AHEAD WITH INNOVATION

ANNUAL REPORT AND ACCOUNTS 2020

FCMB GROUP PLC
ANNUAL REPORT AND ACCOUNTS

WHO WE ARE

OUR VISION

To be the premier financial services group of African origin.

OUR MISSION

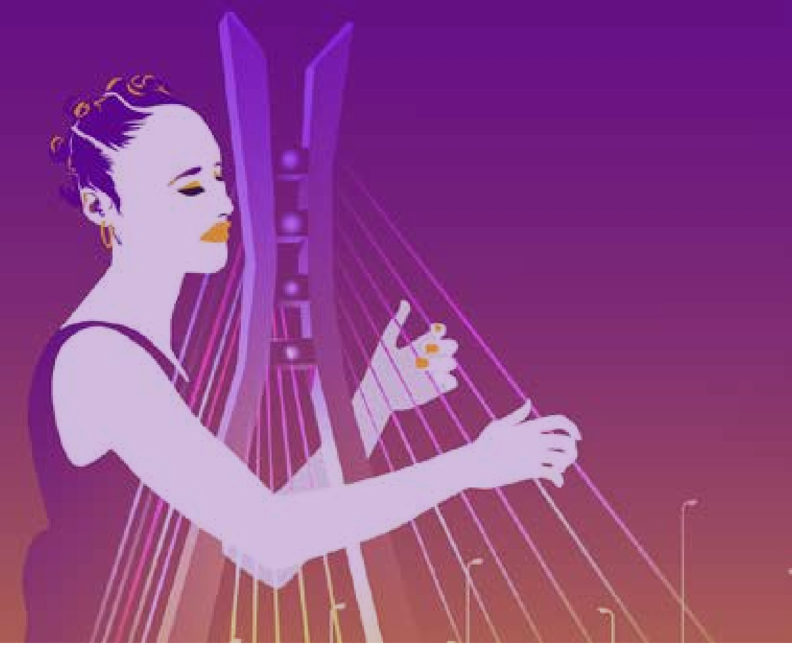
To attain the highest levels of customer advocacy, be a great place to work, and deliver superior and sustainable returns to our shareholders.

OUR CORE VALUES

Execution
Professionalism
Innovation
Customer Focus

At FCMB, we place great value on being a responsible institution.

By creating a great place for our people to work, selling our products and services responsibly, effecting positive social outcomes and mitigating the environmental impact of our operations, we believe that we can make a greater positive contribution to our operating environment.



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Read more about our businesses at:
www.fcmbgroup.com

INTRODUCTION

About FCMB Group Plc

FCMB Group Plc is a bank-led financial services group, headquartered in Lagos, Nigeria, with operating companies divided along three business groups: Commercial and Retail Banking (First City Monument Bank Limited (the Bank), Credit Direct Limited, FCMB (UK) Limited and FCMB Microfinance Bank Limited); Corporate and Investment Banking (the Corporate Banking Division of the Bank, FCMB Capital Markets Limited and CSL Stockbrokers Limited); and Asset and Wealth Management (FCMB Pensions Limited, FCMB Asset Management Limited and FCMB Trustees Limited). Listed on the Nigerian Stock Exchange (NSE) with the ticker symbol 'FCMB', FCMB Group Plc has 19.8 billion ordinary shares held by over 516,000 shareholders.

First City Monument Bank Limited, the wholly owned flagship company of FCMB Group Plc, is a top-10 lender in Nigeria and has over 7.7 million customers and 205 branches in Nigeria and a banking subsidiary in the United Kingdom through FCMB Bank (UK) Limited (which is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA in the United Kingdom).

More information can be found at:
www.fcmbgroupplc.com

1977 Founded
City Securities Limited is established

1982 Acquired Banking License
First City Merchant Bank is licensed, becoming the first local bank in Nigeria to be established without government support

2001 Name Change
Name change from First City Merchant Bank to First City Monument Bank following FCMB's transformation to a universal bank

2004 Private Placement
Private placement of shares raises over ₦7 billion, followed by conversion to a public liability company

2005 Initial Public Offering
Through an initial public offering, FCMB raises over ₦16 billion and acquires Cooperative Development Bank, Nigerian American Bank and Midas Bank Nigeria. It achieves the ₦25 billion share capital target stipulated by the CBN

2007 Public Offering
The Bank attracts sizeable foreign shareholding. Tier 1 capital raised through public offering increases from just over ₦31 billion to ₦133 billion

2012 Merger with FinBank
The Federal High Court of Nigeria approves the merger of FCMB Plc ('FCMB') and FinBank Plc ('FinBank')

2013 Group Restructuring
Migration of FCMB shareholders to FCMB Group Plc (HoldCo) and subsequent de-listing of FCMB Plc and listing of the HoldCo on the Nigerian Stock Exchange (NSE)

2014 FCMB (UK) License
FCMB (UK) Limited obtains commercial banking license to operate in the United Kingdom

2017 Acquired Legacy Pensions
FCMB acquires majority stake in Legacy Pension Managers Limited (now FCMB Pensions Limited)

From the Archives of the Founder

"Through the love of the Almighty God, our Saviour, all will continue to be well with FCMB Group."

OTUNBA (DR) MICHAEL O. BALOGUN, CON
FOUNDER

This quotation above is my yearning as a passionately interested member of the FCMB family.

I have a friend who once said to me that we could hardly spend five to ten minutes together without my referring to the Almighty God, our Maker. I smiled and explained my disposition to him stating that in my retirement from active business, there is a part which the good Lord continues to play in my activities in life that has been so immense and appreciated by me; hence I spend all my life in praising and thanking the good Lord. In all my preoccupations, particularly during the just ending year 2020, the COVID-19 pandemic and all that is happening around the world, are giving concern to all mortals. Innocently, some of us had expected that the pandemic would probably disappear with the end of the last year; alas, it appears that the end is not yet in sight. All we can do is to continue with our prayers for the support of the Almighty God in steering us to see the end of this destabilising outrage.

Let us thank God once again that in spite of the ferocity of the pandemic, the good Lord continues to protect all of us individually in the FCMB Group, as we have not lost any of the staff to the pandemic and our dear FCMB Group continues to surge ahead. Our hearts and prayers go to those that have lost friends and family.

Indeed, we have weathered the storms brought about by this pandemic and I want to thank God for the leadership of both the Group Chief Executive and the Managing Directors of the different subsidiaries who have shown extraordinary and courageous resilience. I also appreciate most of us who are working from our homes in often less than ideal conditions or risking their personal health by showing up in the office or branches to serve our customers. The contributions of the entire staff of FCMB Group are indeed heartwarming and we have reasons to thank God that we have improved on the performance of the preceding year 2019.

From the Archives of the Founder

As a keen observer, I am amazed and impressed about the determination of everybody in the FCMB family to see that we are not left behind in giving due service to our customers who from all indications appreciate us as an institution that is very committed to customer satisfaction.

We are making progress in commercial and retail banking as we continue to grow our franchise to over 7 million customers in corporate and investment banking where we have seen a resurgence in the contributions of CSL, the mustard seed from which the Group was formed, and wealth management, where FCMB Asset Management witnessed a year of record growth. Also, FCMB Pensions Limited announced the acquisition of a pension fund administrator in 2020. We hope to conclude this acquisition in 2021.

Let me now conclude by reassuring both the Management and the entire staff, and other interested parties that we appreciate what is happening in FCMB Group and will continue to ask the Almighty God to guide us in order to face any unexpected challenges. My concluding prayer is that the good Lord would spare the FCMB family and our extended families and that in spite of this pandemic we will all witness greater progress and purpose in our business activities and personal lives.

I am sure that the Management is aware that all the stakeholders particularly, most of the shareholders, appreciate what we are doing in FCMB Group. Hence, I conclude that "through the love of the Almighty God, our Saviour, all will continue to be well with us." Amen.

Otunba (Dr) Michael Olasubomi Balogun, CON
The Olori Omo-Oba and The Asiwaju of Ijebu Christians.

Chairman's Statement

"Arguably, one of the few positives to emerge from the COVID-19 pandemic, has been that it has also pushed companies over the technology tipping point and digitally transformed businesses forever."

Mr. OLADIPUPO JADESIMI
CHAIRMAN

Distinguished ladies and gentlemen, fellow shareholders, it is my pleasure and privilege to present to you the FCMB Group Plc ('the Group') Annual Report and Accounts for the year ended 31 December 2020.

I would like to welcome you all to the eighth Annual Meeting of the FCMB Group, since our corporate re-organisation and restructuring in 2013. Set against the backdrop of a year that was certainly one to remember, the year 2020 witnessed the COVID-19 pandemic become a multi-faceted global crisis with significant loss of lives and socio-economic impact. The pandemic has pushed companies to their limits, forced many businesses to close or transformed businesses forever. But even in the face of these formidable challenges, FCMB Group Plc triggered a business continuity plan, the result of which has given me the great pleasure of being able to inform you that for the full year ended 31 December 2020, the Group declared a profit before tax of ₦21.9 billion, up 9% from full year 2019. These improved results demonstrate both the strength and the potential of the Group.

It is also noteworthy that this achievement would not have been possible without our staff's hard work and successful adjustment to home-based work during the pandemic. Working around the country and at all levels, staff continued to deliver solutions to address the company and its customers' most urgent needs. I am deeply grateful for their dedication and flexibility, especially amidst these difficult circumstances.

The Year 2020: A Year Like No Other

Twelve years after the Global Financial Crisis, which the Nigerian banking industry seemed to have escaped relatively unscathed from, in 2020, the global banking industry faced a calamity that neither it, nor any of its regulators, had anticipated and this time, Nigeria was not exempt. The COVID-19 pandemic upended almost everything - disrupting revenue and income streams, pausing M&As, confusing bank stress testing models (even forcing the cancellation of bank stress testing in Europe), frustrating the implementation of new credit loss accounting rules and slowing the burgeoning

Chairman's Statement

green debt market, changing and complicating our lives and livelihoods forever. And yet, thanks in part to the reforms and capital rules introduced after 2008, most banks not only struggled through intact, but in many places became the conduits for capital to keep entire economies moving.

Arguably, one of the few positives to emerge from the COVID-19 pandemic, has been that it has also pushed companies over the technology tipping point and digitally transformed businesses forever. To stay competitive in this new business and economic environment requires new strategies and practices. FCMB has long recognised technology's strategic importance as a critical component of its business, not just a source of cost efficiencies. And its response to the crisis saw an execution of a range of technology capabilities, most notably, filling gaps for technology talent during the crisis, the use of more advanced technologies and speed in experimenting and innovating. In addition to these and as a result of the decisions that we have made over the past few years, especially those around leveraging new digital technologies to expand access to financial transactions, we remain well positioned to continue to succeed in the years to come, even in the face of this debilitating pandemic.

