBITDA ratio iv. Illiquidity discount v. Minority discount

**21 Investment in associates**

Below is information on the Group's investment in equity accounted investee as at 31 December 2023. The associate company (Iwosan Investment Limited) incorporated in Nigeria has its primary place of business located in Lagos Nigeria and its main business is the provision of health care services. Its financial reporting date is 31 December and has share capital consisting solely of ordinary shares, which are held directly by the Group. The group's percentage holding as at 31 December 2023 is 25%.

(a) Movement in investment in equity-accounted investee

	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
Balance as at 1 January 2023	2,829,609	3,035,109	3,000,000	3,000,000
Share of current year result	-	(205,500)	-	-
Balance as at 31 December 2023	2,829,609	2,829,609	3,000,000	3,000,000

**Notes to the consolidated and separate financial statements**

**22 Investment in subsidiaries**

Details of the group's subsidiaries at the end of the reporting year are as follows:

Name of subsidiary	Principal activity	Place of Incorporation and operation	Ownership Interest	Carrying Amount	
				31-Dec-23 %	31-Dec-23 N'000
Lecon Financial Services Limited (LECON)	Leasing and Financing Solutions	Lagos, Nigeria	98%	3,332,070	3,332,070
BOI Investment and Trust company Limited	Trusteeship and Consultancy services	Lagos, Nigeria	100%	308,650	308,650
BOI Microfinance Bank	Microfinance Banking	Lagos, Nigeria	100%	800,000	100,000
BOI Insurance Brokers Limited	Insurance Placement and Consultancy	Lagos, Nigeria	100%	5,000	5,000
BOI Finance B.V.	Bond Issuance	Netherlands	100%	-	-
				<b>4,445,720</b>	<b>3,745,720</b>

**22.1 Change in the Group's ownership interest in a subsidiary**

During the 2023 financial year, the Bank increased its investment in BOI Microfinance Bank by N700million (2022: nil)

**22.2** There are no significant non-controlling interest in the group as such the group has not disclosed the summarised financial statement of each subsidiary.

**22.3** There was no indication of impairment on any of the subsidiaries.

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

	Note	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
<b>23 Other assets</b>					
<b>Non financial assets</b>					
Prepayments		6,076,669	5,342,682	3,471,664	3,586,742
WHT receivable		1,307,510	984,877	1,196,151	846,333
Other debit balances	23.1	357,768	455,140	279,144	419,603
Net other non-financial assets		<u>7,741,947</u>	<u>6,782,699</u>	<u>4,946,959</u>	<u>4,852,678</u>
<b>Other financial assets</b>					
Estate and rental debtors		993,511	903,952	509,365	465,908
UNDP receivable		37,249	37,249	37,249	37,249
Due from fund holders		2,479,556	140,438	2,479,556	140,438
Other account receivable	23.2	1,980,473	2,283,242	1,956,442	2,263,792
Accrued income		211,724	125,931	211,724	125,931
Late fee receivable		331,775	163,461	331,775	163,461
Loan fee receivable		1,215,536	827,385	1,215,536	827,385
Due from related companies		-	-	23,201	29,420
Management fees receivable	23.3	1,660,296	1,396,792	1,306,762	1,253,019
Gross other financial assets		8,910,120	5,878,450	8,071,610	5,306,603
Less: Impairment allowance	42(d)	(1,755,500)	(1,739,402)	(1,727,680)	(1,676,838)
Net Other financial assets		<u>7,154,620</u>	<u>4,139,048</u>	<u>6,343,930</u>	<u>3,629,765</u>
Total other assets		<u><b>14,896,567</b></u>	<u><b>10,921,747</b></u>	<u><b>11,290,889</b></u>	<u><b>8,482,443</b></u>

23.1 Other debit balance mainly consists of advance payment for fixed assets of N271.9million (Dec 2022: N430.7million)

23.2 Other account receivable majorly consist of receivable from Ministry of finance in respect of payment made on its behalf to ex-employees of defunct Nigeria Bank for Commerce and Industry (NBCI). This receivable currently stands at N1.869billion (December 2022: N1.869billion).

23.3 Management fee receivable represent fee income earned from the management of various funds by the Group from the funds under management.

**24 Intangible assets**

	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
<b>Cost</b>				
Opening Balance	1,289,253	1,113,213	1,289,253	1,113,213
Acquired during the year	268,001	176,040	268,001	176,040
<b>Closing balance</b>	<u>1,557,254</u>	<u>1,289,253</u>	<u>1,557,254</u>	<u>1,289,253</u>
<b>Accumulated Depreciation</b>				
Opening Balance	768,491	590,919	768,491	590,919
Charge	226,329	177,572	226,329	177,572
<b>Closing balance</b>	<u>994,820</u>	<u>768,491</u>	<u>994,820</u>	<u>768,491</u>
Opening net book value	520,762	522,294	520,762	522,294
<b>Closing net book value</b>	<u><b>562,434</b></u>	<u><b>520,762</b></u>	<u><b>562,434</b></u>	<u><b>520,762</b></u>

Intangible asset represents purchased computer software.

All intangible assets are non current. All intangible assets of the Group have finite useful life and are amortised over 5 years. The Group does not have internally generated intangible assets.

There were no capitalized borrowing cost during the year.



**Notes to the consolidated and separate interim financial statements**  
**For the year ended 31 December 2023**

**25 Property and equipment**

Group

	Notes	Leasehold Land N'000	Building N'000	Motor Vehicles N'000	Furniture, Fittings and equipment N'000	Construction in progress N'000	Total N'000
<b>Cost</b>							
At 1 January 2022		12,972	262,951	7,890,968	4,730,922	20,796,264	33,694,077
Additions during the year		-	-	4,574,404	1,734,654	201,975	6,511,033
Reclassification	26(c)	-	4,302,682	-	-	-	4,302,682
Disposal		-	-	(1,944,565)	(220,601)	-	(2,165,166)
		<u>12,972</u>	<u>4,565,633</u>	<u>10,520,807</u>	<u>6,244,975</u>	<u>20,998,239</u>	<u>42,342,626</u>
At 1 January 2023		12,972	4,565,633	10,520,807	6,244,975	20,998,239	42,342,626
Additions during the year		-	-	5,049,965	2,356,512	72,570	7,479,047
Reclassification	26(c)	-	-	-	-	(20,046,924)	(20,046,924)
Disposal		-	-	(3,113,705)	(788,967)	(58,400)	(3,961,072)
At 31 December 2023		<u>12,972</u>	<u>4,565,633</u>	<u>12,457,067</u>	<u>7,812,520</u>	<u>965,485</u>	<u>25,813,677</u>
<b>Accumulated Depreciation</b>							
At 1 January 2022		-	119,304	4,798,448	3,414,917	-	8,332,669
Charge for the year		-	12,432	2,213,123	658,458	-	2,884,013
Reclassification	26(c)	-	1,096,152	-	-	-	1,096,152
Disposal		-	-	(1,923,564)	(220,513)	-	(2,144,077)
At 31 December 2022		<u>-</u>	<u>1,227,888</u>	<u>5,088,007</u>	<u>3,852,862</u>	<u>-</u>	<u>10,168,757</u>
At 1 January 2023		-	1,227,888	5,088,007	3,852,862	-	10,168,757
Charge for the year		-	91,314	2,577,995	1,072,439	-	3,741,748
Disposal		-	-	(3,113,705)	(781,641)	-	(3,895,346)
At 31 December 2023		<u>-</u>	<u>1,319,202</u>	<u>4,552,297</u>	<u>4,143,660</u>	<u>-</u>	<u>10,015,159</u>
<b>Net Book Value</b>							
At 31 December 2023		<u><b>12,972</b></u>	<u><b>3,246,431</b></u>	<u><b>7,904,770</b></u>	<u><b>3,668,860</b></u>	<u><b>965,485</b></u>	<u><b>15,798,518</b></u>
At 31 December 2022		<u>12,972</u>	<u>3,337,745</u>	<u>5,432,800</u>	<u>2,392,113</u>	<u>20,998,239</u>	<u>32,173,869</u>

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**25 Property and equipment**  
Bank

	Note	Leasehold Land N'000	Building N'000	Motor Vehicles N'000	Furniture, Fittings and equipment N'000	Construction in progress N'000	Total N'000
Cost							
At 1 January 2022		12,972	262,618	16,369	3,036,574	20,796,264	24,124,797
Additions during the year		-	-	-	1,687,678	201,975	1,889,653
Reclassification	26(c)	-	4,302,682	-	-	-	4,302,682
Disposal		-	-	-	(18,088)	-	(18,088)
At 31 December 2022		12,972	4,565,300	16,369	4,706,164	20,998,239	30,299,044
At 1 January 2023		12,972	4,565,300	16,369	4,706,164	20,998,239	30,299,044
Additions during the year		-	-	-	2,343,208	72,570	2,415,778
Disposal		-	-	(415)	(66,449)	(58,400)	(125,264)
Reclassification	26(c)	-	-	-	-	(20,046,924)	(20,046,924)
<b>At 31 December 2023</b>		<b>12,972</b>	<b>4,565,300</b>	<b>15,954</b>	<b>6,982,923</b>	<b>965,485</b>	<b>12,542,634</b>
<b>Accumulated Depreciation</b>							
At 1 January 2022		-	119,145	16,231	2,127,122	-	2,262,498
Charge for the year		-	12,424	138	450,257	-	462,819
Reclassification	26(c)	-	1,096,152	-	-	-	1,096,152
Disposal		-	-	-	(18,014)	-	(18,014)
At 31 December 2022		-	1,227,721	16,369	2,559,365	-	3,803,455
At 1 January 2023		-	1,227,721	16,369	2,559,365	-	3,803,455
Charge for the year		-	91,306	-	867,744	-	959,050
Disposal		-	-	(415)	(59,123)	-	(59,538)
<b>At 31 December 2023</b>		<b>-</b>	<b>1,319,027</b>	<b>15,954</b>	<b>3,367,986</b>	<b>-</b>	<b>4,702,967</b>
<b>Net Book Value</b>							
<b>At 31 December 2023</b>		<b>12,972</b>	<b>3,246,273</b>	<b>-</b>	<b>3,614,937</b>	<b>965,485</b>	<b>7,839,667</b>
At 31 December 2022		12,972	3,337,579	-	2,146,799	20,998,239	26,495,589

- (i) There were no impairment losses on any class of property and equipment during the year (31 December 2022: NIL)  
All property and equipment are non-current. There were no capitalized borrowing costs related to the acquisition of property and equipment during the year ended 31 December 2023 (31 December 2022: NIL)
- (ii) 2022: NIL)
- (iii) There were no restrictions on title of any property and equipment.
- (iv) There were no property and equipment pledged as security for liabilities
- (v) Construction work-in-progress mainly consist of payments made for construction of BOI Tower II office complex in Abuja.
- (vi) The Group had no capital commitments during the year ended 31 December 2023 (2022: Nil) in respect of construction of BOI Tower II Office Complex in Abuja).

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**25.1 Property and equipment**

Gain/(loss) on disposal of property and equipment

	<b>Group 31-Dec-23</b>	<b>Group 31-Dec-22</b>	<b>Bank 31-Dec-23</b>	<b>Bank 31-Dec-22</b>
	N'000	N'000	N'000	N'000
Sales proceeds	186,916	131,803	63,708	-
Carrying amount	(65,726)	(21,089)	(65,726)	(74)
Gain/(loss) on sale of property and equipment	<u>121,190</u>	<u>110,714</u>	<u>(2,018)</u>	<u>(74)</u>

**26 Investment property**

	<b>Note</b>	<b>Group 31-Dec-23</b>	<b>Group 31-Dec-22</b>	<b>Bank 31-Dec-23</b>	<b>Bank 31-Dec-22</b>
		N'000	N'000	N'000	N'000
Opening balance		5,048,380	9,351,062	4,854,920	9,157,602
Additions		42,405	-	42,405	-
Reclassification	26(c)	20,046,924	(4,302,682)	20,046,924	(4,302,682)
<b>Closing balance</b>		<u>25,137,709</u>	<u>5,048,380</u>	<u>24,944,249</u>	<u>4,854,920</u>
<b>Accumulated depreciation</b>					
Opening balance		1,300,318	2,216,270	1,235,485	2,155,656
Charge		302,018	180,200	297,798	175,981
Reclassification	26(c)	-	(1,096,152)	-	(1,096,152)
<b>Closing balance</b>		<u>1,602,336</u>	<u>1,300,318</u>	<u>1,533,283</u>	<u>1,235,485</u>
<b>Net book value: Opening</b>		<u>3,748,062</u>	<u>7,134,792</u>	<u>3,619,435</u>	<u>7,001,946</u>
<b>Net book value: Closing</b>		<u>23,535,373</u>	<u>3,748,062</u>	<u>23,410,966</u>	<u>3,619,435</u>

- 26(a) Investment property comprises a number of properties that are leased out to third parties for rental income. Rental income from investment property of N1.072billion (December 2022: N413million) has been recognised in other income.
- 26(b) The open market value of investment properties as at 31 December 2023 is N49.21 billion (31 Dec 2022:N29.17 billion). The Group and Bank's investment properties were valued using the depreciated replacement cost, direct market and contractors test valuation methods. The valuation of the investment properties was carried out by firms of independent Estate Valuers & Surveyors, namely Jide Taiwo & Co. (FRC/2012/NIESV/000000000254), J.O.Omotosho (FRC/2014/NIESV/00000006738), A.F. Olowokure & associates (FRC/2014/NIESV/00000010101), Ora Egbunike and associates (FRC/2012/NIESV/00000000244), Jaiyeola Adeyanju Group Practice (FRC/2014/NIESV/00000008607), and Ibukun Efuntayo & Co. (FRC/2013/NIESV/000000001771).
- 26(c) In 2022, the Group reclassified its headoffice building in Lagos from investment property to property and equipment due to the change in usage as a substantial portion of the building is now being occupied by the Group. Conversely in 2023, the Group reclassified its newly constructed tower in Abuja from property and equipment (construction work in progress) to investment property. This reclassification was necessitated due to the usage of the property for rental purposes.
- 26(d) Valuation technique and significant unobservable inputs  
The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustment was made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	<ul style="list-style-type: none"> <li>-Prices per square meter</li> <li>-Rate of development in the area</li> <li>-Quality of the building</li> <li>-Influx of people and/or businesses to the area</li> </ul>	The estimated fair value would increase (decrease) if the rate of development in the area increases (decreases), quality of the building increases (decreases), influx of people and/or business to the area increases (decreases).

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**27 Right-of-use asset**

	<b>Group</b> <b>31-Dec-23</b> <b>N'000</b>	<b>Group</b> <b>31-Dec-22</b> <b>N'000</b>	<b>Bank</b> <b>31-Dec-23</b> <b>N'000</b>	<b>Bank</b> <b>31-Dec-22</b> <b>N'000</b>
<b>Cost</b>				
Opening Balance	21,814	-	11,385,831	7,558,543
Additions during the year	-	21,814	5,191,393	4,892,709
Derecognition	-	-	(4,736,891)	(1,065,421)
Closing Balance	21,814	21,814	11,840,333	11,385,831
<b>Accumulated depreciation</b>				
Opening Balance	1,678	-	5,764,342	4,282,982
Charge for the year	20,136	1,678	3,002,613	2,546,781
Derecognition	-	-	(4,736,891)	(1,065,421)
Closing Balance	21,814	1,678	4,030,064	5,764,342
Net carrying amount: Opening	<b>20,136</b>	<b>-</b>	<b>5,621,489</b>	<b>3,275,561</b>
Net carrying amount: Closing	<b>-</b>	<b>20,136</b>	<b>7,810,269</b>	<b>5,621,489</b>

27.1 All lease transaction that gave rise to right of use asset and lease liability between the Bank and the subsidiaries are eliminated on consolidation.

	<b>Group</b> <b>31-Dec-23</b> <b>N'000</b>	<b>Group</b> <b>31-Dec-22</b> <b>N'000</b>	<b>Bank</b> <b>31-Dec-23</b> <b>N'000</b>	<b>Bank</b> <b>31-Dec-22</b> <b>N'000</b>
<b>28 Other liabilities</b>				
Accruals and deferred income	28.1	11,946,785	9,735,220	11,432,428
Provision for litigation		150,000	150,000	150,000
LC payable	28.2	4,126,727	4,714,551	4,126,727
Amount due to debt management office	28.3	1,717,710	1,717,551	1,717,153
Due to fund holders	28.4	507,153,909	162,161,923	507,094,351
Dividend payable		1,870,254	1,870,221	1,870,221
Deposits from customers		1,640,782	1,559,124	-
De-risk grant	28.5	312,308	16,312,308	312,308
Lease liability	28.6	-	15,710	7,264,822
Vat payable		274,748	186,063	268,917
Other creditors	28.7	5,853,615	3,522,378	4,694,706
		<b>535,046,838</b>	<b>201,758,986</b>	<b>538,931,666</b>
		<b>204,274,036</b>		
		<b>Group</b> <b>31-Dec-23</b> <b>N'000</b>	<b>Group</b> <b>31-Dec-22</b> <b>N'000</b>	<b>Bank</b> <b>31-Dec-23</b> <b>N'000</b>
		<b>204,274,036</b>	<b>201,758,986</b>	<b>538,931,666</b>

**28.1 Accruals and deferred income**

Accruals and deferred income comprises of:

Accrued expenses	28.1a	5,720,327	5,414,481	5,644,014	5,375,988
Deferred income	28.1b	3,336,575	1,947,223	2,898,531	1,509,179
Advance deposit for legal expenses	28.1c	2,193,831	1,901,739	2,193,831	1,901,739
Rental creditors		696,052	471,777	696,052	471,777
		11,946,785	9,735,220	11,432,428	9,258,683

28.1a Accrued expenses mainly represents accruals for fees payable to guarantor Banks for guaranteeing the loans issued to customers.

28.1b Deferred income mainly represents appraisal and commitment fees received from customers on loans yet to be disbursed as at 31st December 2023

28.1c Advance deposit for legal expenses represents payments received from customers for legal documentation on loans disbursed to customers.

28.2 LC payable relates to letter of credits opened for customers of the Bank. Under this arrangement, the Bank is expected to make payments on behalf of its customers.

28.3 This represents amount due to Debt Management Office (DMO) for repayment of Legacy Lines of Credits to the lenders on behalf of the Bank. The credit was taken by Bank's precursor institution (NIDB).

28.4 Due to fund holders represent balances due to Funds that are being managed by the Bank of Industry Limited.

	<b>Group</b> <b>31-Dec-23</b> <b>N'000</b>	<b>Group</b> <b>31-Dec-22</b> <b>N'000</b>	<b>Bank</b> <b>31-Dec-23</b> <b>N'000</b>	<b>Bank</b> <b>31-Dec-22</b> <b>N'000</b>
Cement fund (see note a below)	21,104,690	21,009,368	21,104,690	21,009,368
Textile intervention fund	2,690,318	3,222,519	2,690,318	3,222,519
Nigerian Content Development and Monitoring Board (see note b below)	278,063,530	129,198,119	278,063,530	129,198,119
Sugar Development fund	26,527	3,952	26,527	3,952
Sugar Levy fund (see note c below)	3,395,560	-	3,395,560	-
Textile revival fund (see note d below)	744,042	8,138,409	744,042	8,138,409
State matching funds	243,150	45,719	243,150	45,719
Nano fund (see note e below)	200,000,000	-	200,000,000	-
Other managed funds	886,092	543,837	826,534	496,378
	<b>507,153,909</b>	<b>162,161,923</b>	<b>507,094,351</b>	<b>162,114,464</b>

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- (a) Amount represents balance due to Cement Technology Institute of Nigeria (CTIN) in respect of the Nigerian Cement Fund being managed by BOI under a fixed income arrangement.
- (b) Amount represents the balance due to the Nigerian Content Development Monitoring Board (NCDMB) fund being managed by BOI. The Bank acts as the Fund Manager and is responsible for the disbursement of loans under this fund. Interest income on loans disbursed are shared at 50:50 ratio between the Bank and NCDMB. BOI also has an obligation to pay on a monthly basis 50% of the interest earned on the undisbursed portion of the fund.
- (c) Amount represents the balance on the Sugar levy fund (set up to develop the Nigerian sugar sub-sector) being managed by the Bank. The bank earns a management fee under a fixed income arrangement with the fund
- (d) Amount represents the balance due to Textile revival fund set up to revamp and revive the Cotton, Textile and Garment Sector.
- (e) During the year, the Bank received N200billion from the federal government under the Nano funds. The purpose of the fund is to cushion the economic hardship faced by very small scale businesses as a result of the fuel subsidy removal. The balance here represents the total sum received from the Federal government yet to be utilised.

28.5 De-risk grant movement	Note	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
Opening Balance		16,312,308	16,312,308	16,312,308	16,312,308
Utilized during the year		(16,000,000)	-	(16,000,000)	-
Closing balance		<u>312,308</u>	<u>16,312,308</u>	<u>312,308</u>	<u>16,312,308</u>

The Bank received N10 billion support in 2020 and an additional N10 billion in 2021 from the government to enable the Bank increase lending in the SME sector due to the deteriorating performance of the SME loans. During the year the Government approved the use of N16 billion as compensation for losses incurred on SME in other to enable the Bank grant more loans in line with its mandate of empowering the economy.

28.6 Lease Liabilities	Note	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
<b>Maturity Analysis - contractual undiscounted cash flows</b>					
Less than one year		-	17,373	3,582,590	2,811,341
One to five years		-	-	5,845,882	3,931,763
Total undiscounted lease liabilities at close of year		<u>-</u>	<u>17,373</u>	<u>9,428,472</u>	<u>6,743,104</u>
Lease liabilities included in the statement of financial position at close of year					
Current		-	15,710	7,264,822	5,497,195
Non-current		-	-	3,259,237	2,570,374
		<u>-</u>	<u>-</u>	<u>4,005,585</u>	<u>2,926,821</u>
<b>Amount recognised in profit or loss</b>					
Interest on lease liabilities	6	1,663	267	1,090,427	1,089,749
Expenses relating to short lease	13	771,999	691,100	743,220	659,701

28.7 Other creditors mainly consist of funds received from customers for loan repayments that are yet to fall due.

29 Taxation	Note	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
<b>29.1 Current tax liability</b>					
At 1 January		22,100,229	8,043,213	21,898,160	7,919,064
Charge for the year					
Income tax	29.2	25,397,918	15,851,965	24,837,074	15,307,836
Capital gains tax		130	-	-	-
Paid during the year		(17,366,903)	(1,794,949)	(16,740,177)	(1,328,740)
At year ended		<u>30,131,374</u>	<u>22,100,229</u>	<u>29,995,057</u>	<u>21,898,160</u>
		<b>Group 31-Dec-23 N'000</b>	<b>Group 31-Dec-22 N'000</b>	<b>Bank 31-Dec-23 N'000</b>	<b>Bank 31-Dec-22 N'000</b>

**29.2 Tax recognised in statement of profit or loss**

<b>Income Tax</b>					
Company income tax		21,073,971	12,820,727	20,634,401	12,802,927
Education tax		2,359,628	1,623,131	2,272,358	1,618,171
Information technology levv		1,549,592	706,564	1,538,100	706,564
National agency for Science and Engineering Infrastructure levv(NASENI)		384,869	176,641	384,525	176,641
Nigerian policy trust fund levv		7,747	3,533	7,690	3,533
Tax (over)/under provision		22,111	521,369	-	-
Tax expense		25,397,918	15,851,965	24,837,074	15,307,836
Capital gain tax		130	-	-	-
Tax expense		<u>25,398,048</u>	<u>15,851,965</u>	<u>24,837,074</u>	<u>15,307,836</u>
Deferred tax recognised in statement of profit or loss		27,776,862	3,233,260	27,400,743	3,189,122
<b>Total income tax recognised in statement of profit or loss</b>		<u>53,174,910</u>	<u>19,085,225</u>	<u>52,237,817</u>	<u>18,496,958</u>

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**29.3 Income tax reconciliation**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Profit before Tax	155,631,852	71,988,860	153,809,951	70,656,411
Income tax expense calculated at 30% of PBT (2022: 30%)	46,689,556	21,596,658	46,142,985	21,196,923
Effect of income that is exempt from taxation	(3,795,761)	(9,060,161)	(3,795,761)	(9,060,161)
Effect of expense that are not deductible in determining taxable profit	3,588,640	3,856,817	3,297,410	3,668,285
Effect of information technology levy	1,549,592	706,564	1,538,100	706,564
Effect of National agency for Science and Engineering Infrastructure levy(NASENI)	384,869	176,641	384,525	176,641
Effect of Nigeria Police Trust fund levy	7,747	3,533	7,690	3,533
Effect of education tax	2,359,628	1,618,171	2,272,358	1,618,171
Effect of change in tax rate	2,390,509	187,002	2,390,509	187,002
Effect of capital gain tax	130	-	-	-
	<b>53,174,910</b>	<b>19,085,225</b>	<b>52,237,816</b>	<b>18,496,958</b>

**29.4 Deferred tax assets/(liabilities)**

	<b>Notes</b>	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
		<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
		<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
At 1 January		(2,141,753)	1,105,689	(2,849,474)	353,830
Charge to profit or loss		(27,776,862)	(3,233,260)	(27,400,743)	(3,189,122)
Charged to other comprehensive income	29.6	(12,405)	(14,182)	(10,109)	(14,182)
At end of the year		<b>(29,931,020)</b>	<b>(2,141,753)</b>	<b>(30,260,326)</b>	<b>(2,849,474)</b>

**29.5 Deferred tax balances**

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Deferred tax assets	166,767,807	1,514,971	166,879,127	1,092,530
Deferred tax liabilities	(196,698,827)	(3,656,724)	(197,139,453)	(3,942,004)
	<b>(29,931,020)</b>	<b>(2,141,753)</b>	<b>(30,260,326)</b>	<b>(2,849,474)</b>

**29.6 Component of deferred tax**

Components and movement in deferred tax balances are presented as follows:

	<b>Group</b>			
	<b>31 December 2023</b>			
	<b>Opening Balance</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Closing balance</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Deferred tax (liabilities)/assets in relation to:				
Cash and cash equivalent	-	499	-	499
Property and equipment	(1,990,963)	(1,597,355)	-	(3,588,318)
Investment property	-	(17,374)	-	(17,374)
Employee benefit	149,080	(421,517)	(12,405)	(284,842)
Loans & advances	1,012,870	(295,705)	-	717,165
Exchange differences	(1,665,761)	167,715,904	-	166,050,143
Tax losses	317,390	(317,390)	-	-
Derivative	35,631	(192,148,979)	-	(192,113,348)
Right of use asset	-	(694,945)	-	(694,945)
	<b>(2,141,753)</b>	<b>(27,776,862)</b>	<b>(12,405)</b>	<b>(29,931,020)</b>
<b>31 December 2022</b>				
Deferred tax (liabilities)/assets in relation to:				
Property and equipment	(1,227,885)	(763,078)	-	(1,990,963)
Employee benefit	1,127,050	(963,788)	(14,182)	149,080
Loans & advances	769,892	242,978	-	1,012,870
Exchange differences	(284,369)	(1,381,392)	-	(1,665,761)
Tax losses	351,496	(34,106)	-	317,390
Derivative	369,505	(333,874)	-	35,631
	<b>1,105,689</b>	<b>(3,233,260)</b>	<b>(14,182)</b>	<b>(2,141,753)</b>

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**29.6 Component of deferred tax**

Components and movement in deferred tax balances are presented as follows:

Bank

31 December 2023

	<b>Opening Balance</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Closing balance</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Deferred tax (liabilities)/assets in relation to:				
Property and equipment	(2,394,888)	(1,585,258)	-	(3,980,146)
Employee benefit	54,463	(395,367)	(10,109)	(351,013)
Loans & advances	1,002,437	(291,926)	-	710,511
Exchange differences	(1,547,116)	167,715,732	-	166,168,616
Derivative	35,630	(192,148,979)	-	(192,113,349)
Right of use asset	-	(694,945)	-	(694,945)
	<b>(2,849,474)</b>	<b>(27,400,743)</b>	<b>(10,109)</b>	<b>(30,260,326)</b>

**31 December 2022**

Deferred tax (liabilities)/assets in relation to:

Property and equipment	(1,636,794)	(758,094)	-	(2,394,888)
Employee benefit	1,033,624	(964,979)	(14,182)	54,463
Loans & advances	753,220	249,217	-	1,002,437
Exchange differences	(165,724)	(1,381,392)	-	(1,547,116)
Derivative	369,504	(333,874)	-	35,630
	<b>353,830</b>	<b>(3,189,122)</b>	<b>(14,182)</b>	<b>(2,849,474)</b>

**30 Borrowings**

	<b>Group 31-Dec-23 N'000</b>	<b>Group 31-Dec-22 N'000</b>	<b>Bank 31-Dec-23 N'000</b>	<b>Bank 31-Dec-22 N'000</b>
CBN Intervention fund (Note 30.1 (i))	4,000,000	150,246,530	4,000,000	150,246,530
AFDB Borrowing (Note 30.1 (ii))	6,840,979	10,071,808	6,840,979	10,071,808
Syndicated Lending I (Note 29.1 (iii))	-	-	-	-
CBN Industrial Borrowing (Note 30.1 (iii))	502,520,548	301,483,924	502,520,548	301,483,924
Syndicated Lending II (Note 30.1 (iv))	293,976,008	234,989,540	293,976,008	234,989,540
Syndicated Lending III (Note 30.1 (v))	-	197,954,554	-	197,954,554
Syndicated Bridge Facility (Note 30.1 (vi))	988,457,934	425,145,417	988,457,934	425,145,417
Euro Bond (Note 30.1 (vii))	785,329,645	373,618,422	785,329,645	373,618,422
AFD Borrowing (Note 30.1 (viii))	50,015,526	24,177,495	50,015,526	24,177,495
Other borrowing	3,893,937	1,929,880	-	-
	<b>2,635,034,577</b>	<b>1,719,617,570</b>	<b>2,631,140,640</b>	<b>1,717,687,690</b>

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**30.1 Summary of borrowing arrangements**

**i) CBN Intervention Fund**

The Central Bank of Nigeria (CBN) in 2010 invested N500 billion in a zero coupon debenture instrument issued by the Bank of Industry Limited as part of its intervention programs in the Nigeria economy. The fund was meant to provide developmental finance of N300billion to the power and aviation sector as well as refinancing and restructuring facilities of N200billion to the SME subsectors. An additional amount of N35billion was invested into Bank of Industry in 2011. The Power and Aviation Intervention Fund (PAIF) guidelines issued by the CBN provides that the issuer, the Bank of Industry Limited shall be the managing agent of the fund whilst the African Finance Corporation (AFC) serves as the Technical Adviser to the Fund. The debenture was expected to mature in 2029. However, during the 2023 financial year, the Bank converted N144.376billion of the outstanding balance on the borrowing to ordinary share capital, thereby increasing the shareholding of CBN from 3.827 billion to 76.016 billion shares.

**ii) Borrowings from African Development Bank (AfDB)**

The Bank obtained a \$100million line of credit from African Development Bank (AfDB) on the 9th of September 2015. The loan is secured by a sovereign guarantee of the Federal Government of Nigeria issued by the Debt Management Office(DMO). The facility is earmarked for the financing of export-oriented small and medium enterprises (SME) with particular emphasis on the non-oil sector. The first tranche of the loan drawn down is \$50 million. It was drawn on the 9th of September 2015 while the second tranche was drawn on the 16th of November 2017. The borrowing have the following terms; tenor - 10 years, interest rate - 6months USD libor plus 0.06% funding margin plus 60 basis points, 3 years grace period from the effective date of 15th July 2014.

**iii) CBN Industrial Borrowing**

In 2017, the Central Bank of Nigeria (CBN) provided a N50billion facility to the bank. This facility was introduced to stimulate the failing industrial sector of the country. Subsequent to the provision of the first tranche of N50billion, a second facility of N50billion was added. This was further increased by N100billion in November 2020 and an additional N50billion in January 2022, thereby bringing the total sum to N250billion. Each tranche of the facility holds a tenure of 8 years and interest rate of 2%. However, the interest rate on the borrowing was reduced to 1% with an effective date of 1 March 2020. This reduced interest rate had an initial reversion date of 28 February 2021, this was extended to end on the 28th of February 2022 but was further extended to a new reversion date of 30 August 2022.

**iv) Syndicated Lending II**

The Group entered into a facility agreement through a syndicated financing from the African Export –Import Bank (Afrexim) on the 14th of February 2020. The total amount obtained by the bank was 1billion Euros. This facility is fully guaranteed by the Central Bank of Nigeria. The proceeds of the facility is to be used by the bank to finance trade and trade related projects of its customers in eligible sectors. The facility has a 12 month moratorium period on principal repayment with a final maturity 60 months from the signature date. Interest payable under the facility is Euribor + a margin (4.5%)

**v) Syndicated Lending III**

The Group entered into a facility agreement through a syndicated financing from the African Export –Import Bank (Afrexim) on the 14th of December 2020. The total amount obtained by the bank was 1billion Dollars. This facility has been fully guaranteed by the Central Bank of Nigeria. The proceeds of the facility is to be used by the bank to finance trade and trade related projects of its customers in eligible sectors. The facility has a 12 month moratorium period on principal repayment with a final maturity 36 months from the signature date. Interest payable under the facility is Libor + a margin (6%). As at the end of the 2023 financial year, this facility had been fully repaid.

**vi) Syndicated Bridge Facility**

This represents facility agreement entered by the Bank on the 20th of July 2022 through a syndicated financing from a group of lenders with African Finance Corporation and Standard Chartered Bank as global co-ordinators. The total amount obtained by the bank was 1billion Euros. This facility is fully guaranteed by the Africa Finance Corporation. The proceeds of the facility is to be used by the bank to finance trade and trade related projects of its customers in eligible sectors. The facility has a 24 month moratorium period on principal repayment with a final maturity 24 months from the signature date. Interest payable under the facility is Euribor + a margin (1.65%)

**vii) Euro Bond**

This represents 7.5% 750million Euros senior note issued by BOI Finance B.V, Netherlands on 16 February 2022. The senior note is fully guaranteed by the Federal Government of Nigeria. The senior note has a tenor of 5 years from the date of issue and due by 2027. Interest is payable annually commencing on 16 February 2023 and ending on the maturity date (16 February 2027) while principal is payable at maturity. Interest payable under the senior note is fixed at 7.5%.



**Notes to the consolidated and separate financial statements**  
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**viii) AFD Borrowing**

This represents facility agreement entered by the Bank on the 23rd of August 2022 with Agence Francaise de Developpement. The total committed draw down on this facility is 100million euros and it is drawable in two drawdowns of 50million euros each. The first drawdown of 50million euros was drawn on the 21st of December 2022 broken down into two tranches of 29.1 million euros and 20.9million euros. Interest rate applicable on Tranche 1(29.1m euros) is 5.3% while that of tranche 2(20.9millions euros) is 0.08%. This facility has been fully guaranteed by the Africa Finance Corporation. The proceeds of the facility is to enable the Bank to be involved in climate finance over the long term by extending loans to final beneficiaries, which will fund eligible investments complying with set criterias. The final maturity date of this facility is on the 30th of April 2032.

**30.2 Breach of loan agreement**

As at 31 December 2023, the Group did not breach any of the loan agreements with its lenders.

**30.3 Reconciliation of liabilities arising from financing activities**

The table below details changes in the Group and Bank's Liabilities arising from financing activities, which were mainly cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cashflows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Group	Financing Cash flow					
	Balance as at 1	Conversion to	Net principal	Net Interest	Exchange loss	Balance as at 31
	January 2023	equity	proceed and	accrued and		December 2023
	N'000	N'000	N'000	N'000	N'000	N'000
CBN Intervention fund Borrowing	150,246,530	(144,376,311)	(1,870,219)	-	-	4,000,000
AFDB Borrowing	10,071,808	-	(6,601,648)	100,136	3,270,684	6,840,980
CBN Industrial Borrowing	301,483,924	-	200,000,000	1,036,624	-	502,520,548
Syndicated Lending II	234,989,540	-	(134,785,411)	4,995,635	188,776,244	293,976,008
Syndicated Lending III	197,954,554	-	(235,647,894)	2,756,014	34,937,326	-
Syndicated Bridge facility	425,145,417	-	-	25,434,845	537,877,671	988,457,933
Euro Bond	373,618,422	-	-	13,217,692	398,493,531	785,329,645
AFD Borrowing	24,177,495	-	-	457,973	25,380,058	50,015,526
Other borrowing	1,929,880	-	1,994,554	(30,497)	-	3,893,937
	<b>1,719,617,570</b>	<b>(144,376,311)</b>	<b>(176,910,618)</b>	<b>47,968,422</b>	<b>1,188,735,514</b>	<b>2,635,034,577</b>

Bank	Financing Cash flow					
	Balance as at 1	Conversion to	Net principal	Net Interest	Exchange loss	Balance as at 31
	January 2023	equity	proceed and	accrued and		December 2023
	N'000	N'000	N'000	N'000	N'000	N'000
CBN Intervention fund Borrowing	150,246,530	(144,376,311)	(1,870,219)	-	-	4,000,000
AFDB Borrowing	10,071,808	-	(6,601,648)	100,136	3,270,684	6,840,980
CBN Industrial Borrowing	301,483,924	-	200,000,000	1,036,624	-	502,520,548
Syndicated Lending II	234,989,540	-	(134,785,411)	4,995,635	188,776,244	293,976,008
Syndicated Lending III	197,954,554	-	(235,647,894)	2,756,014	34,937,326	-
Syndicated Bridge facility	425,145,417	-	-	25,434,845	537,877,671	988,457,933
Euro Bond	373,618,422	-	-	13,217,692	398,493,531	785,329,645
AFD Borrowing	24,177,495	-	-	457,973	25,380,058	50,015,526
	<b>1,717,687,690</b>	<b>(144,376,311)</b>	<b>(178,905,172)</b>	<b>47,998,919</b>	<b>1,188,735,514</b>	<b>2,631,140,640</b>

**31 Employee benefit obligations**

	Group	Group	Bank	Bank
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	N'000	N'000	N'000	N'000
Defined Pension Contribution (see note (31.1) below)	127,990	154,753	11,151	12,110
Defined benefits (see note (31.2) below)	(968,022)	311,677	(1,063,679)	167,575
	<b>(840,032)</b>	<b>466,430</b>	<b>(1,052,528)</b>	<b>179,685</b>

**31.1 Defined pension contribution**

At 1 January	154,753	168,387	12,110	12,957
Arising during the year	1,861,705	1,423,522	1,762,105	1,339,060
Remittance during the year	(1,888,468)	(1,437,156)	(1,763,064)	(1,339,907)
At year ended	<b>127,990</b>	<b>154,753</b>	<b>11,151</b>	<b>12,110</b>

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**31.2 Defined benefits**

The Bank previously operated a funded defined benefits scheme for its qualifying employees. This scheme ceased to exit with effect from 1st January 2021. Prior to 2021, employees were entitled to the benefits of the gratuity as long as the employee has spent not less than 5 years in the service before he retires or withdraws. With effect from January 1st 2021, all liabilities were estimated using the emoluments existing as at December 31, 2020.

The defined benefit plan is administered by a Board of Trustees who are made up of members of the Bank while the investment of the fund is managed by a pension fund administrator. The Board of Trustees are required to act in the best interest of the plan participants is responsible for setting the policies of the fund.

The defined benefit plan exposes the group to actuarial risks, such as interest rate risk and market risk.

	<b>Group</b> <b>31-Dec-23</b>	<b>Group</b> <b>31-Dec-22</b>	<b>Bank</b> <b>31-Dec-23</b>	<b>Bank</b> <b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Defined benefit obligation	4,000,409	4,676,393	3,861,116	4,489,132
Fair value of planned assets	(4,968,431)	(4,364,716)	(4,924,795)	(4,321,557)
<b>Net liability arising from defined benefit obligation</b>	<b>(968,022)</b>	<b>311,677</b>	<b>(1,063,679)</b>	<b>167,575</b>

**31.2(a) Movements in the present value of the defined benefit obligation in the current year as follows**

At 1 January	4,676,393	5,140,519	4,489,132	4,874,128
Curtailement gain	-	(8,165)	-	-
Benefits paid	(675,984)	(455,961)	(628,016)	(384,996)
At 31 December	<b>4,000,409</b>	<b>4,676,393</b>	<b>3,861,116</b>	<b>4,489,132</b>

**31.2(b) Planned asset**

Opening Fair value	4,364,716	1,758,231	4,321,557	1,693,749
Expected return on plan asset	573,083	318,215	572,606	317,503
Employer contribution (see note 31.2(b)(i) below)	-	2,266,666	-	2,266,666
Remeasurement	30,632	43,639	30,632	43,639
Refund	-	(15,944)	-	-
Benefit paid	-	(6,091)	-	-
	<b>4,968,431</b>	<b>4,364,716</b>	<b>4,924,795</b>	<b>4,321,557</b>

**31.2(b)(i)** In 2021, after the decision to halt any further accrual of benefit to the defined benefit plan, the Group decided to fully fund the plan. This led to the additional contribution to the plan to the tune of N2.266billion in 2022.

**31.2(c) Planned asset comprise of the following**

FGN Bonds	1,661,398	2,240,739	1,661,398	2,197,580
Corporate Bonds	198,090	188,546	198,090	188,546
Treasury Bills	196,502	-	196,502	-
Commercial papers	92,987	-	92,987	-
Cash and cash equivalent	2,819,454	1,935,431	2,775,818	1,935,431
	<b>4,968,431</b>	<b>4,364,716</b>	<b>4,924,795</b>	<b>4,321,557</b>

**31.2(d) Amount recognised in statement of other comprehensive income in respect of the defined benefit plans are as follows:**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Planned asset	<b>30,632</b>	<b>43,639</b>	<b>30,632</b>	<b>43,639</b>

**31.2(e) Amounts recognised in profit or loss in respect of these defined benefit obligations**

Curtailement gain	-	(8,165)	-	-
Expected return on planned assets	(573,083)	(318,215)	(572,606)	(317,503)
	<b>(573,083)</b>	<b>(326,380)</b>	<b>(572,606)</b>	<b>(317,503)</b>

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**32 Deposit for shares**

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Deposit for shares	15,000,000	15,000,000	15,000,000	15,000,000
Addition	5,000,000	-	5,000,000	-
Reclassification to share capital	(15,000,000)	-	(15,000,000)	-
Closing	<u>5,000,000</u>	<u>15,000,000</u>	<u>5,000,000</u>	<u>15,000,000</u>

During the year, N15billion received from the Federal Government of Nigeria as additional capital injected into the Bank was issued as part of ordinary share capital to Ministry of Finance Incorporated (MOFI). In addition, N5billion was received from Ministry of finance on the 22nd of December 2023 for capitalisation.

**33 Share capital and reserves**

**(a) Share capital**

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Issued capital comprises:				
250,000,000,000 ordinary shares of N2 each (31 December 2022: 125,000,000,000 ordinary shares of N2 each)	<u>500,000,000</u>	<u>250,000,000</u>	<u>500,000,000</u>	<u>250,000,000</u>
Issued and paid up capital comprises: 31 December 2023 -153,373,816,246; (31 December 2022 -73,685,660,619) Ordinary shares of N2 each:	<u>306,747,632</u>	<u>147,371,321</u>	<u>306,747,632</u>	<u>147,371,321</u>

Issued but not yet paid up capital comprises:

31 December 2023 -96,626,183,754; (31 December 2022 -  
51,314,339,381) Ordinary shares of N2 each:

<u>193,252,368</u>	<u>102,628,679</u>	<u>193,252,368</u>	<u>102,628,679</u>
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The Bank has not made a call for the issued share capital not yet paid as at 31st December 2023, hence no financial asset has been recognized

**Issued and paid up capital movement**

At 1 January 2023	147,371,321	147,371,321	147,371,321	147,371,321
Capitalisation of borrowing	144,376,311	-	144,376,311	-
Capitalisation of deposit for shares 31 December 2023 - 153,373,816,245 (31 December 2022 -73,685,660,619) Ordinary shares of N2 each:	<u>15,000,000</u>	<u>-</u>	<u>15,000,000</u>	<u>-</u>
	<u>306,747,632</u>	<u>147,371,321</u>	<u>306,747,632</u>	<u>147,371,321</u>

Following the approval of CBN (obtained on the 3rd of May 2023) to convert outstanding liability on CBN intervention fund borrowing to Ordinary shares, the Bank passed a resolution on the 18th of May 2023 to increase its share capital from N250 million to N500 million by issuing 125,000,000,000 ordinary shares of N2 each. The resolution and notice of increase were filed with Corporate Affairs Commission on the 5th of June 2023. The share issue cost relating the additional shares issued amounts to N468.7 million. The increase in shares resulted to the conversion of N144.376 billion outstanding on CBN intervention fund borrowing to ordinary share capital, thereby increasing the shareholding of Central Bank of Nigeria to 49.56%. In addition, the Bank reclassified N15billion received from Federal government in prior years from deposit for shares to ordinary share capital leading to a decrease in shareholding to 50.43%.

**(b) Retained earnings**

Retained earnings comprises the undistributed profits from previous years.

**(c) Statutory reserve**

This reserve represents the cumulative appropriation from general reserves/earnings in line with Nigerian banking regulations and CBN Regulatory and Supervisory Guidelines for Development Finance Institutions in Nigeria that require the Bank to make an annual appropriation in reference to specific rules. Section 15(1) of the Bank and Other Financial Institutions Act of 2020, stipulates that an appropriation of 30% of profit after tax be made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

**(d) Fair value reserve**

The fair value reserve comprises the cumulative net change in the fair value of available for sale financial assets until the investments are derecognised or impaired.

**(e) Regulatory risk reserve**

This reserve warehouses the difference between loan provision under Prudential guideline and IFRS impairment allowance

**Notes to the consolidated and separate financial statements**

**(f) Actuarial reserve**

This consist of the actuarial gains or losses arising from the valuation of the Group's defined benefit plan.

**(g) Business combination under common control**

This reserve reflects the difference between the consideration paid and the capital of the acquiree for the acquisition of a business combination under common control.

**(h) SME reserve**

This reserve is to provide funding for SME to provide funding in line with medium term expenditure framework of the federal government

**34 Earnings per share**

**34.1 Basic earnings per share**

Basic earnings per share (EPS) are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year as follows:

	<b>Group 31-Dec-23</b>	<b>Group 31-Dec-22</b>	<b>Bank 31-Dec-23</b>	<b>Bank 31-Dec-22</b>
Profit for the period attributable to shareholders (N'000)	102,456,942	52,903,635	101,572,134	52,159,453
Weighted average number of ordinary shares in issue as at year end (unit) '000'	119,315,317	73,685,660	119,315,317	73,685,660
Earning per share - basic (kobo)	86	72	85	71

**35 Dividends**

A cash dividend of N7.823 billion at 11k per share (2021: N6.021 billion at 11k per share) that relates to the year 31 December 2022 was paid in June 2023. The Directors, pursuant to the powers vested in it by the provisions of section 426 of the Companies and Allied Matters Act (CAMA 2020) of Nigeria, proposed a final dividend of N0.07k per share (2022: dividend of N0.11k per share) from the retained earnings account as at 31 December 2023. This will be presented for ratification by the shareholders at the next Annual General Meeting

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	Note	Group 31-Dec-23 N'000	Group 31-Dec-22 N'000	Bank 31-Dec-23 N'000	Bank 31-Dec-22 N'000
<b>36 Reconciliation of profit after tax to cash generated from operation</b>					
Profit for the year		102,456,942	52,903,635	101,572,134	52,159,453
Tax expense recognised in profit or loss	29.2	53,174,910	19,085,225	52,237,817	18,496,958
Vat charge		945,957	726,271	916,717	706,676
		156,577,809	72,715,131	154,726,668	71,363,087
<b>Adjustment for non-cash items</b>					
Impairment charge on loans and advances	10	(1,657,034)	1,762,955	(1,748,835)	1,753,257
Other asset write off	13	1,000	-	-	-
Impairment/(writeback) on leases	10	2,188	(364)	-	-
Impairment on other assets	10	20,098	224,852	50,843	225,696
Impairment/(writeback) on debt securities	10	91,163	(9,021)	91,182	(8,676)
Impairment on cash Balances	10	141	292	141	292
Impairment on due from financial institutions	10	1,714,257	33,132	1,715,322	33,475
Amortisation - Intangible assets	12	226,329	177,572	226,329	177,572
Depreciation - Investment properties	12	302,018	180,200	297,798	175,981
Depreciation - Property and equipments	12	3,741,748	2,884,013	959,050	462,819
Depreciation - Right of use assets	12	20,136	1,678	3,002,613	2,546,781
Share of loss from associate		-	205,500	-	-
(Gain)/loss from disposal of property and equipment	9	(121,190)	(110,714)	2,018	74
Exchange loss		1,301,239,864	-	1,301,264,270	-
Dividend from equity securities	9	(9,799)	(15,551)	(8,274)	(14,215)
		1,462,148,728	78,049,675	1,460,579,125	76,716,143
<b>Changes in operating assets and liabilities</b>					
Decrease in traded equity instruments		370	45	-	-
Increase in derivative instruments		(582,271,293)	(1,027,307)	(582,271,293)	(1,027,307)
Increase in advances under lease		(218,722)	(29,672)	-	-
Decrease in loans and advances		(444,873,477)	(26,741,988)	(444,140,880)	(26,051,644)
Increase in prepayment, accrued income and other assets		(15,275,905)	(49,799,904)	(14,115,895)	(48,999,624)
Increase in right-of-use assets		-	(21,814)	(5,191,393)	(4,892,709)
Decrease in staff gratuity		(1,275,830)	(3,040,605)	(1,201,580)	(2,970,012)
Increase in other liabilities		381,167,529	45,541,350	386,378,588	50,258,580
<b>Cash generated from operations</b>		<b>799,401,400</b>	<b>42,929,780</b>	<b>800,036,672</b>	<b>43,033,427</b>
<b>36(a) Cash and cash equivalents</b>		<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
		<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Cash and bank balances		30,939,798	19,587,744	30,396,122	19,448,643
Due from financial institution		491,347,916	176,654,859	490,149,697	175,327,632
Cash and cash equivalents		522,287,714	196,242,603	520,545,819	194,776,275

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>36(b) Reconciliation of gross investment in debt securities</b>				
Opening balance of debt securities	1,315,129,354	751,385,001	1,315,018,554	751,296,126
Purchase of debt securities	4,352,915,681	3,402,804,682	4,352,915,681	3,402,782,757
Redemption of debt securities	(4,087,088,865)	(2,887,361,482)	(4,087,088,865)	(2,887,361,482)
Interest accrued and receipts	11,279,987	48,301,153	11,256,607	48,301,153
	<u>1,592,236,157</u>	<u>1,315,129,354</u>	<u>1,592,101,977</u>	<u>1,315,018,554</u>
	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>37 Statement of prudential adjustment</b>				
Provision per prudential guidelines	37,610,314	40,181,330	37,357,584	40,020,274
Impairment per IFRS	(13,491,583)	(18,789,276)	(13,386,596)	(18,764,758)
<b>Non distributable reserves</b>	<b>24,118,731</b>	<b>21,392,054</b>	<b>23,970,988</b>	<b>21,255,516</b>

Section 12.4 of the Prudential Guidelines (PG) 2010 requires difference between loan provision under PG and IFRS provision be treated as follows:

- a Where loan provision under PG is greater than IFRS provisions, the excess should be transferred from general reserves to a non-distributable regulatory reserves ( i.e. loan impairment reserves).
- b Where loan provision under PG is less than IFRS provisions, the excess should be transferred from regulatory reserve (i.e. loan impairment reserve) to retained earnings account to the extent of the non-distributable reserve previously recognized.

As at 31 December 2023, the sum of N2.72 billion (Dec 2022:N1.28 billion) was transferred from the Bank's retained earnings to non-distributable reserve while N2.73 billion (Dec 2022: N1.28 billion) was transferred from the Group's retained earnings to non-distributable reserve.

**Notes to the consolidated and separate financial statements**  
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**38 Employees and Directors**

38a Employees

The average number of persons employed by the Company during the year was as follows:

	<b>Group</b> <b>31-Dec-23</b>	<b>Group</b> <b>31-Dec-22</b>	<b>Bank</b> <b>31-Dec-23</b>	<b>Bank</b> <b>31-Dec-22</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Managing Director	1	1	1	1
Executive Directors	4	4	4	4
Management	53	42	36	28
Non-management	641	572	574	523
	<u>699</u>	<u>619</u>	<u>615</u>	<u>556</u>

Compensation for the above staff is set out below

	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Wages and salaries	20,548,641	17,183,898	19,969,138	16,719,709
Defined contribution	1,861,705	1,423,522	1,762,105	1,339,060
Defined benefits	31.2(e) (573,083)	(326,380)	(572,606)	(317,503)
	<u>21,837,263</u>	<u>18,281,040</u>	<u>21,158,637</u>	<u>17,741,266</u>

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

	<b>Group</b> <b>31-Dec-23</b>	<b>Group</b> <b>31-Dec-22</b>	<b>Bank</b> <b>31-Dec-23</b>	<b>Bank</b> <b>31-Dec-22</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
N2,000,001 - N10,000,000	162	319	102	258
N10,000,001 - N20,000,000	324	137	300	135
N20,000,001 - N30,000,000	143	91	143	91
N30,000,001 - N40,000,000	29	39	29	39
N40,000,001 - N50,000,000	17	11	17	11
N50,000,001 - N60,000,000	13	11	13	11
N60,000,001 - and above	11	11	11	11
	<u>31-Dec-23</u>	<u>31-Dec-22</u>	<u>31-Dec-23</u>	<u>31-Dec-22</u>
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>

**38b Directors**

Remuneration paid to the directors was:

Fees and sitting allowances	62,950	76,495	62,950	76,495
Other directors expenses and benefits	1,210,049	429,766	1,175,685	390,093
	<u>1,272,999</u>	<u>506,261</u>	<u>1,238,635</u>	<u>466,588</u>

Fees and other emoluments disclosed above include amount paid to:

The Chairman	205,695	33,071	205,695	33,071
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The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Below N1,000,000	-	-	-	-
N1,000,000 - N2,000,000	-	-	-	-
N2,000,001 - N5,500,000	-	-	-	-
N5,500,001 - and above	6	6	6	6

**Notes to the consolidated and separate financial statements**  
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**39 Related party transactions:**

**a Parent:**

Transactions between Bank of Industry and its subsidiaries which are eliminated on consolidation are not separately disclosed in the consolidated financial statements.

Entity	31-Dec-23		31-Dec-22	
	Effective holding	Nominal share capital	Effective holding	Nominal share capital
	%	N'000	%	N'000
BOI Investment and Trust Company Limited	100.0%	110,000	100.0%	110,000
Leasing Company of Nigeria Limited	98.0%	3,270,038	98.0%	3,270,038
BOI Insurance Brokers	100.0%	5,000	100.0%	5,000
BOI Microfinance Bank Limited	100.0%	800,000	100.0%	100,000

During the year, the Bank increased its investment in BOI Microfinance Bank by N700m. This increased the share capital of BOI Microfinance Bank Limited to N800m. The percentage shareholding of the Bank remains same at 100% as the Bank remains the sole shareholder of BOI Microfinance Bank

Transaction and balances with Related Parties	Nature of relationship	Nature of transactions	Balance as at 31 Dec 2023	Balance as at 31 Dec 2022
Central Bank of Nigeria	Shareholder	Investment in OMO Bills	1,592,101,977	1,315,018,554
		Borrowings	(506,520,548)	(451,730,454)
		Derivatives	582,161,663	(109,630)
Ministry of Finance Incorporated	Shareholder	Receivable from MOFI	1,869,448	1,869,448
LECON	Subsidiary	Lease of assets: Right of Use assets	7,810,269	5,621,489
		Lease liability	7,264,822	5,497,195

**b Key management personnel**

Key management personnel is defined as the Group's executive management, including their close members of family and any entity over which they exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group.