A Digital and Innovative Refresh of Our Board's Focus

The world of corporate governance today has a brighter spotlight on boards of directors than ever before. Digitisation and innovation are the buzzwords, but truly embracing the transformations taking place all around us can be daunting. In particular, the financial services sector is undergoing a technological churn right now due to rising competition from fin-tech startups and increasing concern for cyber-security. Accordingly, the Board of Directors has pondered how technology has altered our transactions, client relationships and acquisitions. This required us thinking out of the box, as true innovative thinking requires more proactivity and planning, as well as seeking some outside perspectives as well. We have encouraged management to continue to craft plans to address these challenges, which are key to remaining relevant. These plans and initiatives will continuously employ cutting-edge technologies to ensure a customer-centric perspective rather than the traditional focus on products, real-time intelligent data integration rather than slow analysis being performed after-the-fact and open platform foundations.

We also continued to move forward on the path of good governance, strengthening and improving our corporate governance structure and bringing it into line with our long-term strategy and with the highest international standards to increase the confidence of our shareholders, investors and other stakeholders, in an environment that is demanding even more transparency.

The Board of the Group has responsibility for monitoring the activities of all group companies under its ownership, which include; First City Monument Bank (FCMB) Limited, FCMB Capital Markets Limited, CSL Stockbrokers Limited, FCMB Trustees Limited, FCMB Microfinance Bank Limited, FCMB Pensions Limited and Credit Direct Limited. Two of our companies also monitor subsidiaries that they own: FCMB Limited monitors and owns FCMB (UK) Limited, and CSL Stockbrokers Limited monitors and owns FCMB Asset Management Ltd. The Group remains committed to the implementation of the Corporate Governance rules of the Central Bank of Nigeria (CBN), the Nigerian Stock Exchange and the Securities and Exchange Commission. As we operate in international jurisdictions such as the United Kingdom, our respective subsidiaries also operate to the highest standards, as expected by their regulators.

The Board of Directors, fully engaged and committed to the Group's corporate culture and strategy, has the experience, knowledge, dedication and diversity needed to accomplish our objective of making FCMB one of the leading financial services groups of African origin.

Board Changes

2020 saw a couple of Board changes as we said goodbye, to Mr. Olusegun Odubogun and Mr. Olutola Mobolurin effective 31 July 2020. Both Directors, however, remain on the Board of First City Monument Bank Limited. We also welcomed Mrs. 'Tokunboh Ishmael as a Non-Executive Director effective 28 April 2020.

Chairman's Statement

Board Composition and Committees

As at 31 December 2020 the Board, led by myself as Non-Executive Chairman, was composed of eight other Directors (five Non-Executive Directors and three Executive Directors), in line with international best practice that requires the number of Non-Executive Directors to be more than the Executive Directors. Mr. Ladi Balogun (as the Group Chief Executive), Mr. Peter Obaseki (as the Chief Operating Officer) and Mr. Olufemi Badeji (as Executive Director: Corporate and Investment Banking) made up the three Executive Directors, while the Non-Executive Directors (besides myself) comprised Alhaji Mustapha Damcida, Mr. Olutola O. Mobolurin (up until 31 July 2020), Mrs. Olapeju Sofowora, Professor Oluwatoyin Ashiru, Dr. (Engr) Gregory O. Ero. Mr. Olusegun Odubogun (up until 31 July 2020) and Mrs. 'Tokunboh Ishmael (from 28 April 2020) served as Non- Executive Directors.

The Board met five times during 2020 with a 90% attendance rate. The Board was supported by the Statutory Audit Committee and two Board Committees that reported to it, namely the Board Risk, Audit and Finance Committee and the Board Governance and Remuneration Committee. The Board Risk, Audit and Finance Committee, which consisted of Mrs. 'Tokunboh Ishmael (Chairperson from August 2020), Mr. Olusegun Odubogun (Chairman up until July 2020), Dr. (Engr) Gregory O. Ero and Mrs. Olapeju Sofowora met five times in 2020 with a 100% attendance rate. The Board Governance and Remuneration Committee, which was made up of only Non-Executive Directors (the Group Chief Executive and the Chief Operating Officer attend meetings when required), consisted of the following as members during the year: Mr. Olutola Mobolurin (Chairman up until July 2020), Professor Oluwatoyin Ashiru (Chairman from August 2020), Alhaji Mustapha Damcida, Mrs. Olapeju Sofowora and Mrs. 'Tokunboh Ishmael (from July 2020). The committee met four times within the year, with an average attendance rate of 94%.

The Statutory Audit Committee - which consisted of Evangelist Akinola Soares (Chairman), Alhaji S. B. Daranijo, Mr. Hakeem Batula, Mr. Olusegun Odubogun (up until 21 April 2020), Mr Olutola O Mobolurin (up until 21 July 2020), Professor Oluwatoyin Ashiru (from 21 July 2020) and Mrs. Olapeju Sofowora - also met four times, with a 100% attendance rate.

These committees enabled the Board of FCMB Group Plc to monitor and supervise the implementation of business plans of each company in the Group on a regular and consistent basis.

Profit After Tax and Earnings Per Share Information

FCMB Group Plc's Board of Directors has adopted a policy that seeks to provide investors with a stable and sustainable form of capital distribution, with consideration given to the growth and capital requirements of the business, thereby maximising long-term share value for shareholders.

As stated above, for the full year ended 31 December 2020, the Group declared a profit before tax of ₦21.9 billion, up 9% from full year 2019. These improved results demonstrate both the strength and the potential of the Group. Consequently, our Board has recommended a dividend of 15 kobo per share, representing a dividend appropriation of ₦2.97 billion. Earnings per share, in 2020, was ₦0.98, compared to ₦0.87 in 2019.

As people and businesses across the country continue to grapple with the pandemic and the inherent recession, the FCMB Group companies remains committed to its customers' and the country's future, providing the support and assistance they need to overcome this crisis and achieve a sustainable and inclusive recovery. Although we must change and constantly adapt in order to thrive in our changing operating environment, it is noteworthy that the foundations that underpin our performance – i.e. our diversification and dedication to execution, professionalism, innovation and customer focus – have remained unchanged. By remaining focused on and reinforcing these values, we aim to continuously grow earnings and improve our profitability from where we are today.

As always, I would like to end by also thanking the Board of Directors for their insights and guidance and to you, our distinguished shareholders, for your loyalty to the Group.

Mr. Oladipupo Jadesimi
Chairman

Group Chief Executive's Report

"Inspite of the challenging macroeconomic environment, FCMB Group grew post tax profits by 13.4% to ₦19.7 billion. Return on average equity also improved slightly to 9.2% from 9.0% in 2019."

MR. LADI BALOGUN
GROUP CHIEF EXECUTIVE

Distinguished Shareholders, it gives me great pleasure to welcome you to the 8th Annual General Meeting of FCMB Group Plc and to present a summary of the performance of our businesses in 2020.

Macroeconomic Environment

The COVID-19 pandemic necessitated the shutdown of many countries and major economic hubs, which caused loss of income to individuals and businesses, with many governments having to provide relief measures for their citizens. The World Bank estimates that the global economy contracted by 4.3% in 2020.

The Nigerian economy slumped into recession in 2020, occasioned by the headwinds associated with the COVID-19 pandemic. A contraction of 6.10% in the second quarter was followed by another contraction of 3.62% in the third quarter. This contrasts sharply to the 2.0% annual growth projected at the start of 2020.

Consumer prices increased in 2020, on the back of supply chain disruptions stemming from the pandemic, foreign exchange restrictions, border closure and climate related shocks. Thus, inflation averaged 13.9%. Nigeria's external position worsened in 2020, as continued reliance on oil earnings and hot money has left the country vulnerable to shocks. Current account deficit is projected at 3.4% of the GDP in 2020.

The Naira was devalued across all the segments of the foreign exchange market in 2020, following the pressured external reserves amidst elevated foreign exchange demand and waned inflows. In 2021, with crude oil prices poised to improve alongside dollar a dominated-budget facility from the World Bank, we expect the CBN's monthly intervention to gradually increase to pre-pandemic levels of about US$3.2 billion versus current levels of US$1.4 billion.

On the back of low revenue mobilisation, Nigeria public debt has more than doubled to ₦32.2 trillion as at the third quarter from ₦12.6 trillion in 2015. Also, on the back of consistent higher than planned budget deficits, the CBN continues to absorb over 40% of the fiscal deficit through overdraft facilities. The interest cost of this facility is estimated at MPR +3bps. The country remains in moderate risk of debt distress mainly due to low stock of foreign currency denominated debt, which has masked the impact of exchange rate shock. Nonetheless, higher interest payments will continue

Group Chief Executive's Report

to absorb a significant portion of federal government revenues, making the low debt-to-GDP ratio highly vulnerable to shocks.

During the year, the CBN reinforced its pro-growth stance by cutting the monetary policy rate by a cumulative 250 bps to 11.5% with the hope that a monetary expansion will spur an economic rebound. The impact of the rate cut on credit conditions and economic activities was undermined by the long-term commitment to the Naira peg, as further ease in credit facility conditions and increase in the liquidity in circulation would have amplified the currency risk. Investors are also cautious about investing long at the current low interest rate levels considering the inflationary pressures and the exchange rate regime.

The total assets of the Nigerian pension industry grew by 20.3% to ₦12.3 trillion in 2020. The relatively low returns on government securities (Federal and State government bond, treasury bills, etc), reduced its ratio of total pension assets to 66.1% from 71.9% in 2019. The investments in money market instruments (bank placement and commercial papers) increased to 13.1% from 11.5% in 2019. The pension fund managers took advantage of the rally in the Nigerian stock market in 2020, increasing investments in equities from 6.2% in 2019 to 7.7% in 2020.

The National Pension Commission introduced the much-awaited RSA transfer programme in November 2020. The programme allows RSA account holders to change their pension fund administrators. This presents an opportunity for FCMB Pensions to leverage on the Group's distribution advantage to gain market share.

The capital markets benefitted from the low interest rate environment, as companies sought to raise funds from the capital markets to fund expansions and pay down expensive debt. The Nigeria Stock Exchange benefitted as local investors sought higher investment returns in a largely under-priced market. The NSE All-Share Index showed strong returns of 50.0% in 2020, with value of trades increasing by 15% over 2019.

Response to the COVID-19 Pandemic

The detection of a COVID 19 case in Nigeria in February 2020 and the rapid increase in the number of cases, led the Federal Government to place a ban on international travels from 13 high-risk countries. The government subsequently closed all land borders for four weeks, with restriction of movement in Lagos, Ogun and FCT for 28 days.