**c Key management compensation**

The remuneration of directors and other members of key management personnel during the year was as follows:

	Group 31-Dec-23	Group 31-Dec-22	Bank 31-Dec-23	Bank 31-Dec-22
	N'000	N'000	N'000	N'000
Salaries and other short-term benefits	2,364,693	2,450,940	2,364,693	2,450,940

**d Loans to key management personnel**

Loans to key management personnel include mortgage loans and other personal loans which are given under terms that are no more favourable than those given to other staff. Loans amounting to N1.834billion as at 31 December 2022 (31 December 2022: N2.039billion) are secured by the underlying assets.



**Notes to the consolidated and separate financial statements**

**40 Penalties for non compliance**

There was no penalty in the current period.

**41 Contingent liabilities and commitment**

**a. Legal proceedings**

The Group is presently involved in 36 cases (31 December 2022: 40 cases) as a defendant and 4 cases (31 December 2022: 5 cases) as a plaintiff, and 46 cases (31 December 2022: 45 cases) in appeal in its ordinary course of business. The total amount claimed in the 4 cases (31 December 2022: 5 cases) instituted by the Bank is estimated at N6.764billion (31 December 2022: N5.249billion), while the total amount claimed in the 36 cases (31 December 2022: 40 cases) instituted against the Bank is N14.99 billion(31 December 2022: N14.8billion), while the total amount claimed in the 46 cases in appeal (31 December 2022: 45 cases) instituted against the Bank is N167.4 billion(31 December 2022: N163.17 billion). In addition, the total amount counter-claimed by the bank from cases instituted against it is estimated at N504.6 million (31 December 2022: N192.29 billion).

**b. Capital commitments**

At the reporting date, the Group had no capital commitment as at 31 December 2023: Nil (31 December 2022: Nil) in respect of authorised and contracted capital projects.

**42 Event after the reporting period**

There are no event after the reporting date that could have had a material effect on the state of affairs of the group as at 31 December 2023 and its operating results for the period then ended which have not been adequately provided for or disclosed in these financial statements.

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**43 Financial risk management**

**Introduction and overview**

The Bank has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

**Credit Risk**

The Bank defines credit risks as all the risks that may lead to economic loss to the Bank as a result of the failure or inability of a customer/counterparty to meet its obligations as they fall due. The principal areas where the Bank is exposed to credit risk include: lending (in form of short term loan, medium term loan and long term loan), contingent obligations, lease financing and treasury activities. As every loan has an inherent risk of not being repaid, the Bank's main concern is to minimize credit risks.

**Principal credit objectives**

The Bank's principal credit objective is to manage risks in order that its sustained portfolio performance (measured by levels of non-performing assets and charge-offs) would not be jeopardized. Its credit objectives are therefore to support, manage or finance:

- i) Enterprises with potential to be profitable, competitive, sustainable and have substantial developmental impact.
- ii) Companies that have capacity to add substantially to industrial outputs.
- iii) Projects that utilize largely domestic raw materials
- iv) Industries in which Nigeria's comparative advantage could be converted to competitive ones.
- v) Companies that have abilities to promote the expansion of exports through the production of high quality products that are attractive to domestic and export markets.
- vi) Projects that create both forward and backward linkages with the rest of the domestic or regional economy.
- vii) Ventures that promote inter-state or regional integration.  
Enterprise with high employment generation capacity.
- ix) MSMEs that have linkage with large firms that operate under franchise, cluster and specialized markets.
- x) Projects that are environmentally friendly.
- xi) Projects in the services sector that support industrial development.

**Credit risk measurement**

The Board of Directors of the Group is the ultimate authority for all credit decisions and approvals. It may delegate its powers to other levels as deemed necessary. Such delegated authority must be exercised with high sense of responsibility. Management of credit risk is of importance to the Group. To achieve the above mentioned credit objectives, the Bank adopts the following strategies:

- i) Define appropriate target markets.
- ii) Determine its risk appetite and philosophy
- iii) Determine its risk acceptance criteria and returns consistent with the risk level
- iv) Have effective and efficient relationship management and credit administration systems
- v) Have effective problem loan recognition and management procedures
- vi) Partner with customers and other stakeholders based on shared responsibilities for the success of the enterprise
- vii) Make lending decisions based on the project's expected viability and probability of loan repayment (Relationship Officers should place more emphasis on using cash flow to be generated by a project as a major criterion for recommending such project for approval).
- viii) Ensure adequacy of security and collateral for loans.
- ix) Pay attention to details and exercise due diligence in all stages of loan transactions. (A simple omission or mistake can make a loan go bad. There must be no ambiguity in any aspect of the transaction).

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

- x) Familiarize with requisite fiscal and monetary policies as well as the CBN Prudential Guidelines and CBN regulatory and supervisory guideline for DFIS and apply these to the evaluation of credit proposals.
- xi) Imbibe the credit culture. A credit culture is rooted in corporate attitudes, philosophies, traditions and standards which are institutionalized. The role of a well-received credit culture is to create a risk-management climate that will foster an understanding of the Bank's expectations and the reasons behind its policies.

The Group also has an Executive Management Committee charged with the responsibility of:

- i) Reviewing the single obligor limit as well as the delegated approval limits from time to time and recommend same to the Board.
- ii) Reviewing and approving the submissions of all projects evidenced by requisite reports presented before it by the Lending /Business Groups within its approval limits.
- iii) Recommending to the Board Credit and Investment Committee those projects above its limits.

The Group also has the Risk Management Division (RMD). RMD has the primary responsibility of monitoring compliance with the Group's credit policies and processes. It has four groups: Credit Risk Management (credit Administration Department, Credit Control Department, Credit Monitoring Department), Loan Recovery, Compliance Risk and Other Enterprise Risk Management. The division's primary responsibilities are to:

- i) Ensure the maintenance of effective risk management environment in the Bank.  
Develop credit analysis guidelines for the Group and recommend credit approval limits in line with the
- ii) Group's policy.
- iii) Ensure compliance with regulatory authorities' guidelines.
- iv) Define the Group's risk and return preferences and target risk portfolio.
- v) Quarterly review of the credit portfolio on a Bank-wide basis to assess risk in the Bank's portfolio as per the Prudential Guidelines and Regulatory Supervisory Guidelines for DFIs of the CBN.
- vi) Review placement and investment limits.
- vii) Issue Group-wide portfolio review report on a bi-annual basis.
- viii) Issue Group/State office Portfolio Review Report on a monthly basis to ensure effective loan repayment
- ix) Pre-disbursement audit and vetting of credit documents.
- x) Carry out recovery, loan work out and turn around functions as well as make recommendations for write
- xi) Set risk acceptable criteria for credit & product paper developed in the Bank.
- xii) Review and accreditation of insurance counterparties
- xiii) Review and accreditation of estate valuers
- xiv) Instituted the use of Bank Verification Number (BVN) to verify MSME customers and their guarantors
- xv) Review and recommend the appointment of External Auditors for SMEs' customers.
- xvi) Liaise with the rating agencies in the conduct of the Bank rating exercise

**Single Obligor Limit**

The Group maintains single obligor limits as follows:

- i) For Loans from BOI Funds - 20% of the Group's Shareholders' Fund unimpaired by losses.
- ii) For Off Balance Sheet Items - 331/3% of the Group's Shareholders' Fund unimpaired by losses.
- iii) For Specialized Intervention Funds - Limit as per the underlying Memorandum of Understanding.

**Notes to the consolidated and separate financial statements**  
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**43 Financial risk management (contd.)**

**Credit Risk Control & Mitigation policy**

Credit risk limits which defines the Bank's risk appetite signify the maximum level of credit risk the Bank is willing to accept in pursuit of its earning objectives. Levels of credit risk undertaken by the Group are controlled by setting approved credit limits for all loans, advances. The Bank maintains internal credit approval limits for various levels of authority in the credit process. The current position as approved by the Board and Management for loan secured with Bank guarantee is as shown in the table below:

<b>a) Authority level</b>	<b>Approval limit</b>
Chief Risk Officer and General Manager	Above N1m and up to N5m
Chief Risk Officer and Line Executive Directors	Above N5m and up to N10m
Micro Credit Committee (MICC)	Above N10m and up to N50m
MICC, Executive Director & MD/CEO	Above N50m and up to N100m
Executive Management Committee	Above N100m and up to N3bn
Board Credit and Investment Committee	Above N3bn and up to N5bn
Board of Directors	Above N5bn

Approval limits are set by the Board after recommendation by the Board Credit, Investment Committee and Executive Management Committee and reviewed from time to time as the circumstances of the Bank demand.

Some other specific control and mitigation measures are outlined below :

**Collateral**

In line with the Group's credit policy, security is taken for all credits granted.

The major types of collateral acceptable for loan and advances include:

- i) First legal charge on all present and future fixed and floating assets.
- ii) Legal or Equitable mortgage on the collateral properties.
- iii) Pari-passu sharing of charged assets with other Financial Institutions (where applicable).
- iv) Bank guarantees.
- v) Mortgage of shares.
- vi) Lien by way of legal charge on the intellectual property in the case of film industry.
- vii) Personal guarantee of the Promoters (as appropriate).
- viii) Quadripartite domiciliation of ISPO arrangement to be executed by the customer, a designated Bank and the Franchiser in favour of BOI.
- ix) Cash collateral.

Loans, Short & Long-term finance and lending to corporate entities as well as individuals are generally secured. In addition, in order to minimise the credit loss, the Bank obtains additional collaterals from the counterparty for the relevant loans and advances.

An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers and banks is shown below for loans that are individually impaired and loans that are past due but not impaired.

**Group**

	<b>31 December 2023</b>			<b>31 December 2022</b>		
	<b>Total Exposure</b>	<b>Value of Collateral</b>	<b>Loan to value</b>	<b>Total Exposure</b>	<b>Value of Collateral</b>	<b>Loan to value</b>
	<b>N'000</b>	<b>N'000</b>	<b>%</b>	<b>N'000</b>	<b>N'000</b>	<b>%</b>
Secured against Bank Guarantees	1,019,609,462	1,022,032,112	100%	640,169,051	644,760,706	99%
Secured against Cash Collaterals, lien over fixed & Floating assets	20,561,049	13,054,994	157%	14,932,200	15,065,125	99%
Secured against Federal Government Bond	79,156,644	79,672,899	99%	115,060,157	115,148,644	100%
Secured against Trust Deed	35,579	640,000	6%	59,033	470,618	13%
Secured against Real Estate	30,161,498	100,786,518	30%	49,333,249	117,548,325	42%
Secured against Personal Guarantee	3,449,812	3,449,812	100%	4,691,886	4,691,886	100%
	<b><u>1,152,974,044</u></b>	<b><u>1,219,636,335</u></b>		<b><u>824,245,576</u></b>	<b><u>897,685,304</u></b>	

**Bank**

	<b>31 December 2023</b>			<b>31 December 2022</b>		
	<b>Total Exposure</b>	<b>Value of Collateral</b>	<b>Loan to value</b>	<b>Total Exposure</b>	<b>Value of Collateral</b>	<b>Loan to value</b>
	<b>N'000</b>	<b>N'000</b>	<b>%</b>	<b>N'000</b>	<b>N'000</b>	<b>%</b>
Secured against Bank Guarantees	1,019,609,462	1,022,032,112	100%	640,169,051	644,760,706	99%
Secured against Cash Collaterals, lien over fixed & Floating assets	20,561,049	13,054,994	157%	14,932,200	15,065,125	99%
Secured against Federal Government F	79,156,644	79,672,899	99%	115,060,157	115,148,644	100%
Secured against Trust Deed	35,579	640,000	6%	59,033	470,618	13%
Secured against Real Estate	30,161,498	100,786,518	30%	49,333,249	117,548,325	42%
Secured against Personal Guarantee	818,710	818,710	100%	2,806,455	2,806,455	100%
	<b><u>1,150,342,942</u></b>	<b><u>1,217,005,233</u></b>		<b><u>822,360,145</u></b>	<b><u>895,799,873</u></b>	

**Notes to the consolidated and separate financial statements**  
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**43 Financial risk management (contd.)**

**(c) Credit concentration**

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	<b>Group</b>	
	<b>Loans and advances to customers</b>	
	<b>31-Dec 2023</b>	<b>31 December 2022</b>
<i>In thousands of Nigerian Naira</i>		
Gross amount		
<i>Concentration by sector:</i>		
Agro-Processing	104,993,106	69,605,454
Creative Industry	120,900,775	96,975,932
Engineering & Technology	103,432,728	74,053,559
Food processing	189,989,315	132,131,035
Healthcare & Petrochemicals	163,219,918	126,179,608
Oil and Gas	242,042,634	132,101,461
Solid Minerals	101,241,674	53,071,078
Renewable energy	6,008,495	4,682,922
Gender Business	24,951,585	10,570,264
Financial Institutions	88,716,918	117,963,274
Others	7,476,896	6,910,989
	<b><u>1,152,974,044</u></b>	<b><u>824,245,576</u></b>

	<b>Bank</b>	
	<b>Loans and advances to customers</b>	
	<b>31-Dec 2023</b>	<b>31 December 2022</b>
<i>In thousands of Nigerian Naira</i>		
Gross amount		
<i>Concentration by sector:</i>		
Agro-Processing	104,993,106	69,605,454
Creative Industry	120,900,775	96,975,932
Engineering & Technology	103,432,728	74,053,559
Food processing	189,989,315	132,131,035
Healthcare & Petrochemicals	163,219,918	126,179,608
Oil and gas	242,042,634	132,101,461
Solid Minerals	101,241,674	53,071,078
Renewable energy	6,008,495	4,682,922
Gender Business	24,951,585	10,570,264
Financial Institutions	88,716,918	117,963,274
Others	4,845,794	5,025,558
	<b><u>1,150,342,942</u></b>	<b><u>822,360,145</u></b>

Notes to the consolidated and separate financial statements  
For the year ended 31 December 2023

43 Financial risk management (contd.)

(d) Exposure to credit risk

The tables below detail the Group's maximum exposure to credit risk of financial assets.

*Group*

31-Dec-23	Note	Gross amount	Loss allowance	Net carrying amount
		N'000	N'000	N'000
Cash and bank balances	14	30,939,798	(1,141)	30,938,657
Fixed deposits	15	491,347,916	(2,068,282)	489,279,634
Investment in debt securities	18	1,592,236,157	(152,093)	1,592,084,064
Loans and advances	19	1,152,974,044	(13,491,583)	1,139,482,461
Advances under lease	17	301,401	(3,102)	298,299
Other assets	23	8,910,120	(1,755,500)	7,154,620
		3,276,709,436	(17,471,702)	3,259,237,736

31-Dec-22	Note	Gross amount	Loss allowance	Net carrying amount
		N'000	N'000	N'000
Cash and bank balances	14	19,587,744	(1,000)	19,586,744
Fixed deposits	15	176,654,859	(354,025)	176,300,834
Investment in debt securities	18	1,315,129,354	(60,930)	1,315,068,424
Loans and advances	19	824,245,576	(18,789,276)	805,456,300
Advances under lease	17	82,679	(914)	81,765
Other assets	23	5,878,450	(1,739,402)	4,139,048
		2,341,578,662	(20,945,547)	2,320,633,117

*Bank*

31-Dec-23	Note	Gross amount	Loss allowance	Net carrying amount
		N'000	N'000	N'000
Cash and bank balances	14	30,396,122	(1,141)	30,394,981
Fixed deposits	15	490,149,697	(2,066,645)	488,083,052
Investment in debt securities	18	1,592,101,977	(152,066)	1,591,949,911
Loans and advances	19	1,150,342,942	(13,386,596)	1,136,956,346
Other assets	23	8,071,610	(1,727,680)	6,343,930
		3,271,062,348	(17,334,128)	3,253,728,220

31-Dec-22	Note	Gross amount	Loss allowance	Net carrying amount
		N'000	N'000	N'000
Cash and bank balances	14	19,448,643	(1,000)	19,447,643
Fixed deposits	15	175,327,632	(351,323)	174,976,309
Investment in debt securities	18	1,315,018,554	(60,883)	1,314,957,671
Loans and advances	19	822,360,145	(18,764,758)	803,595,387
Other assets	23	5,306,603	(1,676,838)	3,629,765
		2,337,461,577	(20,854,802)	2,316,606,775

For measuring credit risk of financial assets, the Group makes use of its risk rating criteria which are clearly and precisely defined based on: objectively measurable factors e.g. cash flow capacity, capital adequacy, profitability, liquidity, gearing, return on asset, return on equity, credit history, current exposure and past account performance. Some non-numerate criteria are also applied such as character, quality of Board and Management, type of facility, type/location/value of security/type of customer/sectoral classification etc.

*Internal rating Scale*

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and past-due amounts is less than 30 days	12month ECL
Watchlist	Amount is >29 and <90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Substandard/Impaired	Amount is >89 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**43 Financial risk management (contd.)**

**Credit quality analysis**

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. Explanation of the terms: stage 1 (12month ECL), stage 2 (lifetime ECL) and stage 3 (credit impaired) are included in Note 42(e)

**Group**

		31 December 2023				31 December 2022			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
		12 month ECL	Lifetime ECL	Lifetime ECL		12 month ECL	Lifetime ECL	Lifetime ECL	
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>1 Cash and Bank Balances</b>									
Performing		30,939,798	-	-	30,939,798	19,587,744	-	-	19,587,744
Gross amount		30,939,798	-	-	30,939,798	19,587,744	-	-	19,587,744
Loss allowance	42 (e)(i)	(1,141)	-	-	(1,141)	(1,000)	-	-	(1,000)
Carrying amount		30,938,657	-	-	30,938,657	19,586,744	-	-	19,586,744
<b>Fixed deposits</b>									
Performing		491,347,916	-	-	491,347,916	176,499,567	-	-	176,499,567
Substandard -Impaired		-	-	-	-	-	-	155,292	155,292
Gross amount		491,347,916	-	-	491,347,916	176,499,567	-	155,292	176,654,859
Loss allowance	42 (e)(ii)	(2,068,282)	-	-	(2,068,282)	(198,733)	-	(155,292)	(354,025)
Carrying Amount		489,279,634	-	-	489,279,634	176,300,834	-	-	176,300,834
<b>3 Investment in debt securities</b>									
Performing		1,592,236,157	-	-	1,592,236,157	1,315,129,354	-	-	1,315,129,354
Watchlist		-	-	-	-	-	-	-	-
Gross amount		1,592,236,157	-	-	1,592,236,157	1,315,129,354	-	-	1,315,129,354
Loss allowance	42 (e)(iii)	(152,092)	-	-	(152,092)	(60,929)	-	-	(60,929)
Carrying Amount		1,592,084,065	-	-	1,592,084,065	1,315,068,425	-	-	1,315,068,425
<b>4 Loans and advances</b>									
Performing		1,102,062,199	-	-	1,102,062,199	780,878,162	-	-	780,878,162
Watchlist		-	28,116,202	-	28,116,202	-	12,036,979	-	12,036,979
Substandard -Impaired		-	-	22,795,643	22,795,643	-	-	31,330,435	31,330,435
Gross amount		1,102,062,199	28,116,202	22,795,643	1,152,974,044	780,878,162	12,036,979	31,330,435	824,245,576
Loss allowance	42 (e)(iv)	(2,106,410)	(162,417)	(11,222,756)	(13,491,583)	(2,412,944)	(695,440)	(15,680,892)	(18,789,276)
Carrying Amount		1,099,955,789	27,953,785	11,572,887	1,139,482,461	778,465,218	11,341,539	15,649,543	805,456,300

Notes to the consolidated and separate financial statements  
 For the year ended 31 December 2023

Group

	31 December 2023				31 December 2022			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>5 Other assets</b>								
Performing	-	-	-	-	-	-	-	-
Watchlist	-	8,910,120	-	8,910,120	-	5,878,450	-	5,878,450
Substandard -Impaired	-	-	-	-	-	-	-	-
Gross amount	-	8,910,120	-	8,910,120	-	5,878,450	-	5,878,450
Loss allowance	42 (e)(v)	(1,755,500)	-	(1,755,500)	-	(1,739,402)	-	(1,739,402)
Carrying Amount	-	7,154,620	-	7,154,620	-	4,139,048	-	4,139,048
<b>6 Advance under lease</b>								
Performing	301,401	-	-	301,401	82,679	-	-	82,679
Substandard -Impaired	-	-	-	-	-	-	-	-
Gross amount	301,401	-	-	301,401	82,679	-	-	82,679
Loss allowance	42 (e)(vi)	(3,102)	-	(3,102)	(914)	-	-	(914)
Carrying Amount	298,299	-	-	298,299	81,765	-	-	81,765



**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**43 Financial risk management (contd.)**

**Bank**

		31 December 2023				31 December 2022			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
		12 month ECL	Lifetime ECL	Lifetime ECL		12 month ECL	Lifetime ECL	Lifetime ECL	
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>1 Cash and Bank Balances</b>									
Performing		30,396,122	-	-	30,396,122	19,448,643	-	-	19,448,643
Gross amount		30,396,122	-	-	30,396,122	19,448,643	-	-	19,448,643
Loss allowance	42 (e)(i)	(1,141)	-	-	(1,141)	(1,000)	-	-	(1,000)
Carrying amount		30,394,981	-	-	30,394,981	19,447,643	-	-	19,447,643
<b>2 Fixed deposits</b>									
Performing		490,149,697	-	-	490,149,697	175,327,632	-	-	175,327,632
Substandard -Impaired		-	-	-	-	-	-	-	-
Gross amount		490,149,697	-	-	490,149,697	175,327,632	-	-	175,327,632
Loss allowance	42 (e)(ii)	(2,066,645)	-	-	(2,066,645)	(351,323)	-	-	(351,323)
Carrying Amount		488,083,052	-	-	488,083,052	174,976,309	-	-	174,976,309
<b>3 Investment in debt securities</b>									
Performing		1,592,101,977	-	-	1,592,101,977	1,315,018,554	-	-	1,315,018,554
Gross amount		1,592,101,977	-	-	1,592,101,977	1,315,018,554	-	-	1,315,018,554
Loss allowance	42 (e)(iii)	(152,065)	-	-	(152,065)	(60,883)	-	-	(60,883)
Carrying Amount		1,591,949,912	-	-	1,591,949,912	1,314,957,671	-	-	1,314,957,671
<b>4 Loans and advances</b>									
Performing		1,099,431,097	-	-	1,099,431,097	778,993,318	-	-	778,993,318
Watchlist		-	28,116,202	-	28,116,202	-	12,036,949	-	12,036,949
Substandard -Impaired		-	-	22,795,643	22,795,643	-	-	31,329,879	31,329,878
Gross amount		1,099,431,097	28,116,202	22,795,643	1,150,342,942	778,993,318	12,036,949	31,329,879	822,360,145
Loss allowance	42 (e)(iv)	(1,990,678)	(162,386)	(11,233,533)	(13,386,596)	(2,389,013)	(695,409)	(15,680,337)	(18,764,758)
Carrying Amount		1,097,440,419	27,953,816	11,562,110	1,136,956,346	776,604,305	11,341,540	15,649,542	803,595,387
<b>5 Other assets</b>									
Performing		-	-	-	-	-	-	-	-
Watchlist		-	8,071,610	-	8,071,610	-	5,306,603	-	5,306,603
Substandard -Impaired		-	-	-	-	-	-	-	-
Gross amount		-	8,071,610	-	8,071,610	-	5,306,603	-	5,306,603
Loss allowance	42 (e)(v)	-	(1,727,681)	-	(1,727,681)	-	(1,676,838)	-	(1,676,838)
Carrying Amount		-	6,343,929	-	6,343,929	-	3,629,765	-	3,629,765

**Notes to the consolidated and separate financial statements**  
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**43 Financial risk management (contd.)**

**(e) Amounts arising from Expected Credit Losses (ECL)**

**Inputs, assumptions and techniques used for estimating impairment**

**Significant increase in credit risk**

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

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

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

The Group uses two criteria for determining whether there has been a significant increase in credit risk:

- qualitative indicators; and
- a backstop of 30 days past due

Credit monitoring typically involves use of the following data:

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes
- Data from credit reference agencies, press articles, changes in external credit ratings
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities
- Internally collected data on customer behaviour – e.g. utilisation of credit card facilities
- Requests for and granting of forbearance
- Existing and forecast changes in business, financial and economic conditions
- Payment record – this includes overdue status as well as a range of variables about payment ratios.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors. For most exposures, key macro-economic indicators include: GDP growth and crude oil prices.

The Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

In determining the ECL for other assets, the Group applies the simplified model to estimate ECLs, adopting a provision matrix to determine the lifetime ECLs. The provision matrix estimates ECLs on the basis of historical default rates, adjusted for current and future economic conditions (expected changes in default rates) without undue cost and effort.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

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

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist

In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Generally, facilities with loss allowances being measured as Life-time ECL not credit impaired (Stage 2) are monitored for a probationary period of 90 days to confirm if the credit risk has decreased sufficiently before they can be migrated from Lifetime ECL not credit impaired (Stage 2) to 12-month ECL (Stage 1) while credit-impaired facilities (Stage 3) are monitored for a probationary period of 180 days before migration from Stage 3 to Stage 1.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

**Definition of default**

The Group considers a financial asset to be in default when

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding. In assessing whether a borrower is in default, the Group considers indicators that are:
  - qualitative - e.g. breaches of covenant;
  - quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
  - based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

**Incorporation of forward-looking information**

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

The table below summarises the principal macroeconomic indicators included in the economic scenarios used at 31 December 2022 for the years 2023 to 2025, for Nigeria which is the country where the Group operates.

	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Inflation</b>			
• Base scenario	22.12%	23.36%	24.60%
• Range of upside scenarios	25.44%	26.86%	28.29%
• Range of downside scenarios	18.80%	19.86%	20.91%
<b>Crude Oil Prices</b>			
• Base scenario	93.99	99.18	104.37
• Range of upside scenarios	108.09	114.06	120.03
• Range of downside scenarios	79.89	84.30	88.71

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 years.

**Measurement of ECL**

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in stage 1 (12-months ECL) is calculated by multiplying the 12-month PD, LGD and EAD term structures. Lifetime ECL is calculated by multiplying the lifetime PD, LGD and EAD term structures.

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. The Bank's PD was estimated based on yearly performance status (i.e. default and non-default) migration. The lifetime PD term structure was derived using the Homogenous Discrete Time Markov Chain approach. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The Bank estimated LGD based on expected collateral recoveries. For each collateral type, the Bank made reasonable assumptions regarding the expected collateral haircut, direct costs of recovery, and time to recovery. These assumptions were arrived at on the basis of industry data and expert judgment.

EAD is an estimate of the exposure at a future default date. The Bank estimated the EAD term structure based on the contractual cash flows of each financial asset.

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- instrument type;
- credit risk grade;
- collateral type;
- date of initial recognition;
- remaining term to maturity;
- industry;
- geographic location of the borrower;
- past due information

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

**Notes to the consolidated and separate financial statements**  
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**43 Financial risk management (contd.)**

**(e) Amounts arising from Expected Credit Losses (ECL) (continued)**

**Loss allowance**

The following table show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Explanation of the terms: stage 1 (12month ECL), stage 2 (Lifetime ECL) and stage 3 (credit impaired) are included in Note 43(e).

**Group**

**i Cash and bank balances**

*In thousands of Naira*

	31 December 2023				31 December 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired		12month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Opening balance	1,000	-	-	1,000	708	-	-	708
Net remeasurement of loss allowance	141	-	-	141	292	-	-	292
Closing balance	1,141	-	-	1,141	1,000	-	-	1,000

**ii Fixed deposits**

*In thousands of Naira*

	12month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Opening balance	354,025	-	-	354,025	476,185	-	-	476,185
Net remeasurement of loss allowance	1,714,257	-	-	1,714,257	33,132	-	-	33,132
Transfer to Lifetime ECL - not credit impaired	-	-	-	-	-	-	-	-
Transfer to Lifetime ECL - credit impaired	-	-	-	-	(155,292)	-	155,292	-
Write off	-	-	-	-	-	-	(155,292)	(155,292)
Closing balance	2,068,282	-	-	2,068,282	354,025	-	-	354,025

**iii Investment in debt securities**

*In thousands of Naira*

	12month ECL	Lifetime ECL - not credit impaired	Lifetime ECL credit-impaired	Total	12month ECL	Lifetime ECL - not credit impaired	Lifetime ECL credit-impaired	Total
Opening balance	60,929	-	-	60,929	69,950	-	-	69,950
Net remeasurement of loss allowance	91,163	-	-	91,163	(9,021)	-	-	(9,021)
Closing balance	152,092	-	-	152,092	60,929	-	-	60,929

**Notes to the consolidated and separate financial statements**  
**Group**

**iv Loan and advances**

	31 December 2023				31 December 2022			
	12month ECL	Lifetime ECL not credit- impaired	Lifetime ECL - Credit impaired	Total	12month ECL	Lifetime ECL not credit- impaired	Lifetime ECL -Credit impaired	Total
<i>In thousands of Naira</i>								
Opening balance	2,412,944	695,440	15,680,892	18,789,276	2,172,988	158,877	14,694,456	17,026,321
Remeasurement of loss allowance	(1,551,972)	20,523	(1,136,093)	(2,667,542)	(332,877)	(105,182)	981,711	543,652
Transfer to 12 month ECL	219,362	(87,149)	(132,213)	-	317,582	(22,221)	(295,361)	-
Transfer to Lifetime ECL - not credit impaired	(51,073)	57,326	(6,253)	-	(434,442)	607,945	(173,503)	-
Transfer to Lifetime ECL - credit impaired	(109,529)	(96,752)	206,281	-	(27,632)	(103,543)	131,175	-
Loans repaid	(72,781)	(492,314)	(41,211)	(606,306)	(198,273)	(3,443)	(536,607)	(738,323)
New loans acquired	1,259,459	65,343	292,012	1,616,814	915,598	163,007	279,462	1,358,067
Net remeasurement of loss allowance	(306,534)	(533,023)	(817,477)	(1,657,034)	239,956	536,563	386,877	1,163,396
Unwinding of discount	-	-	573,451	573,451	-	-	599,559	599,559
Write off	-	-	(4,214,110)	(4,214,110)	-	-	-	-
Closing balance	<u>2,106,410</u>	<u>162,417</u>	<u>11,222,756</u>	<u>13,491,583</u>	<u>2,412,944</u>	<u>695,440</u>	<u>15,680,892</u>	<u>18,789,276</u>

**Net write-off breakdown**

Gross write off	20,214,110
Government grant (see note 28.5)	(16,000,000)
Net write-off	<u>4,214,110</u>

**v Other assets**

	31 December 2023				31 December 2022			
	12month ECL	Lifetime ECL not credit- impaired	Lifetime ECL - Credit impaired	Total	12month ECL	Lifetime ECL not credit- impaired	Lifetime ECL -Credit impaired	Total
<i>In thousands of Naira</i>								
Opening balance	-	1,739,402	-	1,739,402	-	2,501,323	-	2,501,323
Remeasurement of loss allowance	-	20,098	-	20,098	-	224,852	-	224,852
Transfer to Lifetime ECL - credit impaired	-	(4,000)	4,000	-	-	(986,773)	986,773	-
Net remeasurement of loss allowance	-	16,098	4,000	20,098	-	(761,921)	986,773	224,852
Write off	-	-	(4,000)	(4,000)	-	-	(986,773)	(986,773)
Closing balance	<u>-</u>	<u>1,755,500</u>	<u>-</u>	<u>1,755,500</u>	<u>-</u>	<u>1,739,402</u>	<u>-</u>	<u>1,739,402</u>

**Notes to the consolidated and separate financial statements**  
**Group**

**vi Advances under finance lease**

	31 December 2023				31 December 2022			
	12month ECL	Lifetime ECL not credit- impaired	Lifetime ECL - Credit impaired	Total	12month ECL	Lifetime ECL not credit- impaired	Lifetime ECL -Credit impaired	Total
<i>In thousands of Naira</i>								
Opening balance	914	-	-	914	1,278	-	-	1,278
Remeasurement of loss allowance	2,188	-	-	2,188	(364)	-	-	(364)
Transfer to Lifetime ECL - credit impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	2,188	-	-	2,188	(364)	-	-	(364)
Write off	-	-	-	-	-	-	-	-
Closing balance	3,102	-	-	3,102	914	-	-	914

**Bank**

**i Cash and bank balances**

	31 December 2023				31 December 2022			
	12month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total	12month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
<i>In thousands of Naira</i>								
Opening balance	1,000	-	-	1,000	708	-	-	708
Net remeasurement of loss allowance	141	-	-	141	292	-	-	292
Closing balance	1,141	-	-	1,141	1000	-	-	1,000

**ii Fixed deposits**

	31 December 2023				31 December 2022			
	12month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total	12month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
<i>In thousands of Naira</i>								
Opening Balance	351,323	-	-	351,323	473,140	-	-	473,140
Net remeasurement of loss allowance	1,715,322	-	-	1,715,322	33,475	-	-	33,475
Transfer to Lifetime ECL - credit impaired	-	-	-	-	(155,292)	-	155,292	-
Write off	-	-	-	-	-	-	(155,292)	(155,292)
Closing balance	2,066,645	-	-	2,066,645	351,323	-	-	351,323

**Notes to the consolidated and separate financial statements**  
**Bank**

**iii Investment in debt securities**

	31 December 2023				31 December 2022			
	12month ECL	Lifetime ECL - not credit impaired	Lifetime ECL credit-impaired	Total	12month ECL	Lifetime ECL - not credit impaired	Lifetime ECL credit-impaired	Total
<i>In thousands of Naira</i>								
Opening balance	60,883	-	-	60,883	69,559	-	-	69,559
Net remeasurement of loss allowance	91,182	-	-	91,182	(8,676)	-	-	(8,676)
Closing balance	152,065	-	-	152,065	60,883	-	-	60,883

**iv Loan and advances**

	31 December 2023				31 December 2022			
	12month ECL	Lifetime ECL not credit-impaired	Lifetime ECL - Credit impaired	Total	12month ECL	Lifetime ECL not credit-impaired	Lifetime ECL -Credit impaired	Total
<i>In thousands of Naira</i>								
Opening balance	2,389,013	695,409	15,680,337	18,764,758	2,158,755	158,846	14,693,901	17,011,501
Remeasurement of loss allowance	(1,643,773)	20,523	(1,136,093)	(2,759,343)	(342,575)	(105,182)	981,711	533,954
Transfer to 12 month ECL	219,362	(87,149)	(132,213)	-	317,582	(22,221)	(295,361)	-
Transfer to Lifetime ECL - not credit impaired	(51,073)	57,326	(6,253)	-	(434,442)	607,945	(173,503)	-
Transfer to Lifetime ECL - credit impaired	(109,529)	(96,752)	206,281	-	(27,632)	(103,543)	131,175	-
Loans repaid	(72,781)	(492,314)	(41,211)	(606,306)	(198,273)	(3,443)	(536,607)	(738,323)
New loans acquired	1,259,459	65,343	292,012	1,616,814	915,598	163,007	279,462	1,358,067
Net remeasurement of loss allowance	(398,335)	(533,023)	(817,477)	(1,748,835)	230,258	536,563	386,877	1,153,698
Unwinding of discount	-	-	573,451	573,451	-	-	599,559	599,559
Write off	-	-	(4,202,778)	(4,202,778)	-	-	-	-
Closing balance	1,990,678	162,386	11,233,533	13,386,596	2,389,013	695,409	15,680,337	18,764,758

**Net write-off breakdown**

Gross write off	20,202,778
Government grant (see note 28.5)	(16,000,000)
Net write-off	<u>4,202,778</u>

**Bank**

**v Other assets**

	31 December 2023				31 December 2022			
	12month ECL	Lifetime ECL not credit-impaired	Lifetime ECL - Credit impaired	Total	12month ECL	Lifetime ECL not credit-impaired	Lifetime ECL -Credit impaired	Total
<i>In thousands of Naira</i>								
Opening balance	-	1,676,838	-	1,676,838	-	2,437,842	-	2,437,842
Remeasurement of loss allowance	-	50,843	-	50,843	-	225,696	-	225,696
Transfer to Lifetime ECL - credit impaired	-	-	-	-	-	(986,700)	986,700	-
Net remeasurement of loss allowance	-	50,843	-	50,843	-	(761,004)	986,700	225,696
Write off	-	-	-	-	-	-	(986,700)	(986,700)
Closing balance	-	1,727,681	-	1,727,681	-	1,676,838	-	1,676,838



**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**43 Financial risk management (contd.)**

**(f) Credit definitions**

(i) Impaired loans and investment securities

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s).

(ii) Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

(iii) Allowances for impairment

The Group establishes an allowance for impairment losses that represents its estimate of expected losses in its loan portfolio.

(iv) Write-off policy

The Group writes off a loan/security balance (and any related allowances for impairment losses) when Management determines that the loans/securities are uncollectible. 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. For smaller balance standardised loans, write off decisions are generally based on a product specific past due status.

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**43 Financial risk management (contd.)**

Liquidity risk

This is the risk that the Bank might not be able to meet with its obligation as they fall due.

Management of liquidity risk;

The ultimate responsibility for liquidity risk management rest with the Board of Directors , which has established an appropriate risk management framework for the management of the Bank short, medium and long term funding and liquidity management requirements. This function has been delegated to the asset and liability management committee of the Bank. This committee meets on bi-weekly to monitor liquidity profile of the Bank. The Bank also manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities

The table below shows the undiscounted cash flows on the Group and Bank's financial assets and financial liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

**Group**

**Residual contractual maturities of financial assets and liabilities**

<b>31 Dec 2023</b>	<b>Note</b>	<b>Carrying amount</b>	<b>Gross nominal inflow/(outflow)</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4-5 years</b>	<b>Above 5 years</b>
<i>In thousands of Nigerian Naira</i>									
<i>Non-derivative assets:</i>									
Cash and bank balances	14	30,938,657	30,938,657	30,938,657	-	-	-	-	-
Fixed deposits	15	489,279,634	496,326,946	496,326,946	-	-	-	-	-
Investment in debt securities	18	1,592,084,064	1,611,230,968	1,611,230,968	-	-	-	-	-
Loans and advances	19	1,139,482,461	1,385,241,922	413,708,171	316,257,668	232,586,081	177,899,290	122,055,430	122,735,283
Other assets	22	7,154,620	7,154,620	7,154,620	-	-	-	-	-
		<u>3,258,939,436</u>	<u>3,530,893,113</u>	<u>2,559,359,362</u>	<u>316,257,668</u>	<u>232,586,081</u>	<u>177,899,290</u>	<u>122,055,430</u>	<u>122,735,283</u>
<i>Derivative assets</i>									
Risk management:	16	582,161,663	-	-	-	-	-	-	-
Inflow		-	2,162,226,457	2,162,226,457	-	-	-	-	-
Outflow		-	(1,576,636,059)	(1,576,636,059)	-	-	-	-	-
		-	585,590,398	585,590,398	-	-	-	-	-
Total financial assets		<u>3,841,101,099</u>	<u>4,116,483,511</u>	<u>3,144,949,760</u>	<u>316,257,668</u>	<u>232,586,081</u>	<u>177,899,290</u>	<u>122,055,430</u>	<u>122,735,283</u>
<i>Non-derivative liabilities</i>									
Other Liabilities	27	(535,046,838)	(535,046,838)	(535,046,838)	-	-	-	-	-
Borrowings	29	(2,635,034,577)	(2,929,478,641)	(1,386,376,407)	(131,359,343)	(70,859,625)	(816,758,442)	(158,069,258)	(366,055,566)
Total financial liabilities		<u>(3,170,081,415)</u>	<u>(3,464,525,479)</u>	<u>(1,921,423,245)</u>	<u>(131,359,343)</u>	<u>(70,859,625)</u>	<u>(816,758,442)</u>	<u>(158,069,258)</u>	<u>(366,055,566)</u>
Gap (asset - liabilities)			<u>651,958,032</u>	<u>1,223,526,515</u>	<u>184,898,325</u>	<u>161,726,456</u>	<u>(638,859,152)</u>	<u>(36,013,828)</u>	<u>(243,320,283)</u>
Cumulative liquidity gap				<u>1,223,526,515</u>	<u>1,408,424,840</u>	<u>1,570,151,296</u>	<u>931,292,144</u>	<u>895,278,316</u>	<u>651,958,032</u>

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**43 Financial risk management (contd.)**

**Liquidity risk (contd.)**

**Residual contractual maturities of financial assets and liabilities**

**31 December 2022**

	Note	Carrying amount	Gross nominal inflow/(outflow)	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
<i>In thousands of Nigerian Naira</i>									
<i>Non-derivative assets:</i>									
Cash and bank balances	14	19,586,744	19,586,744	19,586,744	-	-	-	-	-
Fixed deposits	15	176,300,834	177,443,717	177,443,717	-	-	-	-	-
Investment in debt securities	18	1,315,068,424	1,334,400,549	1,334,400,549	-	-	-	-	-
Loans and advances	19	805,456,300	961,356,444	299,072,956	251,006,429	172,639,009	110,275,784	69,471,395	58,890,871
Other assets	22	4,139,048	4,139,048	4,139,048	-	-	-	-	-
<b>Total financial assets</b>		<b>2,320,551,350</b>	<b>2,496,926,502</b>	<b>1,834,643,014</b>	<b>251,006,429</b>	<b>172,639,009</b>	<b>110,275,784</b>	<b>69,471,395</b>	<b>58,890,871</b>
Outflow		-	-	-	-	-	-	-	-
<i>Non-derivative liabilities</i>									
Other Liabilities	27	(201,758,987)	(201,758,987)	(201,758,987)	-	-	-	-	-
Borrowings	29	(1,719,617,570)	(1,954,703,600)	(464,975,118)	(630,732,952)	(71,247,747)	(40,921,918)	(395,530,656)	(351,295,209)
<b>Total financial liabilities</b>		<b>(1,921,376,557)</b>	<b>(2,156,462,587)</b>	<b>(666,734,105)</b>	<b>(630,732,952)</b>	<b>(71,247,747)</b>	<b>(40,921,918)</b>	<b>(395,530,656)</b>	<b>(351,295,209)</b>
<i>Derivative liabilities</i>									
Risk management:	16	(109,630)	-	-	-	-	-	-	-
Inflow		-	1,298,443,946	1,298,443,946	-	-	-	-	-
Outflow		-	(1,318,813,708)	(1,318,813,708)	-	-	-	-	-
			(20,369,762)	(20,369,762)	-	-	-	-	-
<b>Total financial liabilities</b>		<b>(1,921,486,187)</b>	<b>(2,176,832,349)</b>	<b>(687,103,867)</b>	<b>(630,732,952)</b>	<b>(71,247,747)</b>	<b>(40,921,918)</b>	<b>(395,530,656)</b>	<b>(351,295,209)</b>
Gap (asset - liabilities)			320,094,153	1,147,539,147	(379,726,523)	101,391,262	69,353,867	(326,059,261)	(292,404,338)
Cumulative liquidity gap				1,147,539,147	767,812,623	869,203,885	938,557,752	612,498,491	320,094,153

**Current maturity mis-match profile**

The above tables show the undiscounted cash flows on the Group's non-derivative financial assets and liabilities on the basis of their earliest possible contractual maturity.

The gross nominal inflows / (outflows) disclosed in the previous table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities and assets held for risk management purposes.

As part of the management of its liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and debt securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**43 Financial risk management (contd.)**

**Liquidity risk (contd.)**

**Bank**

**Residual contractual maturities of financial assets and liabilities**

<b>31 Dec 2023</b>	<b>Note</b>								
<i>In thousands of Nigerian Naira</i>		<b>Carrying amount</b>	<b>Gross nominal inflow/(outflow)</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4-5 years</b>	<b>Above 5 years</b>
<i>Non-derivative assets:</i>									
Cash and bank balances	14	30,394,981	30,394,981	30,394,981	-	-	-	-	-
Fixed deposits	15	488,083,052	495,128,727	495,128,727	-	-	-	-	-
Investment in debt securities	18	1,591,949,911	1,611,230,968	1,611,230,968	-	-	-	-	-
Loans and advances	19	1,136,956,346	1,382,715,808	411,182,057	316,257,668	232,586,081	177,899,290	122,055,430	122,735,283
Other assets	22	6,343,930	6,343,930	6,343,930	-	-	-	-	-
		<u>3,253,728,220</u>	<u>3,525,814,414</u>	<u>2,554,280,663</u>	<u>316,257,668</u>	<u>232,586,081</u>	<u>177,899,290</u>	<u>122,055,430</u>	<u>122,735,283</u>
<i>Derivative assets</i>									
Risk management:	16	582,161,663	-	-	-	-	-	-	-
Inflow		-	2,162,226,457	2,162,226,457	-	-	-	-	-
Outflow		-	(1,576,636,059)	(1,576,636,059)	-	-	-	-	-
			<u>585,590,398</u>	<u>585,590,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial assets		<u>3,835,889,883</u>	<u>4,111,404,812</u>	<u>3,139,871,061</u>	<u>316,257,668</u>	<u>232,586,081</u>	<u>177,899,290</u>	<u>122,055,430</u>	<u>122,735,283</u>
<i>Non-derivative liabilities</i>									
Other Liabilities	27	(538,931,666)	(538,931,666)	(538,931,666)	-	-	-	-	-
Borrowings	29	(2,631,140,640)	(2,925,584,703)	(1,382,482,469)	(131,359,343)	(70,859,625)	(816,758,442)	(158,069,258)	(366,055,566)
Total financial liabilities		<u>(3,170,072,306)</u>	<u>(3,464,516,369)</u>	<u>(1,921,414,135)</u>	<u>(131,359,343)</u>	<u>(70,859,625)</u>	<u>(816,758,442)</u>	<u>(158,069,258)</u>	<u>(366,055,566)</u>
Gap (asset - liabilities)			<u>646,888,443</u>	<u>1,218,456,926</u>	<u>184,898,325</u>	<u>161,726,456</u>	<u>(638,859,152)</u>	<u>(36,013,828)</u>	<u>(243,320,283)</u>
Cumulative liquidity gap				<u>1,218,456,926</u>	<u>1,403,355,251</u>	<u>1,565,081,707</u>	<u>926,222,555</u>	<u>890,208,726</u>	<u>646,888,443</u>

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**43 Financial risk management (contd.)**

**Residual contractual maturities of financial assets and liabilities**

**31 December 2022**

<i>In thousands of Nigerian Naira</i>	Note	Carrying amount	Gross nominal inflow/(outflow) (outflow)	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
<i>Non-derivative assets:</i>									
Cash and bank balances	14	19,447,643	19,447,643	19,447,643	-	-	-	-	-
Fixed deposits	15	174,976,309	176,116,490	176,116,490	-	-	-	-	-
Investment in debt securities	18	1,314,957,671	1,334,400,549	1,334,400,549	-	-	-	-	-
Loans and advances	19	803,595,387	961,356,444	299,072,956	251,006,429	172,639,009	110,275,784	69,471,395	58,890,871
Other assets	22	3,629,765	3,629,765	3,629,765	-	-	-	-	-
<b>Total financial assets</b>		<b>2,316,606,775</b>	<b>2,494,950,890</b>	<b>1,832,667,403</b>	<b>251,006,429</b>	<b>172,639,009</b>	<b>110,275,784</b>	<b>69,471,395</b>	<b>58,890,871</b>
<i>Non-derivative liabilities</i>									
Other Liabilities	27	(204,274,035)	(204,274,035)	(204,274,035)	-	-	-	-	-
Borrowings	29	(1,717,687,690)	(1,954,703,600)	(464,975,118)	(630,732,952)	(71,247,747)	(40,921,918)	(395,530,656)	(351,295,209)
<b>Total financial liabilities</b>		<b>(1,921,961,725)</b>	<b>(2,158,977,635)</b>	<b>(669,249,153)</b>	<b>(630,732,952)</b>	<b>(71,247,747)</b>	<b>(40,921,918)</b>	<b>(395,530,656)</b>	<b>(351,295,209)</b>
<i>Derivative liabilities</i>									
Risk management:	16	(109,630)	-	-	-	-	-	-	-
Inflow		-	1,298,443,946	1,298,443,946	-	-	-	-	-
Outflow		-	(1,318,813,708)	(1,318,813,708)	-	-	-	-	-
			(20,369,763)	(20,369,763)	-	-	-	-	-
<b>Total financial liabilities</b>		<b>(1,922,071,355)</b>	<b>(2,179,347,397)</b>	<b>(689,618,915)</b>	<b>(630,732,952)</b>	<b>(71,247,747)</b>	<b>(40,921,918)</b>	<b>(395,530,656)</b>	<b>(351,295,209)</b>
<b>Gap (asset - liabilities)</b>			<b>315,603,493</b>	<b>1,143,048,488</b>	<b>(379,726,523)</b>	<b>101,391,262</b>	<b>69,353,867</b>	<b>(326,059,261)</b>	<b>(292,404,338)</b>
<b>Cumulative liquidity gap</b>				<b>1,143,048,488</b>	<b>763,321,964</b>	<b>864,713,226</b>	<b>934,067,093</b>	<b>608,007,832</b>	<b>315,603,494</b>

**Current maturity mis-match profile**

The above tables show the undiscounted cash flows on the Bank's non-derivative financial assets and liabilities on the basis of their earliest possible contractual maturity.

The gross nominal inflows / (outflows) disclosed in the previous table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities and assets held for risk management purposes.

As part of the management of its liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents, and debt securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**43 Financial risk management (contd.)**

**Market Risk**

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is majorly exposed to foreign currency risk and interest rate risk. The Group's exposure to equity market as at end of the period is very minimal with a total market value exposure of N10.3 million (31 Dec. 2022: N10.7 million).

**Management of Foreign Currency risk**

The Group manages its foreign currency risk by limiting the amount of cash it holds in foreign currency and also ensuring that they are managed within approved policy parameters utilising currency swap contracts. The Group holds currency swaps which fully covers the negative exposures gap in Euro and USD. See note 16 for the details of currency swap held.

The table below summarises foreign currency monetary assets and liabilities exposures of the Group as at year end.

<b>Group</b>		<b>31 December 2023</b>				
		<b>EUR</b>	<b>GBP</b>	<b>USD</b>	<b>NGN</b>	<b>Grand Total</b>
	<b>Note</b>					
In thousands of Naira						
Cash and Bank Balances	14	31,105	13,565	3,794,183	27,099,804	30,938,657
Fixed deposits	15	-	-	204,050,822	285,228,812	489,279,634
Investment in debt securities	18	-	-	-	1,592,084,064	1,592,084,064
	23	31,652	35,840	114,988	6,972,140	7,154,620
Loans and advances	19	-	-	172,259,436	967,223,025	1,139,482,461
<b>Total assets</b>		<b>62,757</b>	<b>49,405</b>	<b>380,219,429</b>	<b>2,878,607,845</b>	<b>3,258,939,436</b>
Borrowings	30	(2,117,779,112)	-	(6,840,980)	(510,414,485)	(2,635,034,577)
Other liabilities	28	-	-	(254,825,074)	(280,221,764)	(535,046,838)
<b>Total liabilities</b>		<b>(2,117,779,112)</b>	<b>-</b>	<b>(261,666,054)</b>	<b>(790,636,249)</b>	<b>(3,170,081,415)</b>
<b>Net on-balance sheet financial position</b>		<b>(2,117,716,355)</b>	<b>49,405</b>	<b>118,553,375</b>	<b>2,087,971,596</b>	<b>88,858,021</b>
<b>Group</b>		<b>31 December 2022</b>				
		<b>EUR</b>	<b>GBP</b>	<b>USD</b>	<b>NGN</b>	<b>Grand Total</b>
	<b>Note</b>					
In thousands of Naira						
Cash and Bank Balances	14	98,276	2,982	1,647,870	17,837,615	19,586,744
Fixed deposits	15	-	-	72,206,614	104,094,220	176,300,834
Investment in debt securities		-	-	-	1,315,068,424	1,315,068,424
Other assets	23	104,196	17,141	102,768	3,914,943	4,139,048
Loans and advances	19	-	-	93,164,703	712,291,597	805,456,300
<b>Total assets</b>		<b>202,472</b>	<b>20,123</b>	<b>167,121,955</b>	<b>2,153,206,800</b>	<b>2,320,551,351</b>
Borrowings	30	(641,815,293)	-	(287,793,725)	(790,008,552)	(1,719,617,570)
Other liabilities	28	-	-	(106,635,336)	(95,123,651)	(201,758,987)
<b>Total liabilities</b>		<b>(641,815,293)</b>	<b>-</b>	<b>(394,429,060)</b>	<b>(885,132,204)</b>	<b>(1,921,376,557)</b>
<b>Net on-balance sheet financial position</b>		<b>(641,612,821)</b>	<b>20,123</b>	<b>(227,307,105)</b>	<b>1,268,074,597</b>	<b>399,174,794</b>

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**43 Financial risk management (contd.)**

**Market Risk**

**Bank**

		<b>31 December 2023</b>				
	<b>Note</b>	<b>EUR</b>	<b>GBP</b>	<b>USD</b>	<b>NGN</b>	<b>Grand Total</b>
In thousands of Naira						
Cash and Bank Balances	14	31,105	13,565	3,794,183	26,556,128	30,394,981
Due from Financial Institutions	15	-	-	204,050,822	284,032,230	488,083,052
Investment in debt securities	18	-	-	-	1,591,949,911	1,591,949,911
Other assets	23	31,652	35,840	114,988	6,161,450	6,343,930
Loans and advances	19	-	-	172,259,436	964,696,910	1,136,956,346
<b>Total assets</b>		<b>62,757</b>	<b>49,405</b>	<b>380,219,429</b>	<b>2,873,396,629</b>	<b>3,253,728,220</b>
<b>Borrowings</b>	<b>30</b>	<b>(2,117,779,112)</b>	<b>-</b>	<b>(6,840,980)</b>	<b>(506,520,548)</b>	<b>(2,631,140,640)</b>
<b>Other liabilities</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>(254,825,074)</b>	<b>(284,106,592)</b>	<b>(538,931,666)</b>
<b>Total liabilities</b>		<b>(2,117,779,112)</b>	<b>-</b>	<b>(261,666,054)</b>	<b>(790,627,140)</b>	<b>(3,170,072,306)</b>
<b>Net on-balance sheet financial position</b>		<b>(2,117,716,355)</b>	<b>49,405</b>	<b>118,553,375</b>	<b>2,082,769,490</b>	<b>83,655,915</b>
		<b>31 December 2022</b>				
	<b>Note</b>	<b>EUR</b>	<b>GBP</b>	<b>USD</b>	<b>NGN</b>	<b>Grand Total</b>
In thousands of Naira						
Cash and Bank Balances	14	98,276	2,982	1,647,870	17,698,513	19,447,641
Due from Financial Institutions	15	-	-	72,206,614	102,769,695	174,976,309
Investment in debt securities	18	-	-	-	1,314,957,671	1,314,957,671
Other assets	23	104,196	17,141	102,768	3,405,660	3,629,765
Loans and advances	19	-	-	93,164,703	710,430,684	803,595,387
<b>Total assets</b>		<b>202,472</b>	<b>20,123</b>	<b>167,121,955</b>	<b>2,149,262,223</b>	<b>2,316,606,773</b>
<b>Borrowings</b>	<b>30</b>	<b>(641,815,293)</b>	<b>-</b>	<b>(287,793,725)</b>	<b>(788,078,673)</b>	<b>(1,717,687,691)</b>
<b>Other liabilities</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>(106,635,336)</b>	<b>(97,638,699)</b>	<b>(204,274,035)</b>
<b>Total liabilities</b>		<b>(641,815,293)</b>	<b>-</b>	<b>(394,429,061)</b>	<b>(885,717,372)</b>	<b>(1,921,961,726)</b>
<b>Net on-balance sheet financial position</b>		<b>(641,612,821)</b>	<b>20,123</b>	<b>(227,307,105)</b>	<b>1,263,544,851</b>	<b>394,645,047</b>

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**43 Financial risk management (contd.)**

**Foreign Currency Exchange Risk (continued)**

The following table details the Group's sensitivity to an increase and decrease in Naira against the US dollars, pounds and Euro. Management believe that the stated percentage movement in either direction is reasonably possible at the balance sheet date. The sensitivity analysis below include outstanding denominated assets and liabilities denominated in foreign currency. A positive number indicates an increase in profit where Naira strengthens by the stated percentage against the respective currencies. For the stated percentage increase or decrease in the rate, there would be an equal and opposite impact on profit, and the balances below would be negative.