FCMB's response to the challenges of the spread of pandemic and the government's actions to combat the spread, centred around ensuring employee safety and productivity, addressing customers' safety concerns and pain points, business continuity and digitisation, implementing offensive and defensive business growth strategies.

As a responsible corporate citizen, FCMB contributed to efforts at combating the spread of COVID-19 and alleviating the pains of the most vulnerable members of society through CACOVID donation of ₦250 million. We supported state governments across the country to provide testing, palliatives, various medical items, including Personal Protective Equipment (PPEs) and ambulances, to assist them effectively equip and secure health workers who are at the frontline in the fight against the pandemic. We also provided catalytic support for givefood.ng, an innovative digital platform that enables private and corporate citizens to facilitate the provision of meals for vulnerable Nigerians. Through this initiative, 1 million vulnerable Nigerians had access to meals during the height of the government lockdown.

Overall Group Performance

Inspite of the challenging macroeconomic environment, FCMB Group grew post tax profits by 13.4% to ₦19.7 billion. This had a direct correlation with earnings per share which grew by the same percentage from 87 kobo in 2019 to 98 kobo in 2020. Return on average equity also improved slightly to 9.2% from 9.0% in 2019.

Our businesses continue to improve with growth in other key indicators such as loans & advances 14.9% and total assets which grew by 14.9% and 23.4% respectively. Customer deposits grew by 33.3% to over ₦1.2 trillion, with a large portion of the growth coming from current and savings accounts.

Our customer base in the Group also increased from 6.8 million to 8.3 million. Inspite of the harsh economic condition, asset quality held up relatively well, with group-wide non-performing loan ratio increasing to 3.9% from 3.7%. Capital adequacy ratio also improved to from 17.2% to 17.6% for our Commercial and Retail Banking group. Operating expenses increased by 10%,

Group Chief Executive's Report

though overall group cost to income ratio improved from 69.4% to 65.4%.

Across the Group, our digital transformation gathered momentum, with the total number of usual mobile or internet banking grew by 43% to 6.6 million. Transaction volumes from mobile banking (app and USSD) grew by 74% in 2020. Our digital loans grew from ₦14.5 billion in 2019 to ₦54.6 billion at the end of 2020. Our Application Programming Interface (API) platform affords us the opportunity to create partnerships with software programmers that will allow us to continuously innovate and grow. We had 59 technology companies and other organisations connected to us via our API platform at the end of 2020.

Business Groups' Performance

The Commercial and Retail Banking Group (First City Monument Bank Limited – excluding it's Corporate Banking Division, Credit Direct Limited, FCMB Microfinance Limited and FCMB (UK) Limited) - saw an 8.1% drop in pre-tax profits. A key factor for the profit reduction is Credit Direct Limited, which saw a dip in loan creation to its customers in the public sector, largely because of the government shut down and deterioration of its loan book. However, we expect a rebound in 2021 in this Group as all companies are forecasting an improved 2021.

The increased capital market activities reflected in the performance of CSL Stockbrokers Limited and FCMB Capital Markets Limited, with combined pre-tax profits increasing by 254%. Our Corporate Banking business remained in loss territory due to legacy non-performing loans. Overall, our Corporate and Investment Banking group (CSL Stockbrokers Limited, FCMB Capital Markets Limited and Corporate Banking reported pre-tax loss of ₦1.6 billion, a significant improvement on a pre-tax loss of ₦3.9 billion in 2020. We have started to reap the benefits of better coordination between our investment and the corporate banking businesses with the latter adopting a more capital efficient strategy with improved risk management.

Our Investment Management businesses (FCMB Pensions Limited, FCMB Asset Management Limited and FCMB Trustees Limited) increased their assets under management (AUM) by 23% to almost ₦500 billion at the end of the year. The reduction in total expenses, largely as a result of deployment of digital customer onboarding and other cost optimisation initiatives, compensated for the slower growth in AUM to deliver an 18.8% increase in pre-tax profits at the end of 2020.

FCMB Pensions Limited agreed terms with shareholders of AIICO Pension Managers Limited towards acquiring a majority stake in the Company. The terms are subject to regulatory approvals. The acquisition of AIICO Pension Managers Limited will increase the Group's AUM by ~ ₦150 billion and place FCMB Pensions Limited within the top-6 players in the industry. Our goal is to take advantage of the pensions transfer window and inorganic growth opportunities to position FCMB Pensions as a top-3 player in its industry.

Outlook

While it is estimated that the global economillion will resume its growth in 2021, it is anticipated that Nigeria will experience very modest growth with the IMF forecasting 1.7% for the country.

Innovation and efficiency gains will be the key pillars on which we seek to raise our game in the near future. We expect that 2021 will continue the strides we made in our digital initiatives, as our technology platforms and products continue to contribute to our performance and competitiveness. We also expect our cost optimisation initiatives to continue to bear fruit as we target cost to income ratio of below 60% within the next two years. We also anticipate that the contribution of asset and wealth management to our overall earnings would increase as a result of both organic and inorganic growth.

We will remain resilient and innovative in charting new avenues of growth. We will also remain committed to elevating the quality of life for all our stakeholders inspite of the numerous social economic and envrionmental challenges faced by the communities we serve.

Thank you very much for your continued support in 2020 and may the Almighty continue to protect and keep each and everyone of you our stakeholders.

Thank you very much for your attention.

Mr. Ladi Balogun
Group Chief Executive

OPERATING REVIEW

2020 Awards Won

BusinessDay Banks and Other Financial Institutions Awards
Consumer Finance Company of The Year
November 2020
Credit Direct Limited

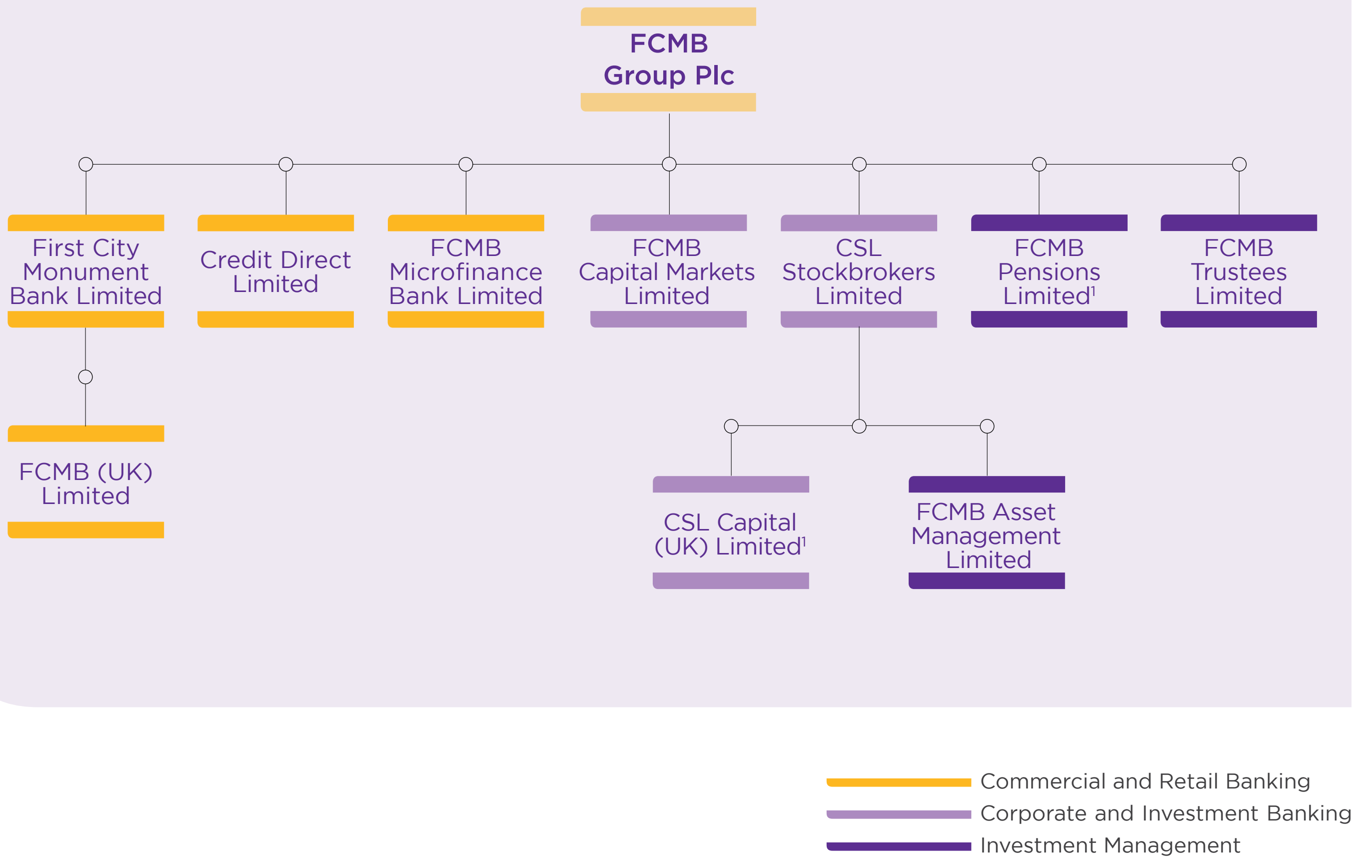
CSR Reporters Awards
Philanthropic Bank of The Year-2020
November 2020
First City Monument Bank (FCMB) Limited

The Asian Banker: Middle East and Africa Regional Awards
Best SME Bank in Africa
November 2020
First City Monument Bank (FCMB) Limited

Tony Okpe Foundation Awards
For Support in Education and Youth Empowerment, and Drive to Eradicate Poverty and Provide Quality Education to Kids
November 2020
First City Monument Bank (FCMB) Limited

Our Group of Companies

There are 11 operating entities in the FCMB Group Plc, including the holding company



[1] All subsidiaries are wholly owned except FCMB Pensions Limited and CSL Capital (UK) Limited, which are owned 92.8% and 75% respectively.

Operating Companies' Performance Highlights

Commercial and Retail Banking Group

"We successful activated our robust business continuity plan focused on four core pillars of Customers, Community Support, Employees and Business Sustainability."

MR. ADAMU NURU
MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER

Dear Shareholders, it gives me great joy to present to you the performance of the Bank as we weathered the adverse impact of the Covid-19 pandemic that characterised the greater part of the year 2020.

Year in Perspective

Indeed, a notable one. The second quarter of the year heralded the unprecedented spread of the Covid-19 pandemic across the global space, with aggregate demand and global supply chain witnessing unprecedented plunge, which brought the world economy engine to a halt. As a result, energy demand nosedived as major production hubs shut down, leading to an all-time drop in the price of crude oil, which is the major foreign exchange earner and largest source of financing for government fiscal policy. This situation challenged business operating models across different industries, shaping opportunities for disruptive operating models and enabling a paradigm shift in consumer preferences, including the workplace as we know it. Consequently, non-essential sectors of the economy witnessed massive decline as consumers begin to align their priorities in the face of the heightened level of uncertainty, while new industries, notably in the health, food, logistic and technology space gained prominence.

Rising to the occasion, a government-led public and private sector initiative gave rise to contingency plans, both to contain the virus spread and provide palliative to individuals and businesses hard hit by the scourge. Also, the Central Bank in exercise of its statutory duty of maintaining banking sector stability rolled out policies to manage the impact of the pandemic on the risk asset portfolio of the deposit money banks, by granting forbearance on specific classes of assets, while also reducing chargeable interest rates on its intervention funds.

With gradual global recovery noted towards the end of the third quarter, albeit at a very slow pace, situation in the local macro environment degenerated further as the nation battled another spree of crisis arising from the ENDSARS protest to address police brutality and perceived injustice in the system.

Commercial and Retail Banking Group

This reversed the fragile recovery and further heightened the risk environment, as key infrastructures and businesses were destroyed across major city centers and lives were lost.

Amid all this disruption to businesses and general operating landscape, our Bank was not caught unawares as FCMB continued to thrive across all folds. We successful activated our robust business continuity plan focused on four core pillars of Customers, Community Support, Employees and Business Sustainability. Overall, the focus was to minimise disruption to business, sustain commercial activities remotely and ensure stakeholders are adequately informed. For our customers, we revamped the scope and capacity on our alternate and digital channels ensuring availability 24-7.

For community support, the Bank donated the sum of ₦250 million to the Covid-19 Relief Fund and another ₦150 million towards various other interventions to cover testing, procurement of personal protective equipment, food donations etc. The Bank also took several extensive steps to safeguard our employees with over 70% working remotely, curtailed business travel and adopted sequencing of branch operations in line with the Nigeria Centre for Disease Control (NCDC) guidance. During the same period, we partnered with the International Finance Corporation (IFC) and secured a $50 million trade financing and working capital loan for the Bank to expand lending to small and medium enterprises (SMEs) so they can sustain business activities disrupted by the COVID-19 pandemic.

Our resilience to living true to the promise of putting our customers at the forefront of our business were not lost on industry stakeholders, as it earned us some accolades in 2020, including:

- Best SME Bank in Africa – 2020; Awarded by Asian Banker Middle East and Africa Regional Awards. Awarded in November 2020.

- Outstanding SME Supporting Bank of the Year – 2020; Marketing Edge Awards and Summit. Awarded in November 2020.

- CSR Bank of the Year, in providing Quality Education to children; Tony Okpe's Foundation (Kiddies Watch). Awarded in November 2020.

- CSR Bank of the Year, Investment in Education and Youth Empowerment; CSR reporters. Awarded in November 2020

And in realigning our business model for the new normal and ensuring long-term sustainability, we have reviewed and updated our five-year (2021-2025) strategy plan. Specifically, the revised framework redefines our long-term vision, mission and more importantly, the core values that will guide our day-to-day operations as a Bank. It also succinctly defines our corporate goals and objectives for the next five years and how we intend to execute them to remain competitive and improve our bottom line.

Our Scorecard

By fully leveraging our technology investment to drive innovative digital solutions, improve our operations and rapidly expand business amid global shut down, I am happy to announce that our Bank successfully delivered a profit before tax (PBT) of ₦15.1 billion for the year 2020, a 2% growth compared to ₦14.8 billion recorded in 2019. This financial performance demonstrates the resilience of the Bank's operating model, built over the years, and positioned to adequately respond to regulatory headwinds and business disruptions, while harnessing the emerging opportunities even during the pandemic-lockdown.

Net interest income increased 22% from ₦65.4 billion in 2019 to ₦80.4 billion in 2020, as the Bank sustained its low-cost deposit strategy and improved funding cost to improve its yield on qualifying assets. Net fees and commissions income on the other hand dropped by about 19% from ₦15.9 billion in 2019 to ₦12.9 billion in 2020 on the back of decline in transactional activities during instances of total lockdown and restrictions during the year. These gaps were, however, augmented by the growth of about 100% in other revenue from ₦4 billion in 2019 to ₦8 billion in 2020, majorly from foreign exchange revaluation.

Commercial and Retail Banking Group

We expect a positive trajectory going forward on the non-interest income revenue line as we gain more traction on maturing and new investment in digital innovative bundled services, designed to meet changing customer service preferences.

Our cost optimisation focus remained on track, as we ensured our personnel and general expenses remained flat compared to 2019. Total operating expenses however grew 11% compared to 2019, driven majorly by a write back of previously charged litigation cost in other OPEX of ₦8 billion in 2019 which did not repeat in 2020 and COVID-19 support expenses.

Our balance sheet grew 24% from ₦1.62 trillion in 2019 to ₦2.01 trillion in 2020 in line with our resolve to strengthen and enhance its resilience to withstand systemic and operational shocks. Deposit volume grew 33% from ₦946 billion in 2019 to ₦1.26 trillion in 2019, sustaining the growth trajectory of prior years, with about 70% of the growth coming from low-cost deposits. Risk asset volume also grew 15% from ₦692 billion in 2019 to ₦801 billion in 2020, as the Bank pursued a cautious loan growth strategy in line with the risk management framework. The cost of risk also remained flat at 1.9%, despite the growth in the risk asset book as we navigate the pandemic pressure.

Business Segment Performance

On segment basis, personal banking and SME business continued to take the lead in line with the Bank's retail led commercial banking strategy.

Our personal banking business showed strong resilience in 2020 despite the COVID-19 challenge and significant regulatory directed reduction in transactions fees. Deposit grew 21% year-on-year to ₦496 billion. Loan sales at ₦61 billion was 74% over 2019, and 2020 loan count of 799,572 was 142% over 2019. We acquired more than 1.4 million customers and grew FCMB Mobile onboarding in progression of our digital drive by about 24%, with transaction value increasing 126% from ₦2.4 billion in 2019 to ₦5.2 billion in 2020.

Our digital lending product FastCash also grew 172% in transaction count and 85% in transaction value to reach over ₦2.6 billion in 2020, compared to ₦1.4 billion in 2019. In the same tone, our SME segment profitability improved on the back of 15% growth in total segment revenue from ₦26.9 billion in 2019 to ₦30.9 billion in 2020. This performance was also augmented by a 104% growth in fees and commission, attesting to the value add from the automation of the SME lending process for trade related and working capital loans. In addition, the corporate banking segment witnessed a 77% increase in net interest income, demonstrating the improved yield on risk assets for the segment.

Subsidiary Performance

Our UK subsidiary continued to show resilience, with net revenue dropping only 1% from ₦3.3 billion in 2019 to ₦3.2 billion in 2020, despite the very stringent lockdown rules applicable within its area of operations. This performance is expected to improve considerably in subsequent periods as the UK gradually recovers from the extended lockdown occasioned by the second wave of the pandemic, as the impact of ongoing aggressive vaccination gives more confidence for the government to rescind prevailing tier restrictions.

Conclusion

The year 2021 promises to be a year of full recovery for the economy and improved performance for FCMB, as global business landscape begins to relish the result of improved understanding of the pandemic management and gradual roll out of the vaccination program increases investor confidence. Expected growth in aggregate production and related energy demand is expected to have direct correlation on crude cost and related foreign earnings to reduce fiscal deficit. Also, the implementation of the African Continental Free Trade Area (AfCFTA) agreement should open a new chapter of growth for Nigeria, creating vast opportunities for cross border transactions between African countries.

Commercial and Retail Banking Group

For us in FCMB, our priority in 2021 is to position ourselves to be the financial engine driving the emerging business growth, with superior platform and digital product offerings to differentiate us in the market. The health and well-being of our customers, community which we serve, and employees will remain top priority for us and we shall continue to ensure that they get all the necessary support to see through this period. On the product side, we remain focused on our digital transformation and innovation plan to exponentially scale up customer acquisition and ensure our customers not only see us as a transactional bank but as a trusted partner that will help them achieve their dreams. Without doubt, we will need to spend more on training to quickly scale up our employee skills and help them build the capacity to thrive and satisfactorily service our customers in the new normal. Our recruitment process will also be optimised to ensure we attract people with the right values and skills to help us deliver on these promises.

In closing, on behalf of the executive management we want to specially appreciate our colleagues for their commitment and perseverance at the height of the pandemic, putting our customers first and helping us deliver on the numbers, even at the risk of their health. To our Board members, we remain grateful for your unrelentless support and trust as we steer through this difficult period. Our commitment to being the leading integrated financial services platform with over 25 million active customers by 2025 remains sacrosanct and 2021 presents a good springboard for us to kickstart the project, even as we empower our customers to have confidence in realising their dreams. Once again, on behalf of myself and the entire executive management team, I wish you all a prosperous 2021.

Mr. Adamu Nuru
Managing Director and Chief Executive Officer

Commercial and Retail Banking Group

FCMB Microfinance Bank Limited's Business Performance Highlights

Business Consolidation - 2020

Microfinance is the provision of financial services to low income and active poor self-employed people. Our commitment to create new wealth – right where poverty exists continues to shape our decision to serve the community where we operate by enhancing our approach to reach the last mile. The 2020 financial year witnessed a change of approach to identify other ways of empowering our customers to serve as partners even while benefiting from the micro lending process. Therefore, we are integrating activities to appoint Bank agents as representatives within the rural and peri-urban communities while we use digital technologies to enhance further distribution to other areas. since the Microfinance business was equally faced with the hurdle of meeting the new CBN capitalisation threshold for Microfinance Banks (MFBs) – Increasing minimum share capital from ₦100 million to ₦500 million by April 2021 and ₦1 billion by April 2022 for state-licensed MFBs.

Our business showed immense resilience during the COVID-19 pandemic induced lock down and 'End-SARS' protests that bedevilled the year under review to post a profit of ₦15 million and contributing over ₦40 million (from migrated portfolio) to the profitability of the Group lending business. Early in the pandemic, FCMB Microfinance put in place moratoriums ranging from 30 days to 180 days to ease the burden on customers whose businesses were disrupted and give them the time they need to pay off their loans. We provided an interest rate discount for those customers who could continue repayments on schedule despite the disruptions to business and income. This discount encouraged customers to continue repayments and made our cash flow more predictable.