**31 Dec 2023**

	<b>Group</b>	<b>Bank</b>
	<b>N'000</b>	<b>N'000</b>
<i>Naira strengthens by 40% against the US dollar</i> Profit / (loss)	(47,421,350)	(47,421,350)
<i>Naira weakens by 40% against the US dollar</i> Profit / (loss)	47,421,350	47,421,350
<i>Naira strengthens by 40% against the Pounds</i> Profit / (loss)	(19,762)	(19,762)
<i>Naira weakens by 40% against the Pounds</i> Profit / (loss)	19,762	19,762
<i>Naira strengthens by 40% against the Euro</i> Profit / (loss)	847,086,542	847,086,542
<i>Naira weakens by 40% against the Euro</i> Profit / (loss)	(847,086,542)	(847,086,542)

**31 December 2022**

	<b>N'000</b>	<b>N'000</b>
<i>Naira strengthens by 1% against the US dollar</i> Profit / (loss)	1,445,142	1,445,142
<i>Naira weakens by 1% against the US dollar</i> Profit / (loss)	(1,445,142)	(1,445,142)
<i>Naira strengthens by 1% against the Pounds</i> Profit / (loss)	(201)	(201)
<i>Naira weakens by 1% against the Pounds</i> Profit / (loss)	201	201
<i>Naira strengthens by 1% against the Euro</i> Profit / (loss)	11,111,600	11,111,600
<i>Naira weakens by 1% against the Euro</i> Profit / (loss)	(11,111,600)	(11,111,600)



**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**43 Financial risk management (contd.)**

**Interest rate risk**

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of forward interest rate contracts.

The table below shows the group's exposure to interest rate risk:

**31-Dec-23**

<b>In thousands of Naira</b>	<b>Notes</b>	<b>Group</b>		<b>Bank</b>	
		<b>Total carrying amount</b>	<b>Exposure to interest rate risk</b>	<b>Total carrying amount</b>	<b>Exposure to interest rate risk</b>
Cash and bank balances		30,938,657	-	30,394,981	-
Fixed deposits		489,279,634	-	488,083,052	-
Derivative asset		582,161,663	582,161,663	582,161,663	582,161,663
Investment in debt securities		1,592,084,064	-	1,591,949,911	-
Equity securities		19,374,134	-	19,363,873	-
Loans and advances		1,139,482,461	-	1,136,956,346	-
Other assets		7,154,620	-	6,343,930	-
<b>Total financial assets</b>		<b>3,860,475,233</b>	<b>582,161,663</b>	<b>3,855,253,756</b>	<b>582,161,663</b>
Other liabilities		535,046,838	-	538,931,666	-
Borrowings		2,635,034,577	1,289,274,921	2,631,140,640	1,289,274,921
<b>Total financial liabilities</b>		<b>3,170,081,415</b>	<b>1,289,274,921</b>	<b>3,170,072,306</b>	<b>1,289,274,921</b>

**31-Dec-22**

<b>In thousands of Naira</b>	<b>Notes</b>	<b>Group</b>		<b>Bank</b>	
		<b>Total carrying amount</b>	<b>Exposure to interest rate risk</b>	<b>Total carrying amount</b>	<b>Exposure to interest rate risk</b>
Cash and bank balances		19,586,744	-	19,447,643	-
Fixed deposits		176,300,834	-	174,976,309	-
Derivative asset		-	-	-	-
Investment in debt securities		1,315,068,424	-	1,314,957,671	-
Equity securities		9,315,228	-	9,304,597	-
Loans and advances		805,456,300	-	803,595,387	-
Other assets		4,139,048	-	3,629,765	-
<b>Total financial assets</b>		<b>2,329,866,578</b>	<b>-</b>	<b>2,325,911,372</b>	<b>-</b>
Derivative liabilities		109,630	109,630	109,630	109,630
Other liabilities		201,758,987	-	204,274,035	-
Borrowings		1,719,617,570	868,161,320	1,717,687,690	868,161,320
<b>Total financial liabilities</b>		<b>1,921,486,187</b>	<b>868,270,950</b>	<b>1,922,071,355</b>	<b>868,270,950</b>

**Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

**Fair value sensitivity analysis for fixed-rate instruments**

The Group does not account for any fixed rate financial assets or financial liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

<b>Effect in thousand of Naira</b>	<b>Carrying amount</b>	<b>Profit or loss impact</b>		<b>Equity impact</b>	
		<b>100 bp increase</b>	<b>100 bp decrease</b>	<b>100 bp increase</b>	<b>100 bp decrease</b>
<b>31 Dec 2023</b>					
Derivative assets	582,161,663	(782,559)	791,835	-	-
Cash flow sensitivity (net of tax)		(547,791)	554,285	-	-
<b>31 December 2022</b>					
Derivative liabilities	(109,630)	(201,003)	206,194	-	-
Cash flow sensitivity (net of tax)		(140,702)	144,336	-	-

**Cashflow sensitivity analysis for variable-rate instruments**

A reasonable possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

**Group and Bank**

<b>Effect in thousand of Naira</b>	<b>Carrying amount</b>	<b>Profit or loss impact</b>		<b>Equity impact</b>	
		<b>100 bp increase</b>	<b>100 bp decrease</b>	<b>100 bp increase</b>	<b>100 bp decrease</b>
<b>31 Dec 2023</b>					
Borrowings	1,289,274,921	(12,892,749)	12,892,749	-	-
Cash flow sensitivity (net of tax)		(9,024,924)	9,024,924	-	-
<b>31 December 2022</b>					
Borrowings	868,161,320	(8,681,613)	8,681,613	-	-
Cash flow sensitivity (net of tax)		(6,077,129)	6,077,129	-	-

**Notes to the consolidated and separate financial statements**  
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**43 Financial risk management (contd.)**

**Capital management**

**Regulatory capital**

The Bank's regulator, the Central Bank of Nigeria, sets and monitors capital requirements for the Bank. In implementing current capital requirements, Central Bank of Nigeria requires the Wholesale Development Finance Institutions to maintain a minimum capital of N100 billion while Retail Development Finance Institutions (RDFIs) are to maintain a minimum capital base of N10 billion.

The Banks' capital is divided into two tiers:

- i) Tier 1 capital: core equity tier one capital including ordinary shares, statutory reserve, share premium and general reserve. Non-controlling interests arising on consolidation from interests in permanent shareholders' equity. The book value of goodwill, unpublished losses and under provisions are deducted in arriving at qualifying Tier 1 capital; and
- ii) Tier 2 capital: qualifying subordinated loan capital and unrealised gains arising from the fair valuation of financial instruments held as available for sale. Under the Basel II requirements as implemented in Nigeria, Tier 2 capital is restricted to 33 1/3% of Tier 1 capital.

The Central Bank of Nigeria prescribed the minimum capital adequacy for Development Financial Institutions in Nigeria.

The Bank's objectives when managing capital are:

- i. To comply with the capital requirements set by regulators of the Development Finance Institutions
- ii. To safeguard the Bank's ability to continue to revitalise ailing industry and serve as growth engine for industrial and economic development in Nigeria

**Capital management strategy**

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Bank meets the minimum capital requirement set by CBN for both Wholesale Development Finance Institutions and Retail Development Finance Institutions as the shareholders' funds as at 31 December 2023 was N674.6billion (31 December 2022: N426.8billion).

**Capital adequacy ratio**

The capital adequacy ratio is the quotient of the capital base of the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 10% is to be maintained. The table below summarises the Basel II capital adequacy ratio for 2023 and 2022:

	<b>Bank</b>	<b>Bank</b>
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
<i>In thousands of naira</i>		
<i>Tier 1 capital</i>		
Ordinary share capital	306,747,632	147,371,321
Retained earnings	176,033,911	116,423,052
Statutory reserves	128,518,510	97,565,373
Deposit for shares	-	-
Other reserves	30,919,899	30,919,899
	642,219,952	392,279,645
Less:		
Investment in capital of financial subsidiaries	(2,222,860)	(1,872,860)
Intangible assets	(562,434)	(520,762)
<b>Total Tier 1 Capital (A)</b>	<b>639,434,658</b>	<b>389,886,023</b>
<i>Tier 2 capital</i>		
Borrowings	502,520,548	301,483,924
Other reserves	6,803,671	(1,766,790)
<i>Tier 2 before deduction of investment</i>	509,324,219	299,717,134
<i>Tier 2 limit</i>	213,885,839	130,586,294
Less:		
Investment in capital of financial subsidiaries	(2,222,860)	(1,872,860)
<b>Net Total Tier 2 Capital (B)</b>	<b>211,662,979</b>	<b>128,713,434</b>
Total regulatory capital (A+B)	<b>851,097,637</b>	<b>518,599,457</b>
Market risk	118,602,780	60,902,457
Operational risk	272,977,206	183,082,140
Credit risk	1,452,599,330	843,907,609
Total risk-weighted assets	<b>1,844,179,316</b>	<b>1,087,892,206</b>
<i>Capital ratios</i>		
Total minimum regulatory required capital expressed as a percentage of total risk-weighted assets	10.00%	10.00%
Bank's total tier 1 capital expressed as a percentage of total risk-weighted assets	34.67%	35.84%
Total capital expressed as a percentage of total risk-weighted assets	46.15%	47.67%

**Notes to the consolidated and separate financial statements**  
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**44 Financial assets and liabilities**

**44.1 Classification of financial assets and liabilities, fair value and fair value hierarchy**

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments. It also shows the fair values of the financial assets and liabilities and their fair value hierarchy.

**Group**

		<b>31 December 2023</b>					
<b>In thousands of Naira</b>	<b>Notes</b>	<b>Mandatorily at</b>	<b>FVOCI</b>	<b>Amortised cost</b>	<b>Total carrying</b>	<b>Fair value</b>	<b>Fair value</b>
		<b>FVTPL</b>			<b>amount</b>		<b>hierarchy</b>
Cash and bank balances	14	-	-	30,938,657	30,938,657	30,938,657	-
Fixed deposits	15	-	-	489,279,634	489,279,634	489,279,634	-
Derivative asset	16	582,161,663	-	-	582,161,663	582,161,663	2
Investment in debt securities	18	-	-	1,592,084,064	1,592,084,064	1,607,738,501	2
Equity securities:							
- Equity securities at FVTPL	20	3,672	-	-	3,672	3,672	1
- Quoted equities at FVOCI	20	-	6,701	-	6,701	6,701	1
- Unquoted equities at FVOCI	20	-	19,363,761	-	19,363,761	19,363,761	3
Loans and advances	19	-	-	1,139,482,461	1,139,482,461	1,139,482,461	-
Other assets	23	-	-	7,154,620	7,154,620	7,154,620	-
		<u>582,165,335</u>	<u>19,370,462</u>	<u>3,258,939,436</u>	<u>3,860,475,233</u>	<u>3,876,129,670</u>	
Other liabilities	28	-	-	535,046,838	535,046,838	535,046,838	-
Borrowings	30	-	-	2,635,034,577	2,635,034,577	2,269,992,814	2
Total financial liabilities		<u>-</u>	<u>-</u>	<u>3,170,081,415</u>	<u>3,170,081,415</u>	<u>2,805,039,652</u>	

**31 December 2022**

<b>In thousands of Naira</b>	<b>Notes</b>	<b>Mandatorily at</b>	<b>FVOCI</b>	<b>Amortised cost</b>	<b>Total carrying</b>	<b>Fair value</b>	<b>Fair value</b>
		<b>FVTPL</b>			<b>amount</b>		<b>hierarchy</b>
Cash and bank balances	14	-	-	19,586,744	19,586,744	19,586,744	-
Fixed deposits	15	-	-	176,300,834	176,300,834	176,635,261	-
Investment in debt securities	18	-	-	1,315,068,424	1,315,068,424	1,328,644,164	2
Equity securities:							
- Equity securities at FVTPL	20	4,042	-	-	4,042	4,042	1
- Quoted equities at FVOCI	20	-	6,701	-	6,701	6,701	1
- Unquoted equities at FVOCI	20	-	9,304,485	-	9,304,485	9,304,485	3
Loans and advances	19	-	-	805,456,300	805,456,300	805,456,300	-
Other assets	23	-	-	4,139,048	4,139,048	4,139,048	-
Total financial assets		<u>4,042</u>	<u>9,311,186</u>	<u>2,320,551,350</u>	<u>2,329,866,578</u>	<u>2,343,776,745</u>	
Derivative liability		109,630	-	-	109,630	109,630	2
Other liabilities	28	-	-	201,758,987	201,758,987	201,758,987	-
Borrowings	30	-	-	1,719,617,570	1,719,617,570	1,548,503,800	2
Total financial liabilities		<u>109,630</u>	<u>-</u>	<u>1,921,376,557</u>	<u>1,921,486,187</u>	<u>1,750,372,417</u>	

**Notes to the consolidated and separate financial statements**  
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**44 Financial assets and liabilities**

**44.1 Classification of financial assets and liabilities, fair value and fair value hierarchy**

<b>Bank</b>		<b>31 December 2023</b>					
In thousands of Naira	Notes	Mandatorily at FVTPL	FVOCI	Amortised cost	Total carrying amount	Fair value	Fair value hierarchy
Cash and bank balances	14	-	-	30,394,981	30,394,981	30,394,981	-
Fixed deposits	15	-	-	488,083,052	488,083,052	488,083,052	-
Derivate asset	28	582,161,663	-	-	582,161,663	582,161,663	2
Investment in debt securities	18	-	-	1,591,949,911	1,591,949,911	1,607,604,348	2
Equity securities:							
- Equity securities at FVTPL	20	676	-	-	676	676	1
- Quoted equities at FVOCI	20	-	4,237	-	4,237	4,237	1
- Unquoted equities at FVOCI	20	-	19,358,960	-	19,358,960	19,358,960	3
Loans and advances	19	-	-	1,136,956,346	1,136,956,346	1,136,956,346	-
Other assets	23	-	-	6,343,930	6,343,930	6,343,930	-
<b>Total financial assets</b>		<b>582,162,339</b>	<b>19,363,197</b>	<b>3,253,728,220</b>	<b>3,855,253,757</b>	<b>3,870,908,193</b>	
Other liabilities	28	-	-	538,931,666	538,931,666	538,931,666	-
Borrowings	30	-	-	2,631,140,640	2,631,140,640	2,266,098,877	2
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>3,170,072,306</b>	<b>3,170,072,306</b>	<b>2,805,030,543</b>	

<b>Bank</b>		<b>31 December 2022</b>					
In thousands of Naira	Notes	Mandatorily at FVTPL	FVOCI	Amortised cost	Total carrying amount	Fair value	Fair value hierarchy
Cash and bank balances	14	-	-	19,447,643	19,447,643	19,447,643	-
Fixed deposits	15	-	-	174,976,309	174,976,309	175,310,736	2
Investment in debt securities	18	-	-	1,314,957,671	1,314,957,671	1,328,533,411	2
Equity securities:							
- Equity securities at FVTPL	20	676	-	-	676	676	1
- Quoted equities at FVOCI	20	-	4,237	-	4,237	4,237	1
- Unquoted equities at FVOCI	20	-	9,299,684	-	9,299,684	9,299,684	3
Loans and advances	19	-	-	803,595,387	803,595,387	803,595,387	-
Other assets	23	-	-	3,629,765	3,629,765	3,629,765	-
<b>Total financial assets</b>		<b>676</b>	<b>9,303,921</b>	<b>2,316,606,775</b>	<b>2,325,911,372</b>	<b>2,339,821,539</b>	
Derivative liability	16	109,630	-	-	109,630	109,630	2
Other liabilities	28	-	-	204,274,035	204,274,035	204,274,035	-
Borrowings	30	-	-	1,717,687,690	1,717,687,690	1,546,573,920	2
<b>Total financial liabilities</b>		<b>109,630</b>	<b>-</b>	<b>1,921,961,725</b>	<b>1,922,071,355</b>	<b>1,750,957,585</b>	

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**44 Financial assets and liabilities**

**44.2 Valuation of financial instruments**

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

**Level 1**

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

**Level 2**

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

**Level 3**

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

**Level 3 fair value measurements**

**Reconciliation**

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

	<b>Group Unquoted equity investments at FVOCI N'000</b>	<b>Bank Unquoted equity investments at FVOCI N'000</b>
Balance as at 1 January 2023	9,304,485	9,299,684
Additions during the year	1,509,338	1,509,338
Unrealised fair value gain recognised in other comprehensive income	8,549,938	8,549,938
Balance as at 31 Dec 2023	19,363,761	19,358,960

## **Notes to the consolidated and separate financial statements**

### **Fair value methods and assumptions**

#### **(i) Equity investment securities**

Equity investment securities comprise quoted equity instruments traded on the floor of the Nigerian Stock Exchange and unquoted equity instruments for which are not traded in an active market. The fair value of quoted equity securities were derived based on trading prices of the securities as at reporting date. The fair value of unquoted equity instruments were determined using valuation techniques (adjusted net asset valuation and discounted cashflow techniques) and inputs which may not be observable in the market. References were made to the investee companies historical financial performance and financial positions, cost of capital, discount rate, illiquidity discount etc. The data obtained were analysed and adjustments was made to reflect differences in the circumstances of each investees.

Information about significant unobservable inputs used as at 31 December 2023 in measuring the unquoted equity securities categorised as Level 3 in the fair value hierarchy are included in Note 20.2(ii)

#### **(ii) Derivative asset/liability**

The fair value of derivative is estimated from the foreign exchange rates (far and near legs) of the currency swap contracts with the Central Bank of Nigeria (CBN) and discounted using market discount rate. The foreign exchange rates were obtained from the contract and the discount rate was based on Federal Government of Nigeria treasury bill rate.

### **Financial assets and liabilities not measured at fair value**

The valuation method and assumptions for financial instruments not measured at fair value, which were included in table 44.1 are presented below:

#### **(i) Cash and bank balances**

Cash and bank balances represent cash held with various banks. The fair value of these balances is their carrying amounts.

#### **(ii) Due from other banks**

Due from financial institutions represents bank placements with very short maturity, typically 30 days. The fair value of these balances is their carrying amounts.

#### **(iii) Investment in debt securities**

Investment in debt securities includes Treasury bills and CBN Omo Bills issued by the Central Bank of Nigeria. The fair value of treasury bills at amortised cost represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

#### **(iv) Loans and advances**

Loans and advances represent loans issued to customers for industrialisation and are carried at amortised cost less impairment allowance. The fair value of these loans is their carrying amounts.

#### **(v) Other financial assets/financial liabilities**

Other financial assets/financial liabilities represent monetary assets, which usually have a short recycle period and as such, whose fair values approximate their carrying amount.

#### **(vi) Borrowings**

The estimated fair value of borrowings which includes non-interest-bearing borrowings, is the discounted amount repayable. The estimated fair values of interest-bearing borrowings are determined using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity.

**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2023**

**45 Current and non-current classification of assets and liabilities**

The following table distinguishes the current and non-current assets and liabilities as at year end

**31 December 2023**

	<b>Group</b>			<b>Bank</b>		
	<b>Carrying Amount</b>	<b>Current</b>	<b>Non-current</b>	<b>Carrying Amount</b>	<b>Current</b>	<b>Non-current</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>ASSETS</b>						
Cash and bank balances	30,938,657	30,938,657	-	30,394,981	30,394,981	-
Fixed deposits	489,279,634	489,279,634	-	488,083,052	488,083,052	-
Derivative asset	582,161,663	582,161,663	-	582,161,663	582,161,663	-
Investment in debt securities	1,592,084,064	1,592,084,064	-	1,591,949,911	1,591,949,911	-
Advances under lease	298,299	298,299	-	-	-	-
Loans and advances	1,139,482,461	372,503,207	766,979,254	1,136,956,346	369,977,092	766,979,254
Equity investment securities	19,374,134	-	19,374,134	19,363,873	-	19,363,873
Investment in associates	2,829,609	-	2,829,609	3,000,000	-	3,000,000
Investment in subsidiaries	-	-	-	4,445,720	-	4,445,720
Other assets	14,896,567	14,896,567	-	11,290,889	11,290,889	-
Intangible assets	562,434	-	562,434	562,434	-	562,434
Property and equipment	15,798,518	-	15,798,518	7,839,667	-	7,839,667
Investment property	23,535,373	-	23,535,373	23,410,966	-	23,410,966
Right-of-use assets	-	-	-	7,810,269	-	7,810,269
Employee benefits	840,032	-	840,032	1,052,528	-	1,052,528
<b>TOTAL ASSETS</b>	<b>3,912,081,446</b>	<b>3,082,162,091</b>	<b>829,919,354</b>	<b>3,908,322,300</b>	<b>3,073,857,588</b>	<b>834,464,711</b>
<b>LIABILITIES</b>						
Tax payable	30,131,374	30,131,374	-	29,995,057	29,995,057	-
Borrowings	2,635,034,577	1,301,458,965	1,333,575,612	2,631,140,640	1,297,565,028	1,333,575,612
Deferred tax liabilities	29,931,020	-	29,931,020	30,260,326	-	30,260,326
Other liabilities	535,046,838	535,046,838	-	538,931,666	538,931,666	-
Deposit for shares	5,000,000	-	5,000,000	5,000,000	-	-
<b>TOTAL LIABILITIES</b>	<b>3,235,143,809</b>	<b>1,866,637,177</b>	<b>1,368,506,632</b>	<b>3,235,327,689</b>	<b>1,866,491,751</b>	<b>1,363,835,938</b>

**31 December 2022**

	<b>Group</b>			<b>Bank</b>		
	<b>Carrying Amount</b>	<b>Current</b>	<b>Non-current</b>	<b>Carrying Amount</b>	<b>Current</b>	<b>Non-current</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>ASSETS</b>						
Cash and bank balances	19,586,744	19,586,744	-	19,447,643	19,447,643	-
Fixed deposits	176,300,834	176,300,834	-	174,976,309	174,976,309	-
Derivative asset	-	-	-	-	-	-
Investment in debt securities	1,315,068,424	1,315,068,424	-	1,314,957,671	1,314,957,671	-
Advances under lease	81,765	81,765	-	-	-	-
Loans and advances	805,456,300	274,822,119	530,634,181	803,595,387	272,961,206	530,634,181
Equity investment securities	9,315,228	-	9,315,228	9,304,597	-	9,304,597
Investment in subsidiaries	-	-	-	3,745,720	-	3,745,720
Other assets	10,921,747	10,921,747	-	8,482,443	8,482,443	-
Trading properties	-	-	-	-	-	-
Intangible assets	520,761	-	520,761	520,762	-	520,762
Property and equipment	32,173,872	-	32,173,872	26,495,589	-	26,495,589
Investment property	3,748,062	-	3,748,062	3,619,435	-	3,619,435
Right-of-use assets	20,136	-	20,136	5,621,489	-	5,621,489
Deferred tax asset	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>2,376,023,482</b>	<b>1,796,781,633</b>	<b>576,412,240</b>	<b>2,373,767,045</b>	<b>1,790,825,272</b>	<b>579,941,773</b>
<b>LIABILITIES</b>						
Derivative liability	109,630	109,630	-	109,630	109,630	-
Tax payable	22,100,229	22,100,229	-	21,898,160	21,898,160	-
Borrowings	1,719,617,570	396,597,253	1,323,020,317	1,717,687,690	394,667,373	1,323,020,317
Employee benefits	466,430	-	466,430	179,685	-	179,685
Deferred tax liabilities	2,141,753	-	2,141,753	2,849,474	-	2,849,474
Other liabilities	201,758,987	201,758,987	-	204,274,035	204,274,035	-
<b>TOTAL LIABILITIES</b>	<b>1,946,194,599</b>	<b>620,566,099</b>	<b>1,325,628,500</b>	<b>1,946,998,674</b>	<b>620,949,198</b>	<b>1,326,049,476</b>

## **OTHER INFORMATION**



**Other Information**  
**Value Added Statement**

	Group				Bank			
	31-Dec-23 N'000	%	31-Dec-22 N'000	%	31-Dec-23 N'000	%	31-Dec-22 N'000	%
Gross income	374,808,954		212,955,386		372,277,303		211,054,594	
Interest paid	(144,273,943)		(83,051,553)		(145,045,901)		(83,887,239)	
Fees paid	<u>(10,976,814)</u>		<u>(7,483,636)</u>		<u>(10,976,814)</u>		<u>(7,483,636)</u>	
	219,558,197		122,420,197		216,254,588		119,683,719	
Net loss from financial instruments measured at fair value	-		-		-		-	
Other losses	-		(205,500)		-		-	
Impairment charges	(170,813)		(4,345,662)		(108,653)		(4,337,860)	
Administrative overheads	<u>(34,544,546)</u>		<u>(22,227,364)</u>		<u>(33,617,417)</u>		<u>(21,457,746)</u>	
<b>Value Added</b>	<b><u>184,842,838</u></b>	<b>100</b>	<b><u>95,641,671</u></b>	<b>100</b>	<b><u>182,528,518</u></b>	<b>100</b>	<b><u>93,888,113</u></b>	<b>100</b>
<b>Applied as follows:</b>								
<i>To pay employees:</i>								
- Salaries and wages	24,920,755	13	20,409,348	21	24,232,777	27	19,868,549	27
<i>To pay government</i>								
- Taxation	53,174,910	29	19,085,225	20	52,237,817	8	18,496,958	8
<i>Retained for future replacement of assets and expansion of business:</i>								
- Depreciation and amortisation	4,290,231	2	3,243,463	3	4,485,790	5	3,363,153	5
- Profit retained in the business	<u>102,456,942</u>	55	<u>52,903,635</u>	55	<u>101,572,134</u>	60	<u>52,159,453</u>	60
	<b><u>184,842,838</u></b>	<b>100</b>	<b><u>95,641,671</u></b>	<b>100</b>	<b><u>182,528,518</u></b>	<b>100</b>	<b><u>93,888,113</u></b>	<b>100</b>