The social restriction directives associated with coronavirus pandemic underscores the importance of the digitisation of the group lending businesses as customers need to be served through alternate channels and digital platforms including web, SMS, USSD, internet and agency banking to ensure business continuity. The pilot phases of the social lending proposition, agribusiness lending and agency banking collaboration with group lending have commenced in 2020 as we look forward to the full roll out of these initiatives for business expansion in 2021.

In line with the commitment to our social goals, the business continues to identify partners to support our initiatives and we are in discussion with Mastercard Foundation during the year under review, in co-funding two years 'MSME Revitalisation Programme' aimed at reducing the adverse effect of COVID-19 pandemic on the most vulnerable members of the society, with specific focus on women and youth empowerment.

Mr. Adetunji Lamidi
Managing Director
FCMB Microfinance Bank Limited

Commercial and Retail Banking Group

Credit Direct Limited's
Business Performance Highlights

2020 Performance – Business Resilience

The 2020 financial year remains a notable year. As early as quarter one of 2020, the financial service industry was faced with the risks of the economic downturn posed; by the global health pandemic, the oil price crash, and the volatile exchange rate. Learning from experience, we activated our proprietary risk framework, which necessitated we exited markets highly susceptible to the ensuing economic headwinds. This strategic move ensured our non-performing loans remained within reasonable thresholds compared to competitors in the sub-segment badly affected by the disruption to lives.

During the lockdown, we immediately activated our digital business continuity policy to achieve work-from-home (WFH), which helped keep our team safe while ensuring undisrupted business activities. Our digital investments helped transform the business operations from being semi-manual to a near-fully digitised lending operation with over 60% of our loans disbursed through digital channels, thereby outperforming most of our peers in absolute terms.

Although the business could not push the initial growth objectives, we remain resilient, recording a relatively impressive performance amid the pandemic. In the 2020 financial year, disbursements reduced by 22% but surpassed forecast, while return-on-equity was 20%. We also seized the opportunity to fast track our digital transformation journey. We focused on optimising process, people, infrastructure, customer data to achieve key milestones on our digital roadmap.

Some key successes include:

1. Deployment of refreshed digital sales mobile app
2. Introduction of an upgraded customer web portal and mobile app for self-service
3. First phase launch of USSD channel for repeat sales
4. Implementation of data-driven real-time module for instant loan disbursements.

The year 2020 ended on a high note. We were recognised as the Consumer Finance Company of the Year at BusinessDay Banks and Financial Institutions Awards 2020. Our Managing Director (Mr. Akinwande Ademosu) equally bagged the Consumer Finance CEO of the Year.

2021 – Business Growth

In 2021, we will build on our technology achievements to drive operational efficiency and customer experience. We are confident that the business is well-positioned to grow modestly as the Nigerian economy navigates its way back from the recession.

We see boundless opportunities in 2021 and are excited and thankful to our customers who keep us as their preferred consumer lending company. We are poised to continue supporting our teeming customers and the Nigerian economy at large.

Mr. Akinwande Ademosu
Managing Director
Credit Direct Limited

Investment Management Group

FCMB Pensions Limited's
Business Performance Highlights

Overview of FCMB Pensions Operations

The macroeconomic environment in year 2020 was impacted by the COVID-19 pandemic. In the bid to curtail the spread, various measures were put in place by the Government, which included the lockdown of businesses and restriction of movement of people, among other things. Inflation rate rose as the naira was devalued and energy costs doubled. This impacted on our operations with most staff now working remotely, while registration of new clients, and meetings went online.

Business Highlights

In 2020, our PFA consolidated its transition into the FCMB Group as the implementation of the three-year Strategic Plan went half-way. We began to see improved synergy and collaborations emerging between Pensions and other business units in the FCMB Group.

Despite the challenge of the pandemic, FCMB Pensions held steadily as we recorded growth in key performance areas. Cumulative Retirement Savings Accounts (RSAs) enrolled rose to 450,833 from its 2019 figure of 431,948, while Assets Under Management (AUM) closed at ₦366.50 billion, up from ₦318.59 billion in 2019 representing a growth of 13.07%, even as out of job pay-out rates (or 25% Payment) and employer contributions default rates increased to unprecedented levels. The investment surplus across our Funds Under Management grew by 16.12% year-on-year, moving from ₦35.73 billion in 2019 to ₦41.49 billion in 2020.

Financial Highlights

The drop in management fees, continued in 2020, as directed by the National Pension Commission by an average of 8% in RSA Fund II and RSA Fund III. This impacted the income for the year. The profit before tax as at year stood at ₦1.23 billion – a decline position of 5.7% from ₦1.31 billion in 2019.

The balance sheet year-on-year growth remained flat at 3% on the back of good dividend payout averaging 85% of profit after tax in the last three years. The shareholders' fund was also steady at ₦3.90 billion, while the balance sheet grew from ₦4.62 billion to ₦4.76 billion. The return on average shareholders fund increased to 24% from 23% year-on-year.

2021 Outlook

The much talked about "RSA Transfer Window" finally opened late last year 2020. This will change the business dynamics in the pension industry. We will strive to retain existing customers and to target others to transfer their RSAs to FCMB Pensions. COVID-19 second wave will slow down anticipated economy recovery and most businesses will continue to struggle. The ultra-low interest rate regime is expected to reverse albeit slowly to middle single digits.

The various structural reforms currently being embarked upon by the Federal Government and CBN monetary policies will continue to have a material impact on the investment environment and our strategy in 2021. Specifically, we anticipate that

Investment Management Group

energy prices are likely to go up on potential further devaluation of the naira and higher crude oil prices.

The year 2021 is the last year of the Investment Management Group Strategy Plan, so effort will be geared to grow the AUM and the revenue while ensuring efficiency in cost management. With this, we expect an upward trend in value for the shareholders.

Mr. Misbahu Yola
Managing Director
FCMB Pensions Limited

Investment Management Group

FCMB Trustees Limited's
Business Performance Highlights

FCMB Trustees Limited is the security agent and a wholly owned subsidiary of the FCMB Group Plc. We are licensed by the Securities Exchange Commission to carry on the business of trust services. We have strived since inception to create a niche in the industry as a leading service provider. As trustee and security agent, we have, within the period, rendered services to corporate, public and individual clients.

We have also developed specific products to meet our clients' needs and have a client base both locally and offshore across various economic sectors, which include manufacturing, shipping, oil and gas, information technology and real estate amongst others.

2020 - An Improved Performance

The economic outlook for 2020 was dimmed by the sudden occurrence of COVID-19 pandemic in the first quarter of the year and the youth uprising (#EndSars) in the fourth quarter. The economy was shut down for over three months in an attempt to reduce the spread of the pandemic. As an aftermath of these two crises, the economy went into recession. As a business, we quickly rolled out a strategic business response to the pandemic centred around the protection of our employees and a critical contingency plan for business continuity and business disruption and enhanced our social media presence and the online engagement of our clients. Consequently, we were able to retain most of our clients as well as onboard several new clients.

Major highlights included the following:

- Revenue increased by 28% from ₦149.3 million in 2019 to ₦190.9 million in 2020;
- Profit before tax increased by 45% from ₦56.2 million to ₦81.5 million;
- Return on equity increased from 11% in 2019 to 17% in 2020;
- Shareholders fund increased from ₦451.1 million to ₦491.4 million representing an increase of 9%;
- Total Assets reduced ₦1.6 billion to ₦1.4 billion, a reduction of 12.5%.

Outlook for 2021

The COVID-19 pandemic crisis will continue to have a negative impact on the economy and business activities for the greater part of the year. The primary focus will be on the safety of our employees, clients and adequate prevention of business disruption. While we maintain our strides in corporate trusts, we will also deepen our service in public and private trusts by constantly updating our e-platform for efficient service delivery. We are going to deploy an electronic platform that will enable our Muslim clients write their Wills in strict compliance with Sharia Law.

Mr. Samuel Adesanmi
Managing Director
FCMB Trustees Limited

Investment Management Group

FCMB Asset Management Limited's
Business Performance Highlights

FCMB Asset Management Limited is the Group's asset management arm, providing portfolio management and investment advisory services to investors.

2020 – Strong Year, Despite Headwinds

The Nigerian economy officially entered a technical recession, after contracting by 6.1% year-on-year and 3.62% year-on-year in the second and third quarters of 2020. The economy grew by 2.12% and 2.28% in similar periods, in 2019. Total public debt rose by 23% year-on-year, to ₦32.22 trillion (US$84.57 billion) in third quarter of 2020, with external debt accounting for 38%, compared with 32% in third quarter, 2019. The one-year Headline CPI of 13.25% in 2020 (11.40% in 2019) exceeded the upper limit of the CBN's annual target range of 6%-9%, mainly due to rising food prices. Also, the CBN's stance on keeping interest rates low, to stimulate economic activity and reduce the government's borrowing costs, saw the yield on the 1-year Nigerian treasury bill fall from 5.50% in 2019 to 0.76% by the end of 2020. In the equity market, the NSE All-Share Index returned 50.03% in 2020 (-14.60% in 2019), with a PE ratio of 15.19x (7.08x in 2019).

In 2020, we received our first ever investment company credit rating and were assigned a BBB+ rating by Agusto & Co. Our emphasis on offering a variety of products and services to assist investors meet their investment goals, continued collaboration with other arms of the FCMB Group, and improvements in the customer experience on our digital investment platforms, aided in a 52% increase in Assets under Management.

Outlook for 2021

We forecast a GDP growth rate of 2%. A blend of slow global economic recovery, thin foreign exchange liquidity, excess crude oil supply internationally from increased production by OPEC+ members and shale oil producers in the US and rising inflationary pressure, is expected to negatively impact government revenue and the exchange rate. We expect yields on debt instruments to remain in single digit, and the Equity market index to generate a positive total return, as market rally is sustained mainly by local participation.

We completed the first phase of the integration of our customer portal with the FCMB Mobile Application in 2020, and expect to complete phases two and three in the first half of 2021. We will deepen existing collaborations and create new ones, continue to improve our digital investment offering and target new market segments.

O.O.T. Ilori

Mr. James Ilori
Chief Executive Officer
FCMB Asset Management Limited

Corporate and Investment Banking Group

FCMB Capital Market Limited's
Business Performance Highlights

FCMB Capital Markets Limited is the investment banking subsidiary of FCMB Group Plc and provides financial and strategic advice to leading companies and public institutions in Nigeria. Our services include arranging debt and equity finance, project and structured finance, mergers and acquisitions, and strategic financial advisory services including balance sheet and corporate restructuring.

2020 Review

Prior Central Bank of Nigeria (CBN) initiatives increased system liquidity for the most of 2020, reduced yields on debt securities, and encouraged lending and issuance of debt securities by corporates and sub-nationals. Inflation, however, rose consistently throughout the year, from 12.13% in January to 15.75% in December 2020, resulting in significant negative real returns for investors in debt securities.

The emergence of the COVID-19 pandemic earlier in the year and the civil unrest resulting from a campaign for police reforms later in the year brought about several disruptions to various sectors of the economy. Real GDP contracted by 6.10% and 3.62% year-on-year in quarter two and quarter three respectively signifying a recession.

To stimulate economic recovery, the following interventions, amongst others, were announced:

- a one-year extension of moratorium on principal payments for CBN and FGN funded intervention facilities;
- reduction of interest rate on intervention loans from 9% per annum to 5% per annum;
- establishment of a ₦50 billion targeted credit facility for households and enterprises affected by the COVID-19 pandemic;
- reduction of the monetary policy rate from 13.5% at the start of 2020 to 11.5% in September 2020;
- CBN's adjustment of the official exchange rate from 307/$1 to 379/$1 and continued intervention in the foreign exchange (FX) market.

These interventions helped to stabilise the economy and provided support for the capital markets with the NSE All Share Index recording a 50% growth and debt capital markets recording successful issuances of long-term bonds at single digit rates.

FCMB Capital Markets' Key Performance Highlights in 2020

During the year under review, we executed some notable transactions including:

- bond Issuances by the largest food company in Nigeria, with a 400%+ subscription;
- bond Issuance by a State Government via a privately incorporated company;
- commercial paper issuances by the largest food company and the largest brewer;
- bond Issuance by the largest cement company and a Tier II bank;

Corporate and Investment Banking Group

- debt arranging for the development of a 165-bed specialty hospital; and
- inaugural bond and commercial paper issuance by the fastest growing non-bank financial services company.

Outlook for 2021

We expect the economy to crawl out of recession and the low interest rate to gradually pick up, albeit, not to pre-2020 levels given the widespread second wave of the COVID-19 pandemic.

We expect corporates and sub-nationals to take advantage of the relatively low interest rate environment to issue debt securities and expect the CBN's Loan-to-Deposit ratio policy to sustain lending to the real sector, which will present debt arranging opportunities for corporates and project sponsors. We remain committed to providing advisory and financing solutions on ongoing and new transactions.

Mr. Abimbola Kasim
Acting Managing Director
FCMB Capital Markets Limited

Corporate and Investment Banking Group

CSL Stockbrokers Limited's
Business Performance Highlights

The outbreak of the COVID-19 pandemic and its rapid global spread early in the year set the tone for markets around the world, including the Nigerian Stock Exchange (NSE). Panic selling by investors led to a 31.4% decline in the NSE All Share Index (ASI) in quarter one, 2020. However, subsequent quarters saw local investors increase their equity positions due to declining yields in government securities leading to a 50.0% gain for the year while market capitalisation also increased 62.4% to ₦21.1 trillion.

Trading activity was strong with total value traded on the local bourse totaling ₦1.01 trillion, a 5.16% increase compared to 2019. CSL recorded trades valued at ₦95.85 billion, representing a decrease of 18.3% relative to 2019 while our ranking also dropped from the fourth to fifth on decreased market share which dropped to 4.6% from 6.20% due to a more competitive environment.

Financially, CSLS posted a strong performance despite the challenges presented by the COVID-19 pandemic. While our offshore institutional business posted a stellar quarter one, challenges with the repatriation of foreign exchange led to a steep decline in subsequent quarters. Our retail business was however able to post significant gains even as investors traded actively during the lockdown and subsequent months to take advantage of low stock prices.

Consequently, total revenue from our local business grew 9% to ₦938.1 million compared with ₦861.0 million recorded in 2019 while profit before tax (PBT) stood at ₦355.9 million. We also began to see the fruits of the diversification of our business, with our UK subsidiary, CSL Capital (UK), posting revenues of ₦1.2 billion in its first full year of operation, while PBT closed the year at ₦615.7 million. Consolidated PBT for CSLS and its subsidiaries for the year was ₦1.7 billion.

While we celebrate the successes of CSL Capital (UK) we also continue to put in place initiatives geared towards ensuring future revenue growth. In 2021, we will continue to invest in new businesses with a view to further diversifying revenue sources. Specifically, CSLS is partnering with operators in other markets to create a digital platform which allows investors switch between asset classes within and outside Nigeria. We are confident that this and other initiatives will position the business as a major contributor to the profitability of FCMB Group Plc.

Mr. Abiodun Fagbulu
Chief Executive Officer
CSL Stockbrokers Limited

Sustainability Report

Innovating Through Challenges

Sustainability in FCMB

The year 2020 was a momentous year, with the COVID-19 pandemic dramatically changing the world as we know it - the way we live, work and interact. While many lost hope, as an institution, we not only rose to the challenge, becoming stronger than ever, we provided much needed support to our customers, staff and stakeholders to push against the odds and challenges caused by the pandemic. As a leading financial institution, FCMB continues to help elevate the quality of life for individuals and communities in our operating environment through partnerships and innovation.

In this report, we highlight how we have modified our business operations to drive the Global Sustainable Development Goals (SDGs), Nigerian Sustainable Banking Principles and NSE disclosure guidelines.

Our Business Activities – Environmental and Social Risk Management

FCMB continues to improve on its lending processes to meet global best practices in Social and Environmental Risk Management (SERM). The Bank, through its Social and Environmental Management System (SEMS) screens, categorises, appraises, and performs necessary due diligence on loans granted to its business and corporate banking customers.

The Bank's climate-related risk management strategy is geared at steering its portfolio towards new assets acquisition along green growth, with a view to meeting a low carbon driven economy and subsequently, a net zero carbon planet.

The Bank also strengthened its climate finance capacity and opportunities by participating in workshops and trainings organised by leading local and international partners.

FCMB constantly updates its SEMS policy to capture and address emerging E&S risks including human rights-related and Gender-Based Violence and Harassment (GBVH) issues.

Our Business Operations: Environmental and Social Footprint:

Our landmark achievements in 2020 include:

- The 7th Annual General Meeting (AGM) successfully held by proxy (virtual) and streamed live to shareholders.
- 60% of our workforce were upgraded to remote working status, resulting in a 50% reduction in CO2 emissions and diesel consumption, as shown in the energy efficiency audit carried out at the head office and annexes.
- Knowledge improvement programmes scaled to 100% online access.
- Provided robust engagement and access with regards to employee wellness and care.
- 125 branches and 375 ATMs ran on solar energy, compared to 101 branches and 303 ATMs in 2019, further reducing carbon footprint by 50%
- HubOne, a co-working space developed to support early-stage tech start-ups experienced a significant increase in community membership to over 500 virtual and 50 physical members versus 10 in 2019. In addition, applications to the Hub's flagship programs grew from 300 in 2019 to over 1,000 in 2020, cutting across 16 countries of the world (Nigerians in diaspora inclusive), with grants of over ₦8 million awarded to winners at the various contests.
- Celebrated first year anniversary of SheVentures, a unique proposition to support women in business with access to loans, advisory services, mentorship etc.
- Achieved re-certification on the ISO 27001 Information Security and ISO 9001:2015 on Quality Management.

Sustainability Report

- Continued utilisation of corporate recycling, resulting in 65% increase in upcycling of generated waste.

Digital Transformation

FCMB enhanced its ease of doing business through digitisation of services and processes such as account opening, loan application/disbursement, self-service channels, digital communication tools for online meetings and e-learning. Consequently, customers can enjoy improved speed and convenience when accessing the Bank's offerings via electronic channels like FCMB New Mobile App, FCMB Online, *329# (USSD platform) and more. The goal remains to reduce branch footfall, improve customer experience, and drive inclusion, especially in difficult-to-reach areas nation-wide.

Workplace Culture and Diversity

- 40% female representation on the Bank's 15-member Executive Management Committee.
- Implemented initiatives to financially support women and promote girl-child education.
- In 2020, 42% of our workforce were women (See figure-1 below).
- As part of measures to promote inclusiveness, the bank engaged five physically challenged employees.
- Minimum of 60 training hours per employee observed.
- Celebrated Annual Employee Health Week virtually.
- Robust health benefits for all employees.
- Strict adherence to non-discrimination policy.
- In 2020, through its Women-In-Business initiative (SheVentures), we supported budding female techpreneurs with grants, 3-month workspace vouchers, and seed funds. Also, over 2000 women-owned or led businesses were granted zero-interest loans, 2,000 women participated in free entrepreneurship capacity building sessions, and another 240 women were mentored.

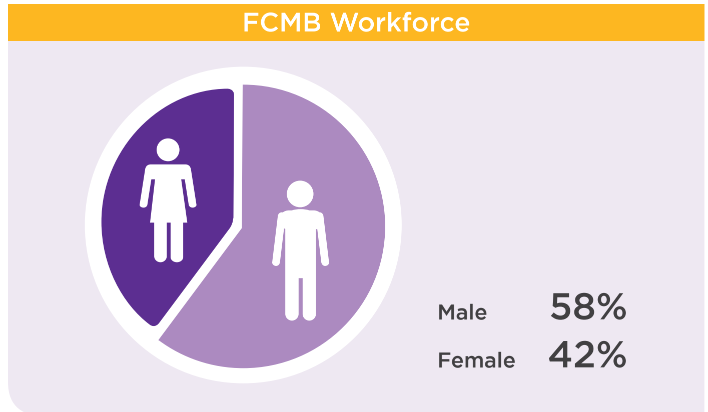


Figure 1: FCMB Workforce

Youth Empowerment

Over 20,000 youths participated in the 2020 edition of the Flexx-Writing Challenge, with opportunities to earn cash prizes through writing. The monthly Flexx Masterclasses Series provided training on key business and career topics, while the Flexxpreneur of the Month offered funding to winners, as well as the opportunity to showcase products and services to a wider audience.

Financial Inclusion

To deepen its role in driving financial inclusion, FCMB's Easy Account, a wallet-driven account that enables customers' phone numbers serve as their account numbers, crossed the bar of over 1 million accounts.

The Group consolidated its micro-lending business through FCMB Microfinance Bank Limited and a robust agent banking network, which currently comprises 1710 fixed agents with a transaction volume of ₦15 billion in 2020. We also expanded our micro lending activities to cover 30 states with about ₦32 billion loans disbursed to over 300,000 customers since 2015 with 82% focus on women.

Capacity Building

FCMB responded swiftly to the disruption of global learning and continues to lead in the digital learning culture for service and excellence. In 2020, the Bank received the "ACCA" Approved Employer Program Award in recognition of the continuing professional development opportunities provided to employees.