**BANK OF INDUSTRY LIMITED**

**Other Information**

**Financial Summary**

**Group**

**Consolidated statement of financial position**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>ASSETS</b>					
Cash and bank balances	30,938,657	19,586,744	9,654,268	83,230,087	9,872,038
Fixed deposits	489,279,634	176,300,834	114,969,349	104,652,434	36,633,351
Derivative asset	582,161,663	-	-	-	2,935,928
Debt securities	1,592,084,064	1,315,068,424	751,315,051	872,195,497	197,850,196
Loans and advances	1,139,482,461	805,456,300	780,477,268	749,838,732	740,032,638
Advances under lease	298,299	81,765	51,729	9,594	226,539
Equity securities	19,374,134	9,315,228	8,590,472	4,403,919	2,571,289
Investment in equity-accounted investee	2,829,609	2,829,609	3,035,109	-	-
Other assets	14,896,567	10,921,747	9,803,141	10,710,266	11,362,373
Intangible assets	562,434	520,761	522,293	529,346	499,937
	15,798,518	32,173,872	25,361,410	25,466,028	24,442,706
Investment property	23,535,373	3,748,062	7,134,792	11,160,435	11,427,807
Right-of-use assets	-	20,136	-	-	-
Deferred tax asset	-	-	1,105,689	1,556,290	2,330,222
Employee benefits	840,032	-	-	-	-
<b>TOTAL ASSETS</b>	<b>3,912,081,446</b>	<b>2,376,023,482</b>	<b>1,712,020,571</b>	<b>1,863,752,628</b>	<b>1,040,185,024</b>
Derivative liability	-	109,630	1,136,937	4,695,233	-
Tax payable	30,131,374	22,100,229	8,043,213	4,109,668	2,902,622
Deposit for shares	-	-	-	-	15,000,000
Borrowings	2,635,034,577	1,719,617,570	1,125,303,560	1,302,479,259	598,199,128
Employee benefits	-	466,430	3,550,675	4,638,588	3,603,563
Deferred tax liabilities	29,931,020	2,141,753	-	-	-
Other liabilities	535,046,838	201,758,987	189,139,876	211,346,787	127,392,185
<b>TOTAL LIABILITIES</b>	<b>3,235,143,809</b>	<b>1,946,194,599</b>	<b>1,327,174,261</b>	<b>1,527,269,535</b>	<b>747,097,498</b>
<b>CAPITAL AND RESERVES</b>					
Ordinary share capital	306,747,632	147,371,321	147,371,321	147,371,321	147,371,321
Retained earnings	179,180,456	118,716,403	90,681,892	64,616,711	51,427,211
Statutory reserve	129,210,416	98,245,236	82,587,137	64,502,053	50,562,471
Non - distributable reserves	24,118,731	21,392,054	20,108,862	16,381,154	14,519,142
Actuarial reserve	623,079	604,852	559,652	(262,245)	27,006
SME reserve	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Fair value reserve	6,048,011	(2,501,927)	(2,453,468)	(2,109,168)	(1,794,399)
Business combinations under common control	919,899	919,899	919,899	919,899	919,899
Deposit for shares	-	15,000,000	15,000,000	15,000,000	-
Total equity attributable to owners of the Company	676,848,224	429,747,837	384,775,295	336,419,725	293,032,651
Non controlling interest	89,413	81,046	71,015	63,368	54,875
Total Equity	<b>676,937,637</b>	<b>429,828,883</b>	<b>384,846,310</b>	<b>336,483,093</b>	<b>293,087,526</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,912,081,446</b>	<b>2,376,023,482</b>	<b>1,712,020,571</b>	<b>1,863,752,628</b>	<b>1,040,185,024</b>

**Other Information**  
**Financial Summary (contd.)**  
**Bank**  
**Statement of financial position**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>ASSETS</b>					
Cash and bank balances	30,394,981	19,447,643	9,253,905	82,593,208	9,408,307
Fixed deposits	488,083,052	174,976,309	113,533,311	103,625,287	35,791,352
Derivative asset	582,161,663	-	-	-	2,935,928
Debt securities	1,591,949,911	1,314,957,671	751,226,568	872,104,525	197,386,540
Advances under lease	-	-	-	-	-
Loans and advances	1,136,956,346	803,595,387	779,297,001	748,957,244	739,420,096
Equity Securities	19,363,873	9,304,597	8,569,034	4,382,411	2,550,311
Investment in equity-accounted investee	3,000,000	3,000,000	3,000,000	-	-
Investment in subsidiaries	4,445,720	3,745,720	3,745,720	3,545,720	3,545,720
Other assets	11,290,889	8,482,443	8,164,961	9,143,024	9,931,557
Intangible assets	562,434	520,762	522,294	529,346	499,937
Property and equipment	7,839,667	26,495,589	21,862,299	21,351,298	20,522,247
Investment property	23,410,966	3,619,435	7,001,946	11,023,369	11,286,521
	1,052,528	-	-	-	-
Deferred tax asset	-	-	353,830	817,996	1,488,950
Right of use assets	7,810,269	5,621,489	3,275,561	3,920,594	3,344,690
<b>TOTAL ASSETS</b>	<b><u>3,908,322,300</u></b>	<b><u>2,373,767,045</u></b>	<b><u>1,709,806,430</u></b>	<b><u>1,861,994,022</u></b>	<b><u>1,038,112,156</u></b>
Derivative liability	-	109,630	1,136,937	4,695,233	-
Tax payable	29,995,057	21,898,160	7,919,064	3,951,666	2,613,315
Deposit for shares	-	-	-	-	15,000,000
Borrowings	2,631,140,640	1,717,687,690	1,124,761,517	1,300,972,636	596,363,052
Employee benefit	-	179,685	3,193,336	4,188,872	3,177,634
Deferred tax liabilities	30,260,326	2,849,474	-	-	-
Other liabilities	538,931,666	204,274,035	190,276,358	213,221,068	128,559,328
<b>TOTAL LIABILITIES</b>	<b><u>3,235,327,689</u></b>	<b><u>1,946,998,674</u></b>	<b><u>1,327,287,212</u></b>	<b><u>1,527,029,475</u></b>	<b><u>745,713,330</u></b>
<b>CAPITAL AND RESERVES</b>					
Ordinary share capital	306,747,632	147,371,321	147,371,321	147,371,321	147,371,321
Retained earnings	176,033,911	116,423,052	89,081,659	63,789,774	51,345,947
Statutory reserve	128,518,510	97,565,373	81,917,538	63,857,662	49,952,840
Regulatory risk reserve	23,970,988	21,255,516	19,976,546	16,251,132	14,396,211
Actuarial reserve	760,615	740,092	710,635	(111,261)	211,106
SME reserve	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Fair value reserve	6,043,056	(2,506,882)	(2,458,380)	(2,113,980)	(1,798,498)
Business combinations under common control	919,899	919,899	919,899	919,899	919,899
Deposit for shares	-	15,000,000	15,000,000	15,000,000	-
Total equity attributable to owners of the Company	672,994,611	426,768,371	382,519,218	334,964,547	292,398,826
Total Equity	672,994,611	426,768,371	<b>382,519,218</b>	<b>334,964,547</b>	<b>292,398,826</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>3,908,322,300</u></b>	<b><u>2,373,767,045</u></b>	<b><u>1,709,806,430</u></b>	<b><u>1,861,994,022</u></b>	<b><u>1,038,112,156</u></b>

**Other Information**  
**Financial Summary (contd.)**  
**Group**  
**Consolidated statement of profit or loss**  
**For the year ended**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>		<b>N'000</b>
Interest income	286,641,629	212,955,337	175,830,860	116,906,211	81,229,450
Interest expense	(144,273,943)	(83,051,553)	(57,866,159)	(34,117,130)	(25,384,814)
<b>Net interest income</b>	<b>142,367,686</b>	<b>129,903,784</b>	<b>117,964,701</b>	<b>82,789,081</b>	<b>55,844,636</b>
Net fees and commission income	(4,190,434)	(675,601)	578,123	2,060,504	3,728,724
Net (loss)/gain from financial instruments measured at fair value	1,379,995,575	(15,456,405)	(16,562,219)	(17,816,750)	2,935,676
Share of (loss)/profit from investee	-	(205,500)	35,109	-	-
Gain on sale of financial assets at FVOCI	-	-	2,230	-	(33)
Other income	(1,298,614,630)	8,648,419	3,027,834	9,170,991	4,316,082
<b>Total operating income</b>	<b>219,558,197</b>	<b>122,214,697</b>	<b>105,045,779</b>	<b>76,203,826</b>	<b>66,825,085</b>
Impairment writeback/(charges)	(170,813)	(4,345,662)	(9,095,180)	(12,847,174)	3,984,407
<b>Net operating income</b>	<b>219,387,384</b>	<b>117,869,035</b>	<b>95,950,599</b>	<b>63,356,652</b>	<b>70,809,492</b>
Staff cost	(24,920,755)	(20,409,348)	(15,881,931)	(14,111,271)	(13,997,851)
Depreciation and amortisation	(4,290,231)	(3,243,463)	(2,525,181)	(2,595,808)	(2,499,815)
Other operating expenses	(34,544,546)	(22,227,364)	(15,263,338)	(11,107,556)	(14,976,654)
<b>Total operating expense</b>	<b>(63,755,532)</b>	<b>(45,880,175)</b>	<b>(33,670,449)</b>	<b>(27,814,635)</b>	<b>(31,474,320)</b>
<b>Profit before tax</b>	<b>155,631,852</b>	<b>71,988,860</b>	<b>62,280,150</b>	<b>35,542,017</b>	<b>39,335,172</b>
Taxation	(53,174,910)	(19,085,225)	(8,863,336)	(3,944,159)	(3,834)
<b>Profit for the year</b>	<b>102,456,942</b>	<b>52,903,635</b>	<b>53,416,814</b>	<b>31,597,858</b>	<b>39,331,338</b>
Profit attributable to:					
Owners of the company	102,448,576	52,893,604	53,409,167	31,591,094	39,317,049
Non-Controlling Interest	8,366	10,031	7,647	6,764	14,289
	<b>102,456,942</b>	<b>52,903,635</b>	<b>53,416,814</b>	<b>31,597,858</b>	<b>39,331,338</b>

**Other Information**  
**Financial Summary (contd.)**  
**Bank**  
**Statement of profit or loss**  
**For the year ended**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Interest income	285,942,142	212,479,848	175,511,056	116,671,135	80,810,850
Interest expense	(145,045,901)	(83,887,239)	(58,611,570)	(34,975,683)	(25,822,536)
<b>Net interest income</b>	<b>140,896,241</b>	<b>128,592,609</b>	<b>116,899,486</b>	<b>81,695,452</b>	<b>54,988,314</b>
Net fees and commission income	(5,434,059)	(1,537,748)	166,713	1,690,733	3,450,283
Net (loss)/gain from financial instruments measured at fair value	1,379,994,296	(15,456,360)	(16,563,541)	(17,816,567)	2,935,928
Gain on sale of financial assets at FVTPL	-	-	2,230	-	-
Other income	(1,299,201,890)	8,085,218	2,630,436	8,614,005	3,111,232
	216,254,588	119,683,719	103,135,323	74,183,623	64,485,757
Impairment writeback/(charges)	(108,653)	(4,337,860)	(9,074,738)	(12,805,416)	4,003,964
<b>Net operating income</b>	<b>216,145,935</b>	<b>115,345,859</b>	<b>94,060,585</b>	<b>61,378,207</b>	<b>68,489,721</b>
Staff cost	(24,232,777)	(19,868,549)	(15,566,892)	(13,756,710)	(13,655,825)
Depreciation and amortisation	(4,485,790)	(3,363,153)	(2,555,620)	(2,558,247)	(2,923,277)
Other operating expenses	(33,617,417)	(21,457,746)	(14,789,882)	(10,714,649)	(14,507,530)
<b>Total operating expense</b>	<b>(62,335,984)</b>	<b>(44,689,448)</b>	<b>(32,912,394)</b>	<b>(27,029,606)</b>	<b>(31,086,632)</b>
<b>Profit before tax</b>	<b>153,809,951</b>	<b>70,656,411</b>	<b>61,148,191</b>	<b>34,348,601</b>	<b>37,403,089</b>
Taxation	(52,237,817)	(18,496,958)	(8,539,821)	(3,545,031)	93,006
<b>Profit for the year</b>	<b>101,572,134</b>	<b>52,159,453</b>	<b>52,608,370</b>	<b>30,803,570</b>	<b>37,496,095</b>

**Other Information**

**Additional Disclosure on managed funds off-Balance sheet**

This represents the net asset balances of the various funds managed by the bank as at 31 December 2023.

		<b>2023</b>	<b>2022</b>
		<b>N'000</b>	<b>N'000</b>
Government Enterprise and Empowerment Programme (GEEP)	(i)	23,880,052	22,895,615
CBN Textile Intervention Funds	(ii)	11,143,308	18,812,363
Cassava Bread Support Fund	(iii)	3,452,186	3,246,756
National Automotive Council fund	(iv)	2,396,187	2,478,480
Anambra State Fund	(v)	688,976	624,176
Kebbi state fund	(vi)	108,863	121,169
Niger State Funds	(vii)	201,694	193,839
Kogi State Funds	(viii)	84,154	84,183
Osun State Funds	(ix)	110,330	110,814
Edo Production Hub Managed Fund	(x)	212,211	196,508
Delta State Funds	(xi)	440,618	462,592
Kaduna State Fund	(xii)	411,213	398,052
Taraba State Fund	(xiii)	13,911	15,136
Kano State Fund	(xiv)	53,801	54,853
Kwara State Fund 1	(xv)	26,060	21,983
Kwara State Fund 2	(xvi)	159,035	157,086
Ekiti State Fund	(xvii)	6,650	6,811
SMEDAN Fund - Osun	(xviii)	(135)	(135)
Ondo State Fund	(xix)	226,762	215,142
Ogun State fund	(xx)	378,720	360,809
Dangote fund	(xxi)	3,474,164	3,109,203
Gombe Fund	(xxii)	67,362	63,693
Oyo State Fund	(xxiii)	370,770	432,826
Enugu State Fund	(xxiii)	17,439	4,267
Cross River State fund	(xxv)	206,450	205,212
Business Development Fund for Women (BUDFOW)	(xxvi)	31,512	26,210
Sugar Development Fund	(xxvii)	613,757	551,884
Sugar Levy Fund	(xxviii)	3,805,298	1,571,403
SMEDAN Fund - Oyo	(xxix)	56,942	55,068
Benue State fund	(xxx)	232,237	347,703
Ebonyi State fund	(xxxi)	20,898	20,678
Rice Processing fund	(xxxii)	1,858,215	1,987,994
National Programme for Food Security (NPAFS) fund	(xxxiii)	784,988	756,198
Federal Department of Agriculture (FDA) Cottage fund	(xxxiv)	3,549,714	3,164,823
Sokoto State fund	(xxxv)	32,377	373,027
Bayelsa State fund	(xxxvi)	10,318	10,318
Nigeria Artisanal & Small Scale Miners Financial Support Fund (ASM)	(xxxix)	3,918,622	3,626,383
Nigeria Industrial Policy & Competitiveness Advisory Council (NIPCAC) fund	(xxxviii)	73,884	58,272
MTN Foundation (MTNF) Youth enterprises	(xxxix)	19,715	20,988
Delta state Government Healthcare	(xl)	262,310	245,182
Borno State Fund	(xli)	(2,262)	-
IsDB Brave Women Fund	(xlii)	373,465	261,820
Textile Revival Fund	(xliii)	8,194,222	12,624,633
Northeast Rehabilitation Fund	(xliv)	22,937	197,801
NEPC (Export Expansion Facility)	(xlv)	-	-
Benue state government fund	(xlvi)	429,770	389,949
Edo Matching Fund	(xlvii)	232,221	523,249
Edo SEEP Fund	(xlvii)	11,067	9,769
CBN TIES Fund	(xlviii)	420,927	283,469
Nasarawa Matching Fund	(xlix)	264,052	-
MTN Yellopreneur	(l)	311,316	247,845
MSME survival	(li)	65,283,714	65,295,799
Nano Fund	(lii)	200,000,000	-
		<b>338,942,994</b>	<b>146,921,895</b>

(i) **GOVERNMENT ENTERPRISE AND EMPOWERMENT PROGRAMME (GEEP)**

Government Enterprise and Empowerment Programme (GEEP) Fund was established by the Federal Government of Nigeria through the Social Investment Unit in the Office of the Vice President (OVP) of the Federal Republic of Nigeria to provide financial assistance to market women, artisans, women cooperative societies, enterprising youths, small scale farmers, agro-allied processors and other MSME categories for the purpose of small and medium businesses in Nigeria.

BOI is vested with the responsibility to manage the fund on behalf of the Federal Government and to disburse the funds to the target beneficiaries directly under its Micro Enterprises Directorate; and through existing products of BOI as well as those to be developed to reach the target beneficiaries.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	<b>22,895,615</b>	<b>24,709,138</b>
Withdrawal from fund	-	-
Prior year events	1,858,112	(1,417,764)
Net Fund Generated/(Utilised)	(873,675)	(395,759)
<b>Closing Accumulated Fund</b>	<b>23,880,052</b>	<b>22,895,615</b>
Bank Balances	(376,829)	21,281
<b>Represented by:</b>		
Investment in Money Market	10,327,734	10,327,734
Loan Debtors	12,907,606	12,629,637
Other Receivables	1,600,013	299,716
Less Liabilities	(578,472)	(382,753)
	<b>23,880,052</b>	<b>22,895,615</b>

(ii) **CBN TEXTILE INTERVENTION FUND**

The Central Bank of Nigeria in line with its development function under Section 31 of CBN Act 2007, put in place a N50 billion special intervention facility to resuscitate the textile industry in Nigeria. The facility will be used to restructure existing loans and provision of additional loan to textile and garment companies in Nigeria as part of its efforts to promote the development of the textile and garment sector. The activities to be covered under the Intervention shall include operations in the Cotton Textile Garment (CTG) value chain as follows:

- Cotton ginning (lint production)
- Spinning (yarn production)
- Textile mills
- Integrated garment factories (e.g. for military, para-military and schools and other uniformed institutions as well as for other general purposes). The Bank of Industry (BOI) was appointed to be the managing agent and be responsible for the day-to-day administration of the Fund.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	<b>18,812,363</b>	<b>29,186,261</b>
Net Fund Generated/(Utilized)	(3,596,992)	(10,507,013)
Refund to fund owners	-	-
Prior Year Adjustment	(4,072,063)	133,115
<b>Closing Accumulated Fund</b>	<b>11,143,308</b>	<b>18,812,363</b>
<b>Represented by:</b>		
Bank Balances	(93,224)	(93,224)
Investment in Money Market	-	-
Loan Debtors	7,771,848	14,355,181
Other Receivable	3,464,684	4,550,406
Less Liabilities	-	-
	<b>11,143,308</b>	<b>18,812,363</b>

(iii) **CASSAVA BREAD SUPPORT FUND**

Cassava Bread Fund was created by the Federal Government on 12 December 2013 as part of the transformation policy in the agribusiness sector between the Federal Ministry of Agriculture and Rural Development and Bank of Industry Limited.

- To ensure that Nigeria becomes the largest cassava processor having occupied the position of largest producer of the commodity in the world, and guarantee the reduction of food import bills; a number of measures including the cassava bread policy were endorsed by the Government.
- Government's intervention in the Cassava Value Chain by funding Cassava Processors and Bakers would translate to foreign exchange savings and job creation along the cassava value chain and also prevent post-harvest losses. The initiative is aimed at providing equipment and working capital support to Master Bakers and High Quality Cassava Flour (HQCF) processors across Nigeria.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	N'000	N'000
Opening Accumulated Fund	<b>3,246,756</b>	<b>3,028,587</b>
Net Fund Generated/(Utilized)	205,430	222,435
Prior Year Adjustment		(4,266)
<b>Closing Accumulated Fund</b>	<b>3,452,186</b>	<b>3,246,756</b>
<b>Represented by:</b>		
Bank Balances	3,318	16,320
Investment in Money Market	2,607,179	2,362,054
Loan Debtors	(392,084)	(247,778)
Other Receivable	1,269,924	1,148,432
Less Liabilities	(36,151)	(32,272)
	<b>3,452,186</b>	<b>3,246,756</b>

(iv) **NADDC FUND**

The NADDC Fund is aimed at developing the Nigerian automotive sector by financing projects in the automotive industry. The Fund is also used to finance annual budgetary approval for Capital and Recurrent Expenditures of the National Automotive Council.

From the inception of the NAC Fund on July 31, 2003 till date, the total inflow from the National Automotive Council (NAC) stands at ₦18.09 billion. The Fund is being managed by BOI for a fee of 5% per annum on investible Fund, payable quarterly and deductible from the balance of the Fund. Similarly, NAC receives Management Fee of 2% per annum on investible Fund payable quarterly and deducted from the balance of the Fund.

For the Funding of projects, the Fund is broken down into three categories, namely;

*NAC Term loans/Working Capital Financing:*

This is for projects in the Automotive Industry. These loans are granted at 7.5% and 10% per annum on term loan and working capital loan respectively.

NAC Auto Technicians Support Scheme (NAC-ATSS):- This represents the sum of N1.00 billion set aside from the main NAC Fund for capacity building in repair and maintenance for Nigerian Artisans, Craftsmen and Technicians/Mechanics. The loans are to be advanced through Micro Finance Banks (MFB) meet certain set criteria. This scheme is provided at 7.5% per annum to the partnering MFB and 10% per annum to the final beneficiary.



*Vehicle Purchase Credit Scheme:*

This is to encourage patronage of Nigerian Made Vehicles. N2,500,000.00 (from the main NAC Fund) for Vehicle Purchase Credit Scheme for individuals and private commercial operators, lease finance for fleet operators to purchase vehicles from local assembly plants in order to enhance their capacity utilization and those of component manufacturers. BOI deals with vehicle purchasers (individuals or fleet operators) via selected Banks and other financial institutions. This scheme is provided at 7.5% per annum to the partnering MFB and 10% per annum to the final beneficiary.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	2,478,480	2,355,127
Net Fund Generated/(Utilized)	(82,293)	123,353
Prior Year Adjustment		
Closing Accumulated Fund	<b>2,396,187</b>	<b>2,478,480</b>
Represented by:		
Bank Balances	85,038	96,112
Investment in Money Market	2,067,871	1,723,293
Loan Debtors	(1,797,144)	(1,246,849)
Other Receivable	2,043,666	1,909,166
Less Liabilities	(3,244)	(3,242)
	<b>2,396,187</b>	<b>2,478,480</b>

**Other Information**

**Additional Disclosure on managed funds**

(v) **ANAMBRA STATE MANAGED FUND**

Anambra State MSME Fund (also referred to as ANSG-BOI MSME Fund) represents Anambra state Government's share of the 50:50 Counter-part Fund by both the ANSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSME) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The ANSG committed a sum of N500.0 million with the first and second tranches of the N500.0 million Funds received on 17th August, 2007 and 11th December, 2009 respectively in the sum of N250.0 million per tranche. The interest rate on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% on the outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	624,176	640,051
Net Fund Generated/(Utilised)	64,800	(15,875)
<b>Closing Accumulated Fund</b>	<b>688,976</b>	<b>624,176</b>
<b>Represented by:</b>		
Bank Balances	907	19,473
Investment in Money Market	647,017	578,353
Loan Debtors	(192,132)	(154,759)
Other Receivable	240,922	189,852
Less Liabilities	(7,738)	(8,743)
	<b>688,976</b>	<b>624,176</b>

(vi)

Kebbi State MSME Fund (also referred to as KBSG-BOI MSME Fund) represents Kebbi State Government's share of the 50:50 Counter-part Fund by both the KBSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KBSG signed the MOU with BOI in March 2019 and committed a sum of N1 billion to the scheme, which has been fully released. All loans granted under the KBSG MSME Fund shall be interest free. Beneficiaries shall however be required to pay an administrative fee 3.5% of the loan amount per annum. The Management Fee to be earned by the Bank is 2% per annum on the managed Fund payable quarterly in arrears.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	121,169	205,020
Net Fund Generated/(Utilised)	(12,306)	(83,851)
<b>Closing Accumulated Fund</b>	<b>108,863</b>	<b>121,169</b>
<b>Represented by:</b>		
Bank Balances	400	260
Investment in Money Market	120,316	107,788
Loan Debtors		25,000
Other Receivable	557	532
Less Liabilities	(12,410)	(12,411)
	<b>108,863</b>	<b>121,169</b>

**Other Information**

**Additional Disclosure on managed funds**

(vii) **NIGER STATE MANAGED FUND**

Niger State MSME Fund (also referred to as NGSG-BOI MSME Fund) represents Niger state Government's (NGSG) share of the 50:50 Counter-part Fund by both the NGSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The NGSG signed the MOU with BOI on 23rd September, 2009 and committed a sum of N1.0 billion to the scheme. However, only the sum of N300.0 million has since been released by NGSG. Interest rate of 10% per annum and 12.5% per annum is applicable to the Term loans and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 3% on the outstanding balance per annum of the Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	193,839	181,708
Prior Year Adjustment	(414)	
Net Fund Generated/(Utilised)	8,269	12,131
<b>Closing Accumulated Fund</b>	<b>201,694</b>	<b>193,839</b>
<b>Represented by:</b>		
Bank Balances	148	148
Investment in Money Market	203,213	196,641
Loan Debtors	-	-
Other Receivables	1,438	1,501
Less Liabilities	(3,105)	(4,451)
	<b>201,694</b>	<b>193,839</b>

(viii) **KOGI STATE MANAGED FUND**

Kogi State MSME Fund (also referred to as KGSG-BOI MSME Fund) represents Kogi state Government's share of the 50:50 Counter-part Fund by both the KGSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSME) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KGSG signed the MOU with BOI on 26th June, 2009 and committed a sum of N1.0 Billion to the scheme. However, only the sum of N250.0 million has since been released by KGSG. Interest rate of 5% per annum and 10% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 3% per annum on the outstanding balance of Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	<b>84,183</b>	86,547
Net Fund Generated/(Utilised)	(29)	(2,364)
<b>Closing Accumulated Fund</b>	<b>84,154</b>	<b>84,183</b>
<b>Represented by:</b>		
Bank Balances	669	669
Investment in Money Market	-	-
Loan Debtors	4,419	4,419
Other Receivables	106,534	112,419
Less Current Liabilities	(27,468)	(33,324)
	<b>84,154</b>	<b>84,183</b>

**Other Information**

**Additional Disclosure on managed funds**

(ix) **OSUN STATE MANAGED FUND**

Osun State MSME Fund (also referred to as OSSG-BOI MSME Fund) represents Osun state Government's share of the 50:50 Counter-part Fund by both the OSSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The OSSG signed the MOU with BOI on 18th September, 2009 and committed a sum of N1.0 billion to the scheme. However, only the sum of N250.0 million has since been released by OSSG. Interest rate of 10% per annum and 12.5% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 3% on outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	<b>110,814</b>	119,166
Transfer to Osun SEEP	-	-
Net Fund Generated/(Utilised)	(484)	(8,352)
<b>Closing Accumulated Fund</b>	<b>110,330</b>	<b>110,814</b>
<b>Represented by:</b>		
Bank Balances	(1,281)	10,528
Investment in Money Market	100,474	82,758
Loan Debtors	(97,226)	(67,727)
Other Receivables	112,404	88,544
	(4,041)	(3,289)
	<b>110,330</b>	<b>110,814</b>

(x) **EDO PRODUCTION HUB MANAGED FUND**

Edo State MSME Fund (also referred to as EDSG-BOI MSME Fund) represents Edo state Government's share of the 50:50 Counter-part Fund by both the EDSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The EDSG signed the MOU with BOI on 8th December, 2009 and committed a sum of N250.0 million to the scheme, which has been fully released. Interest rate of 5% per annum and 6.25% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 2% per annum on the outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	<b>196,508</b>	183,192
Net Fund Generated/(Utilised)	15,703	13,316
<b>Closing Accumulated Fund</b>	<b>212,211</b>	<b>196,508</b>
<b>Represented by:</b>		
Bank Balances	14,360	5,964
Investment in Money Market	109,824	137,327
Loan Debtors	65,673	41,452
Other Receivables	32,525	20,759
Less Liabilities	(10,171)	(8,994)
	<b>212,211</b>	<b>196,508</b>

**Other Information**

**Additional Disclosure on managed funds**

(xi) **DELTA STATE MANAGED FUND**

Delta State MSMEs Fund (also referred to as DTSG-BOI MSME Fund) represents Delta state Government's share of the 50:50 Counter-part Fund by both the DTSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The DTSG signed the MOU with BOI on 23rd March, 2008 and committed a sum of N500.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 9% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 3% per annum on the outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	462,592	476,040
Prior Year Adjustment	(3,452)	
Net Fund Generated/(Utilised)	(18,522)	(13,448)
<b>Closing Accumulated Fund</b>	<b>440,618</b>	<b>462,592</b>
<b>Represented by:</b>		
Bank Balances	107	107
Investment in Money Market	1,267	14,190
Loan Debtors	(64,549)	(59,748)
Sundry Debtors	519,352	515,991
Less Liabilities	(15,559)	(7,948)
	<b>440,618</b>	<b>462,592</b>

(xii) **KADUNA STATE MANAGED FUND**

Kaduna State MSME Fund (also referred to as KDSG-BOI MSME Fund) represents Kaduna state Government's share of the 50:50 Counter-part Fund by both the KDSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KDSG signed the MOU with BOI 2014 and committed a sum of N500.0 million to the scheme, which has been fully released. Interest rate of 5% per annum and 6.25% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 2% per annum on the outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	<b>398,052</b>	387,454
Net Fund Generated/(Utilised)	13,161	10,598
<b>Closing Accumulated Fund</b>	<b>411,213</b>	<b>398,052</b>
<b>Represented by:</b>		
Bank Balances	915	11,869
Investment in Money Market	370,219	345,105
Loan Debtors	41,297	43,963
Other Receivables	13,221	5,825
Less Liabilities	(14,439)	(8,710)
	<b>411,213</b>	<b>398,052</b>

**Other Information**  
**Additional Disclosure on managed funds**

(xiii) **TARABA STATE MANAGED FUND**

Taraba State MSMEs Fund (also referred to as TRSG-BOI MSME Fund) represents Taraba state Government's share of the 50:50 Counter-part Fund by both the TRSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The TRSG signed the MOU with BOI on 10th June, 2015 and committed a sum of N350.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 0% per annum (subsidized by TRSG and 7.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% per annum on the managed Fund payable quarterly in arrears.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	15,135	456,283
Prior Year Adjustment	(1,400)	
Refund to Fund Owners		(433,334)
Net Fund Generated/(Utilised)	176	(7,814)
<b>Closing Accumulated Fund</b>	<b>13,911</b>	<b>15,135</b>
<b>Represented by:</b>		
Bank Balances	256	988
Investment in Money Market	11,186	10,252
Loan Debtors		1,400
	5,930	6,094
Less Liabilities	(3,461)	(3,599)
	<b>13,911</b>	<b>15,135</b>

(xiv) **KANO STATE MANAGED FUND**

Kano State MSME Fund (also referred to as KNSG-BOI MSME Fund) represents kano state Government's share of the 50:50 Counter-part Fund by both the KNSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KNSG signed the MOU with BOI on 30th July, 2013 and committed a sum of N500.0 million to the scheme, which has been fully released. Interest rate of 5% per annum which shall be subject to review by BOI and KNSG from time to time in line with the market dictates. The interest on loan shall accrue to BOI. The Management Fee to be earned by the Bank is 5% per annum on the managed Fund payable quarterly in arrears.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	55,253	54,853
Net Fund Generated/(Utilised)	(1,451)	400
<b>Closing Accumulated Fund</b>	<b>53,802</b>	<b>55,253</b>
<b>Represented by:</b>		
Bank Balances	266	1,315
Investment in Money Market	38,627	36,838
Loan Debtors	-	1,282
Other Receivables	23,667	23,139
Less Liabilities	(8,759)	(7,321)
	<b>53,801</b>	<b>54,853</b>

**Other Information**

**Additional Disclosure on managed funds**

(xv) **KWARA STATE 1 MANAGED FUND**

Kwara State MSMEs Fund also referred to as KWSG-BOI MSME Fund represents Kwara state Government's share of the 50:50 Counterpart Fund by both the KWSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KWSG signed the MOU with BOI on 16th May, 2008 and committed a sum of N250.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 1.5% per annum on the outstanding balance of the Fund payable quarterly.