Sustainability Report

Other initiatives were:

- Organised three virtual Business Empowerment and Sustainability Training ("BEST Initiative") on various topics centred on coping with the challenges of COVID 19 pandemic on businesses, with over 600 customer beneficiaries.
- We created a Digital Capability Development (DCD) framework to bridge identified competency gaps, build digital capabilities across key functional areas, and align competencies with the Bank's business priorities and global best practice.
- FCMB adopted digital training methods - Webinar and Virtual Instructor-led Training (VILT) - over traditional classroom sessions. Hence, 30 quality webinars and online courses were sourced locally and internationally and about 2.000 employees registered. Also, 3,400 employees, representing 81% of the workforce participated in VILTs.

Reporting

FCMB remains fully compliant with the CBN's bi-annual and internal reporting requirements. Equally, the Bank submits periodic reports to its foreign/local partners.

Community Initiatives and Specific Engagements

FCMB continues to drive its core Corporate Social Responsibility (CSR) pillars of Economic Empowerment, Environmental Sustainability and Poverty Alleviation, and provided a robust and resilient response to the challenges posed by the COVID-19 pandemic.

Partnerships with the Public and Communities

FCMB donated palliatives, including food and household items, to state governments, charity organisations, challenged individuals and households across the country who were affected by the pandemic and the subsequent lockdown.

The Bank provided financial support to givefood.ng, a coalition coordinated by Babban-Gona Farmer Services Nigeria (an agricultural franchise) and provided meals to 1 million vulnerable Nigerians every week. This was crucial in sustaining a large section of the populace whose capacity to earn a living was affected by the lockdown.

In addition, the Bank collaborated with Youth Empowerment Foundation (YEF), –a non-government organisation, to provide immediate relief items, food and cleaning items to 50 households and challenged individuals in the remote community of Mpape, Abuja FCT.

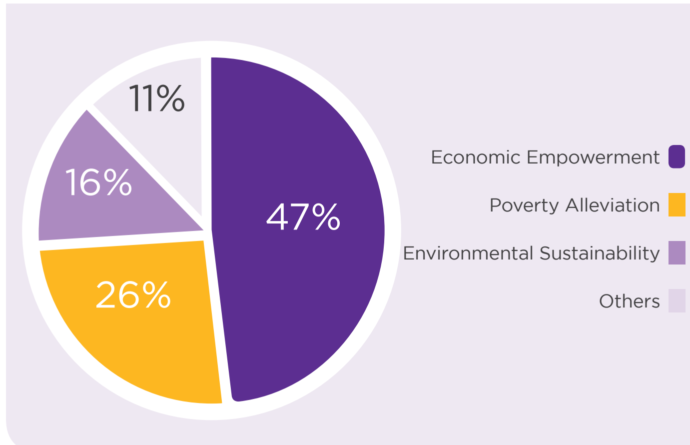


Figure 2 - CSR Expenses in 2020

ECONOMIC EMPOWERMENT

Waste-to-Wealth

FCMB partnered with MitiMeth on a Waste-to-Wealth scheme for women in impoverished communities. The recyclable items (mostly paper) generated in all FCMB branches in Oyo State were shredded, collected, and upcycled into items of economic value. This further emphasises the value we place on women empowerment and the essence of our continued partnership with MitiMeth.

Waste-to-Health

FCMB also partnered with SosoCare (Winner of FCMB EPIC Pitch by Hub One) on a Waste-to-Health insurance scheme for women and children. The recyclable items collected from FCMB branches in Abia were upcycled and converted to earnings to secure health insurance for the less privileged.

Empowering Market Women

No fewer than 150 women in three major markets in Lagos State benefitted from the business grants provision from FCMB in partnership with the Rotary Club of Lagos State. These women were provided with

Sustainability Report

the opportunity to care for their immediate families and expand their businesses through these grants.

Empowered for the Future

FCMB in partnership with Youth Empowerment Foundation (YEF) concluded the third edition of "Empowered for the Future (E4F)", a 12-month programme designed to empower youths in Lagos State and FCT. The project has benefited 150 youths directly, who have, in turn, transferred the knowledge gained on financial literacy, employment strategies, life-skills, and social support to over 2000 peers.

ENVIRONMENTAL SUSTAINABILITY

Central Business District-CBD Cleaning Initiative

For four years in a row, FCMB has continued its partnership with the Lagos State Government Central Business District (CBD) on the "Cleaner-Greener Lagos Initiative" to clean the Tinubu/Marina business axis. Since 2016, FCMB has provided monthly salaries, equipment and apparel for the cleaners who ensure the environment remains neat and tidy.

POVERTY ALLEVIATION

#DeterminedDele

The news of a Seven year-old child, Dele, studying by one of the Bank's ATMs in Ondo State went viral in 2020. In view of the remarkable determination exhibited by the little girl, the Bank was inspired to sponsor her 17-year education plan from year one through to completion at any higher institution in Nigeria.

#PricelessGiftofSight

Since 2009, FCMB has continued to restore hope to Nigerians with eye-related problems by helping them regain the priceless gift of sight. Over 250,000 beneficiaries from Katsina, Owerri, Yola, Ogun, Kebbi, Cross Rivers and FCT have enjoyed free access to eye care services delivered by world-class ophthalmologists, including eye surgeries, primary eye testing and provision of eyeglasses.

In 2020, FCMB sponsored three outreaches in FCT, Cross Rivers and Kebbi, resulting in more than 1,000 surgery interventions to tackle avoidable blindness.

Supporting the Less Privileged

Since 2007, FCMB has continued to support Bethesda Child Support Agency (BCSA) by giving scholarships to less privileged children. Our support has contributed significantly to the children's academic progress, with more than 500 children beneficiaries to date.

Donations

FCMB donated ₦250 million to the Coalition Against COVID-19 (CACOVID), an intervention initiative set up by the Central Bank of Nigeria (CBN), in partnership with the private sector, to assist the Federal Government respond effectively to the COVID-19 pandemic. To mitigate the impact of the virus, the coalition provided support to households and businesses, through the building of isolation and treatment centres, provision of personal protective equipment and distribution of food items to many economically vulnerable Nigerians.

Also, FCMB donated various medical items, including Personal Protective Equipment (PPEs) and ambulances, to several state governments across geographical zones to assist them effectively, equip and secure health workers who are at the frontline in the fight against the pandemic.

ADDITIONAL INTERVENTION TO COMBAT COVID-19

FCMB partnered with 54gene to sponsor the testing of 3,000 people in Ogun State to determine their COVID-19 status and complement the state government's effort to determine and mitigate the extent of the spread of the pandemic.

FCMB AS A RESPONSIBLE CORPORATE CITIZEN

Achieving our long-term vision is hinged on our stakeholders and the environment in which we operate, hence our commitment to effective corporate governance, sustainable value creation and application of practical risk management principles. Our business activities and operations are designed to ensure that we lend responsibly, encourage diversity, adhere to health and safety standards, and reduce or completely avoid negative impact on the environment.

CORPORATE GOVERNANCE

Board of Directors

Mr. Oladipupo Jadesimi

Non-Executive Director (Chairman)

Mr. Oladipupo Jadesimi was born on 12 July 1942. He has an Oxford MA (Honours) in Law and was a jurisprudence scholar at the University of Oxford from 1963 to 1966. He was a senior with Coopers and Lybrand Lagos from 1966 to 1970, before moving to Nigerian Acceptances (later NAL Plc) as General Manager, Corporate Finance and Investment Banking, a role he occupied from 1971 to 1972, with responsibility for most of the initial IPOs that were listed on the nascent Nigerian Stock Exchange.

Over the years, Mr. Jadesimi has run several businesses in the energy, finance and real estate sectors. He is the Founder and Chairman of Ladol Group, the largest indigenous Free Zone Industrial Park, which hosts a variety of high-value industrial free zone enterprises. He also currently serves as the Chairman of the Board of Directors of Niger Delta Exploration and Production Plc, one of the largest indigenous integrated oil and gas producing companies.

Mr. Jadesimi joined the Board of FCMB Group Plc on 27 December 2017 as a Non-Executive Director and was appointed Chairman of the Board on 8 March 2018.

Mr. Ladi Balogun

Group Chief Executive

Mr. Ladi Balogun was born on 12 April 1972. He holds a bachelor's degree in Economics from the University of East Anglia, UK and an MBA from Harvard Business School, US. He has over 20 years' experience in commercial and investment banking in Europe, the US and Africa.

Mr. Balogun began his banking career in 1993 at Morgan Grenfell & Co Limited, where he worked in the areas of risk management and corporate finance (debt origination). He was responsible for managing the bank's trading and investment positions in debt instruments in Latin America and Eastern Europe, and also part of a team that structured numerous complex debt deals in Latin America, Eastern Europe and the Asian subcontinent. Subsequently he worked at Citibank in New York before returning to Nigeria as an Executive Assistant to the Chairman and Chief Executive in 1996.

He has worked in various areas of the Bank, including Treasury, Corporate Banking and Investment Banking. He was appointed an Executive Director in charge of the Institutional Banking Group (IBG) in 1997.

In 2000, he was made Executive Director in charge of Strategy and Business Development, and in 2001 he rose to the position of the Bank's Deputy Managing Director and was subsequently appointed Managing Director of First City Monument Bank Plc (now First City Monument Bank Limited).

Mr. Ladi Balogun became the Group Chief Executive of FCMB Group Plc effective 14 March 2017.

Board of Directors

Mr. Peter Obaseki
Executive Director,
Chief Operating Officer

Mr. Peter Obaseki was born on 6 August 1961. He holds a BSc and an MSc in Computer Science as well as an MBA in Finance from the University of Lagos and has received specialised training from some of the most prestigious institutions in Europe, America and Africa, including the Lagos Business School in Nigeria, Afreximbank in Egypt and Columbia Business School in the US.

He is a Fellow of the Chartered Institute of Bankers and has over 27 years' banking experience. He commenced his career with KPMG (fomerly Ani & Ogunde) as a Management Consultant focused on financial institutions before venturing into the banking industry.

He joined First City Monument Bank Plc in 1997 and was appointed an Executive Director in September 2008. He also served as the Managing Director/CEO of FinBank Plc between February and October 2012.

Mr. Obaseki joined the Board of FCMB Group Plc on 1 July 2013 and is the Chief Operating Officer of FCMB Group Plc.