The fund was closed to new participants in 2015 and the balance of the fund was used to kickstart Kwara State 2 Managed Fund.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	21,983	17,835
Prior year adjustment	(1,950)	(996)
Net Fund Generated/(Utilised)	6,027	5,144
<b>Closing Accumulated Fund</b>	<b>26,060</b>	<b>21,983</b>
<b>Represented by:</b>		
Bank Balances	1,571	839
Investment in Money Market	1,371	5,780
Loan Debtors	(90,537)	(90,334)
	116,963	108,452
Less Liabilities	(3,308)	(2,754)
	<b>26,060</b>	<b>21,983</b>

(xvi) **KWARA STATE 2 MANAGED FUND**

Kwara State 2 MSMEs Fund also referred to as KWSG-BOI MSME Fund of N160M was established from the balance of the Kwara State 2 Fund in 2015 address the dearth of funding support to small business owners in the State by . The purpose of the new scheme is to deepen the reach of the Fund by granting loans to Co-operative associations operated by MSMEs . Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	157,086	160,976
Prior Year Adjustment	1,949	
Net Fund Generated/(Utilised)		(3,890)
<b>Closing Accumulated Fund</b>	<b>159,035</b>	<b>157,086</b>
<b>Represented by:</b>		
Bank Balances	-	-
Investment in Money Market	-	-
Loan Debtors	-	-
Other Receivables	169,057	169,057
Less Liabilities	(10,022)	(11,971)
	<b>159,035</b>	<b>157,086</b>

**Other Information**

**Additional Disclosure on managed funds**

(xvii) **EKITI STATE MANAGED FUND**

Ekiti State MSMEs Fund (also referred to as EKSG-BOI MSME Fund) represents Ekiti state Government's share of the 50:50 Counter-part Fund by both the EKSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The EKSG signed the MOU with BOI on 2nd February, 2010 and committed a sum of N500.0 million to the scheme. However, only the sum of N100.0 million has been released by EKSG. Interest rate attributable on the disbursed portion of the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 3% on outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	6,811	5,353
Prior year adjustments		3,000
Net Fund Generated/(Utilised)	(161)	(1,542)
<b>Closing Accumulated Fund</b>	<b>6,650</b>	<b>6,811</b>
<b>Represented by:</b>		
Bank Balances	616	1,319
Investment in Money Market	20,204	18,809
Loan Debtors	(88,738)	(82,780)
Other Receivables	80,257	82,868
	(5,689)	(13,405)
	<b>6,650</b>	<b>6,811</b>

(xviii) **SMEDAN MANAGED FUND OSUN**

Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) signed an MOU with BOI in 2010 to manage its Fund after the Agency was allocated N50.0 million for Micro Credit Scheme to 10 Cooperatives in 10 Local Governments in Osun East Senatorial District. The amount was apportioned into N30.0 million for onward disbursement to cooperatives while, N20.0 million was for the training of potential loan beneficiaries. The Fund was hence tagged SMEDAN OSUN Fund.

The interest rate attributable on the loan is 5% per annum and the Management Fee to be earned by the Bank is also 5% per annum on the outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	(135)	(135)
Contribution Received		
Net Fund Generated/(Utilised)	-	-
<b>Closing Accumulated Fund</b>	<b>(135)</b>	<b>(135)</b>
<b>Represented by:</b>		
Bank Balances	598	598
Investment in Money Market	-	-
Loan Debtors	-	-
Other Receivables	-	-
Less Liabilities	(733)	(733)
	<b>(135)</b>	<b>(135)</b>



**Other Information**

**Additional Disclosure on managed funds**

(xix) **ONDO STATE MANAGED FUND**

Ondo State MSME Fund (also referred to as ODSG-BOI MSME Fund) represents Ondo state Government's share of the 50:50 Counter-part Fund by both the ODSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The ODSG signed the MOU with BOI on 30th August, 2010 and committed a sum of N1.0 billion to the scheme. However, only the sum of N500.0 million has since been released by ODSG. The interest rate attributable on the Term loan is 6% per annum and 8.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% per annum on the outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	215,142	154,911
Net Fund Generated/(Utilised)	11,620	60,231
<b>Closing Accumulated Fund</b>	<b>226,762</b>	<b>215,142</b>
<b>Represented by:</b>		
Bank Balances	1,395	9,017
Investment in Money Market	230,067	158,826
Loan Debtors (Net)	(68,203)	(63,430)
Other Asset	70,281	118,410
Less Current Liabilities	(6,778)	(7,681)
	<b>226,762</b>	<b>215,142</b>

(xx) **OGUN STATE MANAGED FUND**

Ogun State MSME Fund (also referred to as OGSG-BOI MSME Fund) represents Ogun state Government's share of the 50:50 Counter-part Fund by both the OGSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSME) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The OGSG signed the MOU with BOI on 3rd November, 2011 and committed a sum of N500.0 million to the scheme, which has been received. The interest rate attributable on the Term loan is 7% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 5% per annum on the outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	360,809	358,677
Prior year adjustment		(3,500)
Net Fund Generated/(Utilised)	17,911	5,632
<b>Closing Accumulated Fund</b>	<b>378,720</b>	<b>360,809</b>
<b>Represented by:</b>		
Bank Balances	1,027	3,086
Investment in Money Market	393,715	373,079
Loan Debtors	(35,391)	-30,938
Other Receivables	37,308	32,570
Less Liabilities	(17,939)	-16,988
	<b>378,720</b>	<b>360,809</b>

**Other Information**

**Additional Disclosure on managed funds**

(xxi) **DANGOTE MANAGED FUND**

Dangote Fund (also referred to as DF-BOI MSME Fund) represents Dangote's share of the 50:50 Counter-part Fund by both the DF and BOI for the deepening and improvement of industrial activities in the country. The Scheme was designed to stimulate economic growth by empowering micro, small and medium entrepreneurs (MSMEs) engaged in manufacturing, agro-processing, distributive or merchandizing activities and service provision in any part of the country.

The DF signed the MOU with BOI on 7th March, 2011 and committed a sum of N2.5 billion to the scheme. However, only the entire sum has been fully released by DF. The interest rate attributable on the loan is 5% per annum. The Management Fee to be earned by the Bank is 1% per annum on the managed Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	3,109,203	2,826,975
Fund Withdrawal by its Owner		
Net Fund Generated/(Utilised)	364,961	282,228
<b>Closing Accumulated Fund</b>	<b>3,474,164</b>	<b>3,109,203</b>
<b>Represented by:</b>		
Bank Balances	3,646	8,640
Investment in Money Market	3,439,984	3,064,785
Loan Debtors	3,159	18,360
Other Receivables	37,081	33,374
	(9,706)	(15,956)
	<b>3,474,164</b>	<b>3,109,203</b>

(xxii) **GOMBE STATE MANAGED FUND**

Gombe State MSME Fund (also referred to as GSG-BOI MSME Fund) represents Gombe state Government's share of the 50:50 Counter-part Fund by both the GSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSME) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The GSG signed the MOU with BOI on 2nd August, 2011 and committed a sum of N500.0 million to the scheme. However, only the sum of N250.0 million has since been released by GSG. The interest rate attributable on the Term loan is 5% per annum and 6.25% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% per annum on the outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	63,694	60,437
Prior year adjustment		374
Net Fund Generated/(Utilised)	3,668	2,883
<b>Closing Accumulated Fund</b>	<b>67,362</b>	<b>63,694</b>
<b>Represented by:</b>		
Bank Balances	37	37
Investment in Money Market	67,943	64,670
Loan Debtors	-	-
Other Receivables	(201)	191
Less Liabilities	(417)	(1,204)
	<b>67,362</b>	<b>63,694</b>

**Other Information**  
**Additional Disclosure on managed funds**

(xxiii) **OYO STATE MANAGED FUND**

Oyo State MSME Fund (also referred to as OYSG-BOI MSME Fund) represents Oyo state Government's share of the 50:50 Counter-part Fund by both the OYSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The OYSG signed the MOU with BOI on 16th December, 2011 and committed a sum of N500.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 5% per annum on the outstanding Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	432,826	449,315
Prior year adjustments		5,567
Net Fund Generated/(Utilised)	(62,056)	(22,056)
<b>Closing Accumulated Fund</b>	<b>370,770</b>	<b>432,826</b>
<b>Represented by:</b>		
Bank Balances	1,270	71,497
Investment in Money Market	145,483	162,622
Loan Debtors	188,353	204,505
Other Receivables	43,520	5,214
	(7,856)	(11,012)
	<b>370,770</b>	<b>432,826</b>

(xxiv) **ENUGU STATE MANAGED FUND**

Enugu State MSME Fund (also referred to as ENSG-BOI MSME Fund) represents Enugu state Government's share of the 50:50 Counter-part Fund by both the ENSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The ENSG signed the MOU with BOI on 17th August, 2012 and committed a sum of N500.0 million to the scheme, of which only N141.8 million has been released. The interest rate attributable on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 3% per annum on the outstanding Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	4,267	23,856
Fund Withdrawal by its Owner		(24,547)
Prior year adjustments		
Net Fund Generated/(Utilised)	13,172	4,958
<b>Closing Accumulated Fund</b>	<b>17,439</b>	<b>4,267</b>
<b>Represented by:</b>		
Bank Balances	1,660	2,321
Investment in Money Market	2,477	-
Loan Debtors	286	1,219
Other Receivables	14,624	2,246
Less current liabilities	(1,608)	(1,519)
	<b>17,439</b>	<b>4,267</b>

**Other Information**

**Additional Disclosure on managed funds**

(xxv) **CROSS RIVER STATE MANAGED FUND**

Cross River State MSME Fund (also referred to as CRSG-BOI MSME Fund) represents Cross River state Government's share of the 50:50 Counter-part Fund by both the CRSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The CRSG signed the MOU with BOI on 30th July, 2012 and committed a sum of N250.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 8% per annum and 9.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 5% per annum on the outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	205,212	202,303
Prior Year Adjustment	230	
Net Fund Generated/(Utilised)	1,008	2,909
<b>Closing Accumulated Fund</b>	<b>206,450</b>	<b>205,212</b>
<b>Represented by:</b>		
Bank Balances	(30,134)	1,569
Investment in Money Market	249,106	213,102
Loan Debtors	(10,195)	(10,641)
Other Receivables	16,168	11,622
	(18,495)	(10,440)
	<b>206,450</b>	<b>205,212</b>

(xxvi) **BUSINESS DEVELOPMENT FUND FOR WOMEN**

The Memorandum of Understanding (MOU) between the Federal Ministry of Women Affairs and Social Development (FMWASD) and the Bank of Industry Limited (BOI) was drawn in December, 2006 to address challenges faced by women in accessing credit facilities. The aim was to deepen the credit extended to female entrepreneurs in all parts of the country who are desirous of transiting their respective businesses from micro to small scale and later to medium scale enterprises. The Fund is set up to help in development of businesses owned by Women.

The FMWASD released Fund in the sum of N89, 997,600.00 in March, 2007.

The interest on the loan is 10% per annum while the Bank earns Management Fee of 2% per annum of disbursed portfolio.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	26,210	28,146
Net Fund Generated/(Utilised)	5,302	(1,936)
<b>Closing Accumulated Fund</b>	<b>31,512</b>	<b>26,210</b>
<b>Represented by:</b>		
Bank Balances	96	2,105
Investment in Money Market	31,010	28,849
Loan Debtors	(27,272)	(25,732)
Other Receivables	30,138	25,964
Less Liabilities	(2,460)	(4,976)
	<b>31,512</b>	<b>26,210</b>

**Other Information**

**Additional Disclosure on managed funds**

(xxvii) **SUGAR DEVELOPMENT FUND**

The Federal Government in furtherance of its policy on Sugar development, instituted the National Sugar Development Council (NSDC) Fund with an initial sum of N200 million for the establishment and resuscitation of companies engaged in the production of sugar, ethanol and sugar cane. The MOU between BOI and the National Sugar Development Council was signed on November 6, 2009. An additional amount of N200. Million and N600 million was received by the Bank on 29th December, 2011 and October, 2013 respectively.

The Fund is to be disbursed as loans to stakeholders involved in the sugar value chain. It is to be used for financing fixed assets as well as working capital. The applicable interest rate on the long term loan is 5% per annum while the working capital is 7% per annum.

The Bank earns Management Fee on the Fund at the rate of 3% per annum on the on the total loans disbursed.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	551,884	508,824
Net Fund Generated/(Utilised)	61,873	43,060
<b>Closing Accumulated Fund</b>	<b>613,757</b>	<b>551,884</b>
<b>Represented by:</b>		
Bank Balances	2,364	24,693
	519,243	418,609
Loan Debtors	67,375	107,773
Other Receivables	32,072	8,730
Less Liabilities	(7,297)	(7,921)
	<b>613,757</b>	<b>551,884</b>

(xxviii) **SUGAR LEVY FUND**

The Sugar Levy Fund was set up Federal Government with a statutory mandate to utilize the fund for the development of the Sugar sub-sector of the Nigerian economy. Also, the annual budgetary approval for capital and recurrent expenditure of the National Sugar Development Council (NSDC) is expected to be funded from the Sugar levy Fund as entrenched in section 3(ai) of decree No 88 of 1993. The total amount contributed as at 31<sup>st</sup> December, 2013 was N3,118,710,845. The fund is remitted to BOI quarterly based on presidential approval from the 10% Sugar levy account with Central Bank of Nigeria (CBN) as prescribed by section 6(4a) of the National Sugar Development Council Enabling Act.

The Bank earns Management Fee on the Fund at the rate of 3% per annum on the total loans disbursed.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	1,571,404	8,502,314
Contribution Received	-	1,740,405
Withdrawal from Fund	-	(9,000,000)
Net Fund Generated/(Utilised)	2,233,894	328,685
<b>Closing Accumulated Fund</b>	<b>3,805,298</b>	<b>1,571,404</b>
<b>Represented by:</b>		
Bank Balances	157,188	179
Investment in Money Market	256,562	1,565,723
Other Receivables	3,396,688	9,567
Less Liabilities	(5,140)	(4,065)
	<b>3,805,298</b>	<b>1,571,404</b>

**Other Information**

**Additional Disclosure on managed funds**

(xxix) **SMEDAN MANAGED FUND OYO**

The SMEDAN-Oyo Fund is a sum of N40.00 million set aside by the Oyo South Senatorial District of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in 2009. The amount was apportioned into N30.00 million for onward disbursements to micro, small and medium scale enterprises that are members of registered trade associations or co-operative societies and N10.00 million for the training of potential loan beneficiaries.

The fund does not attract any interest. 5% of the net asset of the Fund payable quarterly to BOI as management fee payable .

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	55,068	53,447
Net Fund Generated/(Utilised)	1,874	1,621
<b>Closing Accumulated Fund</b>	<b>56,942</b>	<b>55,068</b>
<b>Represented by:</b>		
Bank Balances	333	334
Investment in Money Market	57,693	56,518
Loan Debtors	(596)	(520)
Other Receivables	823	687
Less Liabilities	(1,311)	(1,951)
	<b>56,942</b>	<b>55,068</b>

(xxx) **BENUE STATE FUND**

The BNSG State MSME Fund (also referred to as BNSG-BOI MSME) represents Benue State Government's share of the 50:50 Counter-part Fund contributed by both Benue State Government and BOI to support the growth of businesses in the state. The BNSG MSME is a business and development fund designed to assist Benue State indigeneous entrepreneurs who are engaged in small and medium scale businesses within the state. These entrepreneurs are divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The BNSG committed a sum of N1.00 billion which was received in May, 2017. The interest rate on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 30% of the interest earned on outstanding cash balance.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	347,703	327,484
Prior year adjustment	(4,300)	-
Net Fund Generated/(Utilised)	(111,165)	20,219
<b>Closing Accumulated Fund</b>	<b>232,238</b>	<b>347,703</b>
<b>Represented by:</b>		
Bank Balances	566	18,160
Investment in Money Market	68,687	61,070
Loan Debtors	142,947	247,687
Other Receivables	27,914	34,316
Less Liabilities	(7,877)	(13,530)
	<b>232,237</b>	<b>347,703</b>

**Other Information**

**Additional Disclosure on managed funds**

(xxx) **EBONYI STATE FUND**

The Ebonyi State MSME Fund (also referred to as EBSG-BOI MSME) represents Ebonyi State Government's fund contributed by the State Government and BOI to support the growth of businesses in the state. The fund provides financial assistance to Ebonyi State indigeneous entrepreneurs who are engaged in small and medium scale businesses within the state. These entrepreneurs are divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The EBSG committed total of N4.00 billion which was received in four tranches of N1.00 billion each. The first tranche of N1 billion was received in August, 2017. Two more tranches of N1.00billion each were received in September and October 2017 respectively. The last tranche was received in January 2018.

The fund is divided into two parts; the MSME Scheme and the Agro-Based Civil Servant Scheme. Each of the funds was funded to the tune of N2B. However, the Fund Owners pulled out of the Scheme in 2018. A few loans had been disbursed before the cessation of the program.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	20,678	20,618
Net Fund Generated/(Utilised)	220	60
<b>Closing Accumulated Fund</b>	<b>20,898</b>	<b>20,678</b>
<b>Represented by:</b>		
Bank Balances	13	13
Investment in Money Market	2,238	2,019
Loan Debtors	-	-
Other Receivables	18,647	18,645
	-	-
	<b>20,898</b>	<b>20,678</b>

(xxxii) **RICE PROCESSING INTERVENTION FUND**

The Federal Executive Council (FEC) formally approved the setting up of a N10 Billion Rice Processing Intervention Fund in May 2009. The Fund was designed as a credit scheme to ten initially pre-qualified companies to set up 17 Model Rice Processing Mills in the country. The estimated cost of each mill is N1.4 billion, which is to be financed 40% by the Federal Government's Rice Fund credit facility and 60% by the beneficiary companies/ Commercial Banks. The credit facility, which is mainly to finance plant and machinery and associated costs, is for a tenor of twenty (20) years with five (5) years moratorium at an interest rate of 4% per annum.

The MOU between BOI and Federal Ministry of Agriculture and Water Resources (FMA&WR) for the administration of the Fund was signed on September 2009. The Bank is to retain as Management Fee 0.5% of the 4% interest on the Term Loan.

The unutilized balance on the Fund is invested in the Nigerian money market at rates ranging from 4% - 9% per annum. The interest income from the investment is added to the Fund.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	1,987,994	2,002,498
Prior year adjustments		2,270
Net Fund Generated/(Utilised)	(129,779)	(16,774)
<b>Closing Accumulated Fund</b>	<b>1,858,215</b>	<b>1,987,994</b>
<b>Represented by:</b>		
Bank Balances	1,649	57,345
Investment in Money Market	1,577,077	1,314,539
Loan Debtors	(346,190)	91,600
Other Receivables	629,340	567,328
Less Liabilities	(3,661)	(42,818)
	<b>1,858,215</b>	<b>1,987,994</b>

**Other Information**

**Additional Disclosure on managed funds**

(xxxiii) **NATIONAL PROGRAMME FOR FOOD SECURITY (NPAFS) FUND**

The Federal Government in 2009, set up the National Programme on Agriculture and Food Security (NPAFS) as an organ to implement the programme for Food Security, particularly to initiate policies and execute projects aimed at accelerating the pace of development of rural agriculture through enhanced rural agricultural finance. The Fund is on a Public - Private Partnership (PPP) arrangement by way of Loan 40% of project cost, Grant 40% and 20% Equity contribution from the beneficiaries.

The vehicle for achieving the stated objective is by way of grant and loan schemes. Funded by the Federal Government's budgetary allocation and some Donor Support Funds, thus leading to the establishment of the National Programme for Food Security Fund "NPFS Fund". The MOU for this arrangement with the Ministry of Agriculture and Rural Development was signed in January 2010 for the appropriation of the sum of N1, 155,021,085.00. The scope was later adjusted to N800 million vide a letter from the Ministry in September, 2010. Beneficiaries are screened and pre-selected by the NPFS Office. The beneficiaries of the Fund shall be registered members of Apex Farmers Association (AFA), registered co-operative groups and SMEs in all thirty six (36) States of the country including the Federal Capital Territory (FCT).

The interest rate on the Long Term Loan is 8 % per annum and the Bank is to earn a one-off Management Fee at 4% on the total sum.

<b>Summary of Fund</b>	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	756,198	708,061
Prior year adjustment	(3,225)	
Net Fund Generated/(Utilised)	32,015	48,137
<b>Closing Accumulated Fund</b>	<b>784,988</b>	<b>756,198</b>
<b>Represented by:</b>		
Bank Balances	516	522
Investment in Money Market	758,589	720,560
	-	-
Other Receivables	31,269	37,277
Less Liabilities	(5,387)	(2,162)
	<b>784,988</b>	<b>756,198</b>

(xxxiv) **FEDERAL DEPARTMENT OF AGRICULTURE (FDA) COTTAGE FUND**

The Federal Government, in furtherance of its programme on Food Security instituted the FDA Cottage Fund with a take-off amount of N1,100,000,000.00. The MOU was signed in January 2009 between the Federal Ministry of Agriculture and Water Resources (FMA&WR), now Federal Ministry of Agriculture and Rural Development (FMA&RD) and BOI. The implementing agency for the scheme is the FMA&RD, through the Federal Department of Agriculture (FDA). Beneficiaries are screened and pre-selected by the FMA&RD.

The objective of the Fund is to promote the development of the selected crops by adding value to their processing chain and providing employment to Nigerian farmers and processors.

The Fund is available for the construction of cottage factory building and procurement of equipment for the processing of three (3) crops namely Oil Palm, Cassava and Rice.

The Fund is being managed on a public sector – private sector partnership arrangement by way of loan (50% of project cost) grant (40%) and 10% equity contribution from the Beneficiary in addition to provision of land for the project.

The Fund is dedicated for the provision of financial assistance to registered members of apex farmers associations, cooperative groups and societies in twenty (20) states of the federation and the FCT.

The interest rate on the Term loan is 8% per annum and the Bank is to earn a one off Management Fee of 4% on the Fund.

The unutilized balance on the Fund is invested in the Nigerian money market at rates ranging from 8% - 10% per annum. The interest income from the investment is added to the Fund.

**Summary of Fund**

<b>Summary of Fund</b>	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	3,164,823	2,842,554
Net Fund Generated/(Utilised)	384,891	322,269
<b>Closing Accumulated Fund</b>	<b>3,549,714</b>	<b>3,164,823</b>
<b>Represented by:</b>		
Bank Balances	619	202
Investment in Money Market	3,491,139	3,110,049
Other Receivables	90,836	87,496
Less Liabilities	(32,880)	(32,924)
	<b>3,549,714</b>	<b>3,164,823</b>



**Other Information**

**Additional Disclosure on managed funds**

(xxxv) **SOKOTO STATE FUND**

The Sokoto State MSME Fund (also referred to as SOSG-BOI MSME) represents Sokoto Government's share of the 50:50 Counter-part Fund contributed by both Sokoto State Government and BOI to support the growth of businesses in the state. The fund provides financial assistance to Sokoto State indigeneous entrepreneurs who are engaged in small and medium scale businesses within the state. These entrepreneurs are divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The SOSG committed a sum of N1.00 billion which was received in May, 2017. The interest rate on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% on the outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	373,027	473,542
Net Fund Generated/(Utilised)	(340,650)	(100,515)
<b>Closing Accumulated Fund</b>	<b>32,377</b>	<b>373,027</b>
<b>Represented by:</b>		
Bank Balances	445	56,403
Investment in Money Market	33,415	47,126
Loan Debtors	-	265,169
Other Receivables	1,404	11,875
Less Liabilities	(2,887)	(7,546)
	<b>32,377</b>	<b>373,027</b>

(xxxvi) **BAYELSA STATE FUND**

Bayelsa State MSME Fund (also referred to as BYSG-BOI MSME Fund) represents Bayelsa state Government's share of the 50:50 Counter-part Fund by both the BYSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The BYSG signed the MOU with BOI 2017 and committed a sum of N1.0 Billion to the scheme. However, the sum of N250.0 Million has been released into the scheme. Interest rate of 6% per annum and 8.5% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 3.5% per annum on the Managed Fund payable quarterly and 1% per annum on the Managed Fund, payable quarterly in arrears provided that payment of such a fee does not reduce the value of the principal amount contributed to the fund by BYSG.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	10,318	10,318
Net Fund Generated/(Utilised)	-	-
<b>Closing Accumulated Fund</b>	<b>10,318</b>	<b>10,318</b>
<b>Represented by:</b>		
Bank Balances	10,318	10,318
Investment in Money Market	-	-
Loan Debtors	-	-
Other Receivables	-	-
Less Liabilities	-	-
	<b>10,318</b>	<b>10,318</b>

**Other Information**

**Additional Disclosure on managed funds**

(xxxvii) **NIG. ARTISANAL & SMALL SCALE MINERS FIN. SUPPORT FUND - ASM**

The Nigerian Artisanal and Small-Scale Miners Financing Support Fund (also referred to as ASM Fund) represents Federal Ministry of Mines and Steel Development (FMMSD) provided by the Ministry to be managed by BOI to provide funding support to registered mining Cooperative Society, Association, Business Enterprises or Limited Liability Company who is engaged in artisanal or small scale mining business involving Industrial Minerals, Precious Stones, Precious Metal (Gold), Diamond Stone and such other solid minerals in Nigeria as shall be approved by owners in the State. The ASM Fund shall be available in form of Term loans or Working Capital to be utilized for: a) Purchase of requisite item of plant and machinery; b) Payment for drilling, geological and other services related to mining business as may be required; c) Working Capital for purchase materials/other expenses; and d) Leasing of equipment. The single obligor limit of loans to be granted under the fund shall be a) Artisanal Scale Miners- from N100,000.00 to N10,000,000.00; and b) Small Scale Miners - from N10 million to N100 million.

The Federal Ministry of Mining and Solid Minerals (FMMSD) signed the MOU with BOI on 29th August 2017 and committed a sum of N2.50 billion to the scheme, which has been fully released. The interest rate attributable on the loan is 5% per annum while a penal fee of 2% (two percent) interest shall be charged on all overdue obligations with effect from the due date after moratorium, where such has been agreed upon.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	3,626,383	3,372,881
Net Fund Generated/(Utilised)	292,239	253,502
<b>Closing Accumulated Fund</b>	<b>3,918,622</b>	<b>3,626,383</b>
<b>Represented by:</b>		
Bank Balances	6,518	53,946
Investment in Money Market	3,607,803	3,398,086
Loan Debtors	163,150	222,240
Other Receivables	176,039	15,752
Less Liabilities	(34,888)	(63,641)
	<b>3,918,622</b>	<b>3,626,383</b>

(xxxviii) **Nigeria Industrial Policy and Competitiveness Advisory Council (NIPCAC) Fund**

The Federal Executive Council meeting of Wednesday, 15th March, 2017 approved the establishment of Nigeria Industrial Policy and Competitiveness Advisory Council (NIPCAC) to enable the successful implementation of the the Nigeria Economic Recovery and Growth Plan and the Nigeria Industrial Revolution Plan. The objectives of this council would be achieved through the active participation of the Public-Private Sector Partnership.

The council has the following Terms of References:

- (a) Identify and implement project(s)/initiative(s) to differentiate, accelerate and boost power supply to industries.
- (b) Identify and implement project(s)/initiative(s) to improve road access to areas which benefit the Nigerian business community as a whole
- (c) Identify and implement initiatives to improve Broad Bank coverage
- (d) Identify and implement initiatives to bridge the gap between the skills demanded by industry and supply by Nigerian Education Institutions.
- (e) Identify and implement initiatives to improve access to Nigeria's priority markets.
- (f) Identify initiatives to improve access and cost of finance in Nigeria businesses,
- (g) Identify and implement initiatives to minimize smuggling and incentivize investment

The Bank has committed the sum of N50.0 million as its contribution to the funding of the Council. This fund will be accounted for as Managed Fund with additional funding from the private sector participants.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	58,271	50,888
Net Fund Generated/(Utilised)	15,613	7,383
Additional Contribution/(Withdrawal)		
<b>Closing Accumulated Fund</b>	<b>73,884</b>	<b>58,271</b>
<b>Represented by:</b>		
Bank Balances	346	346
Investment in Money Market	147,997	132,436
Loan Debtors	-	-
Other Receivables	1,155	1,097
Less Liabilities	(75,614)	(75,608)
	<b>73,884</b>	<b>58,271</b>

**Other Information**

**Additional Disclosure on managed funds**

(xxxix) **DELTA STATE GOVERNMENT HEALTHCARE FUND**

The Delta State Government of Nigeria represented by the Delta State Contributory Health Commission (also referred to as "DTSG" Fund) represents Delta State Government Healthcare's share of the 50:50 Counter-part Fund by both the DTSG and BOI. This is to implement access to finance schemes for the revitalization of Government Health Facilities in the Delta State and the Delta Central Hospital, Asaba, also referred to as the "framework".

DTSG has empowered the Delta State Contributory Health Commission (DSCHC) via the Delta State Contributory Commission Law to enhance access to the quality and affordable healthcare services leveraging on private sector financing and participation to protect, promote and facilitate access to quality healthcare services without financial or other barriers.

BOI and DTSG are desirous of setting up a matching fund for the revitalization of 25 health facilities operating in Delta State, at an interest rate of 9% , which shall be dedicated for the provision of financial assistance to Delta State indigenous Entrepreneurs who are engaged in Healthcare Services situate in Delta State. DTSG signed MOU with BOI on 14th March 2019 and committed a sum of N200.0 million to the scheme, which has been fully released. The earnings from treasury activities shall be shared in the ratio of 70% for DTSG and 30% for BOI, payable quarterly in arrears. The 70% accruals to DTSG shall accrue to the Fund.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	245,182	232,019
Net Fund Generated/(Utilised)	17,128	13,163
<b>Closing Accumulated Fund</b>	<b>262,310</b>	<b>245,182</b>
<b>Represented by:</b>		
Bank Balances	10	8,284
Investment in Money Market	260,517	225,841
Loan Debtors	(584)	13,017
	7,779	2,384
Less Liabilities	(5,412)	(4,344)
	<b>262,310</b>	<b>245,182</b>

(xl) **MTN FOUNDATION**

MTN Nigeria Foundation Limited GTE, a company limited by guarantee duly registered under the laws of Nigeria, in a bid to complement the efforts of the Government the area of youth employment, is desirous of building the entrepreneurship skills of 75 MTNF Scholars Alumni and provision of small business loans for 50 successful beneficiaries to enable them become business owners. The pilot phase of the MTNF Youth Entrepreneurship Development Programme will involve entrepreneurial skills training, development and presentation of bankable business plans, provision of small business loans and business support services for sustainability and seamless loan repayment process.

MTNF has engaged BOI to build the capacity of 75 potential alumni entrepreneurs, administer small business loans to top 50 successful loan applicants and monitor the loan repayment process which BOI has agreed to provided the loan beneficiaries satisfy BOI's Risk Acceptance Criteria.

The Agreement between MTNF and BOI shall commence on the date of the last Party signing and shall inure for a period of 4 years except otherwise terminated earlier in accordance with the Provisions of the Agreement. MTNF may elect to renew the agreement for further periods by giving notice to BOI in writing, not later than one (1) month prior to the expiration of the term or any additional period.

MTNF signed the MOU with BOI on 2nd May, 2018 and committed a sum of N113.0 million to the scheme, which has been fully released. The Management Fee to be earned by the Bank is 5% per annum on the managed Fund payable quarterly in arrears.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	20,988	78,903
Net Fund Generated/(Utilised)	(1,273)	(57,915)
<b>Closing Accumulated Fund</b>	<b>19,715</b>	<b>20,988</b>
<b>Represented by:</b>		
Bank Balances	274	352
Investment in Money Market	13,882	15,324
Loan Debtors	(82)	2,078
Other Receivables	6,084	5,735
Less Liabilities	(443)	(2,501)
	<b>19,715</b>	<b>20,988</b>

**Other Information**

**Additional Disclosure on managed funds**

(xli) **BORNO STATE GOVERNMENT FUND**

The Borno State Government represented by the Ministry of Commerce & Industry hereinafter referred to as BRSG is committed to initiating policies, carrying out programmes and projects and promoting economic and political empowerment and accelerating the pace of attainment of industrial development processes in Borno State.

BRSG and BOI are desirous of setting up a Business and Development Fund for Borno State Indigenous Entrepreneurs (hereinafter referred to as "BRSG - BOI Fund") which shall be dedicated for the provision of financial assistance to Borno State Indigenous Entrepreneurs who are engaged in small and medium businesses situated in Borno State.

The BRSG committed a sum of N1.00 billion in a matching funding arrangement under which BOI is expected to provide N1 billion matching fund. The interest rate on the Term loan is 5% per annum and 7.5% per annum on the Working Capital Loans. BRSG shall forfeit its own share of accrued interest from 5% to 0% which shall operate as subsidy to the beneficiaries. The Management Fee to be earned by the Bank is 2.5% on the outstanding balance of the Fund payable quarterly.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	-	405,379
Prior year adjustment	(137)	
Net Fund Generated/(Utilised)	(2,125)	(405,379)
Initial Contribution		
<b>Closing Accumulated Fund</b>	<b>(2,262)</b>	<b>-</b>
<b>Represented by:</b>		
	261	273
Investment in Money Market		
Loan Debtors	21,320	23,582
Less Liabilities	(23,843)	(23,855)
	<b>(2,262)</b>	<b>-</b>

(xlii) **IsDB BRAVE WOMEN FUND**

The Women Entrepreneurs Finance Initiative (We-Fi), a multi-donor fund consisting of G20 countries (herein referred to as the "Fund") currently being administered by the World Bank under the BRAVE Women Program (herein referred to as the "Program") has approved grant financing to the Federal Republic of Nigeria, totalling USD 14,265,511 to support the sustainability of private sector enterprises owned/led by Women in Nigeria.

Islamic Development Bank (IsDB) hereinafter referred to as the Bank and the Federal Republic of Nigeria (represented by the Federal Ministry of Finance) have signed a Framework agreement dated 1/4/2020G which sets out the general framework to facilitate the implementation of the Project to ensure the achievement of the desired objectives of the Project.

As approved by the Fund, the bank shall make available to the Recipient (BOI) a technical assistance grant an amount not exceeding USD 3,517,952 to finance the component of the Project to be implemented by the Recipient (BOI).

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	261,820	106,709
Net Fund Generated/(Utilised)	(995,582)	(305,952)
Prior year adjustment	1,107,226	-
Contribution Received	-	461,064
<b>Closing Accumulated Fund</b>	<b>373,465</b>	<b>261,820</b>
<b>Represented by:</b>		
Bank Balances	486,865	277,660
Investment in Money Market	-	-
Loan Debtors	-	-
Other Receivables	-	-
Less Liabilities	(113,401)	(15,840)
	<b>373,465</b>	<b>261,820</b>

**Other Information**

**Additional Disclosure on managed funds**

(xliii) **TEXTILE REVIVAL FUND**

At the meeting held on the 29th of March 2019 between the CBN governor and Governors of Kano and Kaduna states, critical challenges facing the Cotton Textile and Garment (CTG) sector were identified and it was resolved that there was need for a hollistic approach towards revamping the Textile sector. The Governors, resolved among others to constitute a Textile Revival Implementation Committee(TRIC) with the following reference:

Conduct in-depth analysis of the issues with objective of identifying the constraints in the operational processess hindering the progress in the sector despite several interventions

Proffer recommendations based on enhancing inter-agency collaboration to make the revitalisation of the Cotton, Textile and Garment sector possible.

The Textile Revival Implementation Committee objective included the following:

-Completely stop importation of Textile materials by 2023

-Ensure that gap to be created is filled by local production

In addition, the following specific actions are expected to be undertaken by the fund

i) Identification of CTG hubs/clusters in Nigeria

ii) Addressing infrastructural deficiencies in the identified hubs/clusters especially power and other critical logistical assets

iii) Strengthening the capacity of the Nigerian Customs Service (NCS) to curtail smuggling and dumping of imported textiles/garments

iv) Creating domestic market by encouraging the patronage of locally made fabrics especially by the uniformed personnel e.g. for military, para-military and schools and other uniformed institutions)

v) General reduction in the cost of doing business through the elimination of double taxation and other necessary charges.

vi) Attainment of zero per cent duty on equipment, raw materials and other inputs utilised by players in the CTG space.

vii) Removal of EEG on cotton to enable local supply.

	2023	2022
	N'000	N'000
Opening Accumulated Fund	12,624,632	18,598,694
Withdrawal	(3,124,120)	(84,793)
Net Fund Generated/(Utilised)	(1,306,290)	(5,889,269)
<b>Closing Accumulated Fund</b>	<b>8,194,222</b>	<b>12,624,632</b>
<b>Represented by:</b>		
Bank Balances	(429,699)	(429,699)
Loan Debtors	4,574,015	4,487,036
Other Receivables	4,049,906	8,567,295
Less Liabilities		-
	<b>8,194,222</b>	<b>12,624,632</b>

(xliv) **NORTHEAST REHABILITATION FUND**

The Board of Bank of Industry (BOI) approved the sum of N2.4 billion as non-interest facility to be deployed to support the establishment and/or expansion of an estimated 5,000 enterprises across the six (6) states of the North East geopolitical region of the country whose businesses have been affected by insurgency except for start-ups. The facility shall be deployed for the purpose of resuscitating local manufacturing, processing and trading activities. Any business existing between 2009 to date in the North East states shall be considered to have been affected by the insurgency.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	197,801	273,479
Net Fund Generated/(Utilised)	(174,864)	(75,678)
<b>Closing Accumulated Fund</b>	<b>22,937</b>	<b>197,801</b>
<b>Represented by:</b>		
Bank Balances	1,258	(3,752)
Loan Debtors	1,022,651	796,598
Less Liabilities	(1,000,972)	(595,045)
	<b>22,937</b>	<b>197,801</b>

**Other Information**

**Additional Disclosure on managed funds**

(xlv) **EXPORT EXPANSION FACILITY FUND**

The Federal Government of Nigeria through the Nigerian Export Promotion Council (NEPC), has set up the Export Expansion Facility Fund under the Economic Sustainability Plan to develop and promote the export initiatives of the present administration including but not limited to providing financial support to companies and organisations in the non-oil export value chain negatively affected by COVID-19 pandemic as well as developing export opportunities and programmes that NEPC may identify. The Export Expansion Facility is to be applied to the Export Development Fund and the Export Adjustment Scheme as provided in the Export (Incentives and Miscellaneous) Act Cap E10 Laws of the Federation, 2004 and other projects contained in the approved NEPC Workplan.

The Export Promotion Council have signed the MOU with BOI and committed a sum of N50 billion to the scheme, which has been fully released.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	-	5,163,704
Net Fund Generated/(Utilised)	-	-
Withdrawal	-	(5,163,704)
<b>Closing Accumulated Fund</b>	<b>-</b>	<b>-</b>
<b>Represented by:</b>		
Bank Balances	-	-
Investment in Money Market	-	-
Loan Debtors	-	-
Other Receivables	-	-
	-	-
	-	-

(xlvi) **BENUE STATE GOVERNMENT MANAGED FUND**

The Benue State Government Managed Fund (also referred to as BNSG Managed Fund) represents Benue State Government N500 million transferred from the initial N1 billion counter contribution for the BNSG-BOI MSME Matching fund. This is a 100% managed fund provided by the Benue State Government and to be given out as loans to qualified civil servants and political appointees of Benue State Government engaged in agricultural value chain to enable them participate actively in the agricultural development programme of the state government.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	389,950	402,508
Net Fund Generated/(Utilised)	39,820	(12,558)
<b>Closing Accumulated Fund</b>	<b>429,770</b>	<b>389,950</b>
<b>Represented by:</b>		
Bank Balances	442	75,861
Investment in Money Market	383,029	191,092
Loan Debtors	21,574	109,403
Other Receivables	33,714	19,297
Less Liabilities	(8,989)	(5,703)
	<b>429,770</b>	<b>389,950</b>

**Other Information**  
**Additional Disclosure on managed funds**

(xlvi) **EDO STATE MATCHING FUND**

Edo State MSME Fund (also referred to as EDSG-BOI MSME Fund) represents Edo state Government's share of the 50:50 Counter-part Fund by both the EDSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The initial MOU signed by EDSG with BOI on 8th December, 2009 which committed a sum of N250.0 million to the scheme, was revoked after the executive Governor expressed the Edo State Government's intention to reactivate and enhance the EDSG/BOI MSME Fund with a view to using it as a veritable tool in catalyzing his administration's Jobs Creation Agenda. To this end, outstanding cash and treasury balances of the existing EDSG-BOI MSME Fund less current liabilities as at March 31, 2021 was converted to the EDSG Production Hub Managed Fund and a new N2 Billion EDSG-BOI (SME) Matching Fund was formed with contribution in equal amounts of N1 Billion by BOI and EDSG respectively. The new matching fund is a 5 years revolving and renewable fund and the applicable Interest rate of 5% per annum and 6.25% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 2% per annum on the outstanding balance of the Fund payable quarterly. 10% of the interest earned by the Bank on investment of the undisbursed balance of the EDSG's contribution to the fund shall be paid to EDSG quarterly in arrears.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	523,248	986,761
Prior year adjustment		-
Withdrawal	-	(500,000)
Net Fund Generated/(Utilised)	(291,027)	36,487
<b>Closing Accumulated Fund</b>	<b>232,221</b>	<b>523,248</b>
<b>Represented by:</b>		
Bank Balances	18,937	20,326
Investment in Money Market	25,253	413,689
Loan Debtors	169,101	89,210
	20,084	5,170
Less Liabilities	(1,154)	(5,147)
	<b>232,221</b>	<b>523,248</b>

(xlvii) **EDO SEEP FUND**

By virtue of letters dated 7th & 26th November, 2021, respectively and emanating from the Managing Director of Edo State Skills Development Agency and the letter dated 9th December, 2021 from the Executive Governor of Edo State, the EDSG has expressed its desire to set aside the sum of N500,000,000.00 (Five hundred million Naira only) being its portion of its contribution to the Fund as "Managed Fund" towards the implementation of its Bottom of Pyramid (BOP) Scheme using the State Enterprise and Empowerment Programme (SEEP) platform of the Micro Enterprise Directorate (MED) of BOI.

By virtue of the letter dated 21st March 2022, emanating from the Secretary of Edo State Government EDSG, requested for the transfer of the balance of the N500m set aside above to Trust Fund Microfinance Bank for onward disbursement to qualified SEEP beneficiaries of Edo State. By the transactions (disbursement & fees) of the Micro Enterprise Directorate (MED) of BOI, the total amount utilized is N94,849,500.00 (Ninety four million, eight hundred and forty nine thousand, five hundred Naira only) leaving a transferrable balance of N405,150,500.00 (Four hundred and five million, one hundred and fifty thousand, five hundred Naira only).

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	9,769	-
Contributions received		12,452
Net Fund Generated/(Utilised)	1,299	(2,683)
<b>Closing Accumulated Fund</b>	<b>11,067</b>	<b>9,769</b>
<b>Represented by:</b>		
Bank Balances	97	7
Investment in Money Market	11,093	9,932
Other Receivables	150	103
Less Liabilities	(273)	(273)
	<b>11,067</b>	<b>9,769</b>

**Other Information**

**Additional Disclosure on managed funds**

(xlviii) **CBN TERTIARY INSTITUTIONS ENTREPRENEURSHIP SCHEME**

The Central Bank of Nigeria, as part of its policy measures to address rising youth unemployment and underemployment, developed the Tertiary Institutions Entrepreneurship Scheme (TIES), in partnership with Nigerian polytechnics and universities to harness the potential of graduate entrepreneurs (gradpreneurs) in Nigeria. The Scheme is designed to create a paradigm shift among undergraduates and graduates from the pursuit of white-collar jobs to a culture of entrepreneurship development for economic development and job creation. The Scheme thus aims to provide an innovative financing model that will create jobs, enhance the entrepreneurial ecosystem and support economic growth and development.

The broad objective of the Scheme is to enhance access to finance by undergraduates and graduates of polytechnics and universities in Nigeria with innovative entrepreneurial and technological ideas. Other specific objectives of the Scheme include: (i). Provide an enabling environment for co-creation, mentorship and development of entrepreneurial and technological innovations for value creation in partnership with Nigerian polytechnics and universities for the purpose of economic development and job creation; (ii). Fast track ideation, creation and acceleration of a culture of innovation driven entrepreneurship skills among graduates of polytechnics and universities in Nigeria; (iii). Promote gender balance in entrepreneurship development through capacity development and improved access to finance; (iv). Leapfrog entrepreneurial capacity of undergraduates and graduates for entrepreneurship and economic development in partnership with academia and industry practitioners; (v). Boost contribution of non-oil sector to the nation's GDP.

Activities to be covered under the Scheme shall include innovative start-ups and existing businesses owned by graduates of Nigerian polytechnics and universities in the following areas: i. Agribusiness – production, processing, storage and logistics; ii. Information technology – application/software development, business process outsourcing, robotics, data management; iii. Creative industry – entertainment, artwork, publishing, culinary/event management, fashion, photography, beauty/cosmetics; iv. Science and technology – medical innovation, robotics, ticketing systems, traffic systems, renewable energy, waste management; and v. Any other activity as may be determined by the CBN from time to time. Note: Priority will be given to innovative entrepreneurial activities with high potentials for export, job creation and transformational impact.

Trading activities shall not be eligible for financing under the Scheme.

**Summary of Fund**

	2023	2022
	N'000	N'000
	283,469	-
Contributions received	224,027	292,522
Net Fund Generated/(Utilised)	(86,569)	(9,053)
<b>Closing Accumulated Fund</b>	<b>420,927</b>	<b>283,469</b>
<b>Represented by:</b>		
Bank Balances	-	-
Investment in Money Market	-	-
Loan Debtors	364,652	329,428
Other Receivables	56,275	4,670
Less Liabilities		(50,629)
	<b>420,927</b>	<b>283,469</b>

(xlix) **NASARAWA STATE MATCHING FUND**

Nasarawa State Government (NSG) – BOI Matching fund means the sum of N500,000,000.00 to be contributed in equal proportion by NSG and BOI which is to be disbursed to loan beneficiaries. The Loan beneficiaries are registered businesses owned by an indigenous entrepreneur in Nasarawa State, which is promoting the setting up of micro, small, and medium scale businesses situate in Nasarawa State. The State is committed to initiating policies, carrying out programmes and projects and promoting the economic and political empowerment and accelerating the pace of industrial development in Nasarawa State.

The NSG-BOI Fund shall be revolving and may be enhanced subject to the consent of both parties and shall be utilized for (i) Term Loan, (ii) Working Capital loan (iii) Leasing of industrial/Business equipment. The MSME following sectors are target beneficiaries – Manufacturing and Processing, ICT, Digital Marketing and E-commerce, Transportation, Creative Industry & Entertainment, Agribusiness and its value chain, Healthcare and fitness, Education, Renewable Energy, Eateries and cafeterias, Arts & Crafts, Solid Minerals Processing.

**Summary of Fund**

	2023	2022
	N'000	N'000
Opening Accumulated Fund	250,000	-
Net Fund Generated/(Utilised)	14,052	-
<b>Closing Accumulated Fund</b>	<b>264,052</b>	<b>-</b>
<b>Represented by:</b>		
Bank Balances	1,084	-
Investment in Money Market	254,361	-
Loan Debtors	9,015	-
Other Receivables	2,160	-
Less Liabilities	-2,569	-
	<b>264,052</b>	<b>-</b>



**Other Information**

**Additional Disclosure on managed funds**

(i) **MTN YELLOPRENUER**

MTN Nigeria Foundation Limited GTE, a company limited by guarantee duly registered under the laws of Nigeria, in a bid to complement the efforts of the Government the area of wOMEN employment, is desirous of building the entrepreneurship skills and provision of small business loans for 100 successful beneficiaries to enable them become business owners. The pilot phase of the MTNF Yellopreneur Initiative will involve entrepreneurial skills training, development and presentation of bankable business plans, provision of small business loans and business support services for sustainability and seamless loan repayment process.

MTNF has engaged BOI to build the capacity of 500 potential alumni entrepreneurs, administer small business loans to top 100 successful loan applicants and monitor the loan repayment process which BOI has agreed to provided the loan beneficiaries satisfy BOI's Risk Acceptance Criteria.

The Agreement between MTNF and BOI shall commence on the 4th April 2022 and shall inure for a period of 4 years except otherwise terminated earlier in accordance with the Provisions of the Agreement. MTNF may elect to renew the agreement for further periods by giving notice to BOI in writing, not later than one (1) month prior to the expiration of the term or any additional period.

MTNF signed the MOU with BOI on 4th April, 2022 and committed a sum of N217 million to the scheme, which has been fully released. The Management Fee to be earned by the Bank is 5% per annum on the managed Fund payable quarterly in arrears.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	247,845	-
Contribution to fund	-	267,000
Prior year adjustment	53,840	-
Net Fund Generated/(Utilised)	9,631	(19,155)
<b>Closing Accumulated Fund</b>	<b>311,316</b>	<b>247,845</b>
<b>Represented by:</b>		
Bank Balances	14,290	1,562
Investment in Money Market	220,026	246,842
Loan Debtors	77,694	-
	(694)	2,453
Less Liabilities	-	(3,012)
	<b>311,316</b>	<b>247,845</b>

(ii) **MSME SURVIVAL FUND**

The Federal Ministry of Industry, Trade & Investment (FMIT&I), on behalf of the Government of the Federal Republic of Nigeria is committed to the pursuit of Nigeria Economic Sustainability Plan MSME Fund (Nesp-F) comprising of the Guaranteed Offtake Scheme, Survival funds ad any other scheme as may be determined by FMITI.

The Federal Government of Nigeria through FMITI seeks to set up the fund the protect and sustain the income of vulnerable MSMEs from the shock of the COVID-19 pandemic. This is in furtherance of attainment of economic revitalisation, employment preservation and generation , growth and development of Micro, Small and Medium Enterprise s (MSMEs) through the Federal Republic of Nigeria. The grant shall attract no interest payable by the beneficiaries. However, an administrative fee or tax may be payable by the beneficiary on the dsibursed portion of the loan granted on the aproval of the FMITI.

**Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	65,295,800	-
Initial Amount from Owner of fund	-	65,577,185
Net Fund Generated/(Utilised)	(12,086)	(281,385)
<b>Closing Accumulated Fund</b>	<b>65,283,714</b>	<b>65,295,800</b>
<b>Represented by:</b>		
Bank Balances	22,181	22,181
Investment in Money Market	-	-
Loan Debtors	-	-
Other Receivables	65,261,533	65,998,460
Less Liabilities	-	(724,841)
	<b>65,283,714</b>	<b>65,295,800</b>

## Other Information

### Additional Disclosure on managed funds

#### (lii) **FGN NANO FUND**

A Nano Business Grant Support was introduced by the FGN following the removal of fuel subsidy and the resultant increase in the pump prices of petroleum products, which has brought about some unintended economic hardship to the citizenry of Nigeria. In a bid to cushion the effect of the fuel subsidy removal, the President in a national broadcast introduced palliative measures to support families and business affected by the fuel subsidy removal.

The FGN through the FMITI seeks to establish a Nano Business Grant Support Section of the Presidential Palliative Programme of the FGN by which it shall set up a fund to protect and sustain the income of vulnerable nano enterprises from the shock of economic downturn. "The Presidential Conditional Grant Scheme (PCGS)" means the nano Business Support Grant Support section of the Presidential Palliative Programme of the FGN under which the sum of N50bn (Fifty billion Naira only) may be deposited with BOI from time to time by the FGN through its designated agent and applied to Nano businesses. The Grant shall be disbursed to 1,000 beneficiaries (especially Women & Youths) per Local Government Area (LGA) of the 774 LGA's across the Nation and the 6 (six) Council Areas in the FCT.

The amount disburseable shall be N50,000 (Fifty thousand Naira only) or such limit as may be agreed in writing by the parties from time to time. The operation of the fund including identification, selection and verification of eligible beneficiaries shall be wholly the responsibilities of the FMITI (Federal Ministry of Industries, Trade & Investment) acting through the PMO. BOI shall disburse the fund in accordance with the directives of FMITI as conveyed through the PMO.

The following are target sectors/businesses as advised by the FMITI through the PMO:

- i. Trade (single retail marketers, corner shop owners, petty traders, market men, women and youth in the open market spaces),
- ii. Food Services (Food and Vegetable Vendors),
- iii. ICT (business center operators, battery chargers, recharge card vendors, call center agents),
- iv. Transportation (Wheelbarrow pushers, independent dispatch riders),
- v. Artisans (Vulcanizers, Shoe repairers, painters),
- vi. Creative (Makeup artists, fashion designers, drycleaners), and
- vii. Any other sectors as may be identified by the PMO/FMITI.

#### **Summary of Fund**

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Opening Accumulated Fund	-	-
Contribution Received	200,000,000	
Net Fund Generated/(Utilised)	-	-
<b>Closing Accumulated Fund</b>	<b>200,000,000</b>	<b>-</b>
<b>Represented by:</b>		
Bank Balances		-
Investment in Money Market	200,000,000	-
Loan Debtors	-	-
Other Receivables	-	-
Less Liabilities	-	-
	<b>200,000,000</b>	<b>-</b>