Mr. Olufemi Badeji
Executive Director,
(Corporate and Investment Banking)

Mr. Olufemi Badeji was born on 9 January 1975. He has over 15 years of investment banking experience in the US, Nigeria and South Africa. Mr. Badeji has worked for the now defunct Lehman Brothers and Houlihan Lokey in the US. Moving back to Nigeria in October 2009, he worked as a Vice President for FCMB Capital Markets.

In September 2011, he joined Rand Merchant Bank and was the Head of Corporate Finance for Nigeria until he joined FCMB Group Plc.

Mr. Badeji's transaction experience includes capital raising (both debt and equity), corporate restructuring, private equity transactions and providing financial advice to institutions in industries spanning architecture, business services, fast-moving consumer goods, financial services, infrastructure, telecoms, IT services, oil and gas, the public sector and specialty finance.

Mr. Badeji joined the Board of FCMB Group Plc effective 2 October 2019.

Board of Directors

Alhaji Mustapha Damcida
Non-Executive Director

Alhaji Mustapha Damcida was born on 20 March 1963. He holds a Diploma in Law from Ahmadu Bello University and a BSc in Business Administration from Robert Morris University, Pittsburgh, US.

He is the MD/CEO of Damus International Limited, Damus Security Solutions Limited and Damson Properties Limited. He was a Director at the Nigerian American Bank Limited between 2004 and 2005. He also sits on the Boards of Chanrai Nigeria Ltd, Trevi Foundations Ltd, Unique Pharmaceuticals Ltd, and Kewalram Nig. Ltd.

Prior to joining the Board of FCMB Group Plc as a Non-Executive Director on 1 July 2013, he served on the Board of First City Monument Bank Limited.

Mr. Olusegun Odubogun
Non-Executive Director

Mr. Olusegun Odubogun was born on 21 August 1948. He qualified in 1974 as a Chartered Accountant. He became a Fellow of the Chartered Accountants of Nigeria in 1980. He also belongs to several business and professional associations.

His career spanned over 40 years at Deloitte (previously Akintola Williams & Co), from where he retired in 2008 as the Chief Executive Officer Deloitte West Central Africa, a regional practice formed in 2006 under his leadership.

Through diligence, technical ability and uncompromising commitment to professionalism and excellence, he rose rapidly in the practice to become a Partner in 1980, the year in which he participated in the International Partner Exchange Programme and worked at Deloitte Services in audit, tax, consulting and insolvency for various clients in the private and public sectors of the Nigerian Economy. In 2003, he was elected the firm's Chief Executive Officer.

Mr. Odubogun is one of the foundation members of Business Recovery and Insolvency Practitioners of Nigeria (BRIPAN). He is a foundation council member of the Chartered Institute of Taxation of Nigeria (CITN). He is also a member of the Institute of Directors as well as the Nigerian Institute of Management.

Mr. Odubogun joined the Board of FCMB Group Plc on 1 July 2013 and resigned effective 31 July 2020.

He however remains on the Board of First City Monument Bank Limited.

Board of Directors

Mr. Olutola O. Mobolurin

Non-Executive Director

Mr. Olutola Mobolurin was born on 31 October 1951. He holds a BSc in Accounting and Finance from the State University of New York and an MBA from York University, Toronto. He is a Fellow of the Chartered Institute of Stockbrokers.

He has over 30 years of varied exposure and experience in the financial services industry. He began his career as an investment executive at Plateau Investments Company in 1977, before joining City Securities Limited in 1978. He joined Continental Merchant Bank in 1979, rising to Head of Corporate Finance before leaving in 1988. He subsequently worked with Capital Bancorp Ltd as Managing Director from 1988 to 2006 and later joined Crusader (Nigeria) Plc as Vice-Chairman and Group Chief Executive Officer in 2007.

Mr. Mobolurin joined the Board of FCMB Group Plc on 1 July 2013 and resigned effective 31 July 2020.

He however remains on the Board of First City Monument Bank Limited.

Dr. (Engr) Gregory Omosigho Ero

Non-Executive Director

Dr. Gregory Ero was born on 1 July 1947. He is a graduate of the University of Ibadan with a BSc (Honours) in Chemistry. He attended Imperial College, London, where he obtained an MSc and DIC in Petroleum Engineering, and he obtained a DMS from Templeton College, University of Oxford. He furthered his studies at the Graduate School of Business, University of Columbia, New York and the Institute for Management Development in Lausanne, Switzerland.

He began his career as a petroleum engineer in the Lagos office of the Federal Ministry of Petroleum and Energy, and thereafter, was posted as Head, Federal Ministry of Petroleum Resources, Warri. He spent much of his career in the public service, where he served in many capacities, spanning three decades in the petroleum industry at NNPC. He has held many positions, including CEO/Group General Manager of NAPIMS-NNPC; Managing Director, National Engineering and Technical Company (NETCO) – a joint venture owned by NNPC and Betchel of the US and several executive positions in NNPC.

Dr. Gregory Ero is a Fellow of many professional bodies and Fellow, Institute of Directors of Great Britain. He is presently the Chairman/CEO of Arkleen Oil and Gas Ltd and Chairman, Cardinal Drilling Company Ltd, among others.

He joined the Board of FCMB Group Plc on 23 December 2013.

Board of Directors

Professor Oluwatoyin Ashiru

Non-Executive Director

Professor Oluwatoyin Ashiru was born on 28 July 1954. He is a graduate of the University of Sussex in Brighton, UK, where he obtained a BSc in Materials Science and Engineering. He concluded his PhD at the University of Birmingham, UK in Industrial Metallurgy.

He began his career as a lecturer in mechanical engineering at the Universities of Lagos and Ibadan before serving as Nigerian Senior Research Fellow at the International Tin Research Institute in the UK. He is currently the Managing Director and CEO of Tricontinental Oil Services Ltd.

He is an accomplished materials and metallurgical engineer with about 40 years of comprehensive professional experience in academia, entrepreneurship, management engineering, technologies invention and consulting for the enhancement of productivity in major industries worldwide.

He also has a strong background in programme development and quality assurance, with an outstanding history of managing projects from initial conception, through development, to implementation for major oil and gas, chemical, petrochemical, steel production and energy production industries worldwide. He holds an exceptional record for executing mission-critical projects on schedule and within budget, and is highly skilled in strategic planning, budget controls and problem solving. He also has extensive international experience in the UK, the US, Canada, Saudi Arabia, Bahrain, the Far East and Asia.

Professor Ashiru has extensive project management experience in major international refining, chemical, petrochemical, offshore oil and gas development, pipeline, infrastructure and power generation projects ranging from US$40 million to US$2 billion. He is also a successful businessman who has worked extensively on multinational joint venture projects representing owners or as a contractor.

He has served on joint venture and consortium executive committees and has participated directly in claims negotiations and settlement agreements in excess of US$100 million. His wealth of experience also includes member of the governing board responsible for strategic and operational decisions, and he was responsible for world-wide engineering operations for proposals and projects.

Professor Ashiru is an expert consultant and board member of many international research centres and major industrial sectors, and he has served worldwide on various governmental multidisciplinary task forces and technical committees.

Professor Ashiru holds American, British, European, Brazilian and other international patents for products and systems that he invented. He is a recipient of several merit awards, including (but not limited to) his recognition in the US as a 'Professional with Extraordinary Ability', listings in Who's Who in the World and the Dictionary of International Biography, and the prestigious Distinguished Innovator Award of the Association of Tin Producing Countries.

Professor Ashiru joined the Board of FCMB Group Plc on 23 December 2013.

Board of Directors

Mrs. Olapeju Sofowora
Non-Executive Director

Mrs. Olapeju Sofowora was born on 5 August 1964. She is a Fellow, Institute of Chartered Accountants of Nigeria and a member of the Chartered Institute of Taxation of Nigeria.

She holds a treasurer's dealership certificate jointly issued by the Chartered Institute of Bankers of Nigeria and Money Market Association of Nigeria (now the Financial Markets Dealers Association of Nigeria) and is also a certified information systems auditor. The founding partner of Abax-Oosa Professionals, a firm of chartered accountants, Mrs. Sofowora has several years of professional work experience that cuts across banking, human resources consultancy, tax advisory, finance and accounting.

Mrs. Sofowora joined the Board of FCMB Group Plc on 27 December 2017.

Mrs. 'Tokunboh Ishmael
Non-Executive Director

Mrs. 'Tokunboh Ishmael was born on 28 March 1966. She is an alumillionus of the London Business School and the University of London. She is a Chartered Financial Analyst and a member of the CFA Institute and the board of the African Venture Capital Association.

She has over 20 years' experience spanning investment banking, private equity investing, technology and new business development in the USA, Europe and Africa.

Mrs. Ishmael was Country Partner for Nigeria at Aureos Capital where she raised $50 million for the Aureos West Africa Fund. Previously, she was a mergers and acquisitions banker at Salomon Smith Barney and Managing Director of Avante Capital Ltd. She is a co-founder and Managing Director of Alitheia Capital.

She served diligently on the Board of First City Monument Bank Limited (the Bank) from January 2013 to February 2020 and has over the years been of tremendous positive influence on the Bank's innovative drive. She brings on board wealth of experience of great impact at the Group level.

Mrs. Ishmael joined the Board of FCMB Group Plc effective 28 April 2020.

Board Evaluation Report

26 February 2021

The Chairman
Board of Directors
FCMB Group Plc
First City Plaza
44, Marina
Lagos, Nigeria

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF FCMB GROUP PLC FOR THE YEAR-ENDED 31 DECEMBER 2020.

In line with the provisions of **SEC Corporate Governance Guidelines (SCGG) and Section 14.1 of the Nigerian Code of Corporate Governance (NCCG)**, DCSL Corporate Services Limited (DCSL) was engaged by FCMB Group Plc ("FCMB Group", "the Company") to carry out an evaluation of the performance of the Board of Directors for the year-ended 31 December 2020.

The appraisal involved the benchmarking of the performance of the Board against the provisions of the SEC Code and the NCCG and entailed a review of the Company's corporate and statutory documents, Minutes of Board and Committee meetings, policies and other ancillary documents made available to us, the administration of questionnaires as well as interviews with the Directors and select members of the Executive Management team. We considered the following seven key corporate governance themes:

1. Board Structure and Composition
2. Strategy and Planning
3. Board Operations and Effectiveness
4. Measuring and Monitoring of Performance
5. Risk Management and Compliance
6. Corporate Citizenship; and
7. Transparency and Disclosure.

Having reviewed the policies and processes put in place by the Board, we confirm that the Board of FCMB Group has substantially complied with the provisions of the SCCG and NCCG Codes of Corporate Governance and that the activities of the Board and the Group significantly align with corporate governance best practices.

We have proffered recommendations to address the gaps identified during the appraisal exercise and trust that the Board would take appropriate steps to implement these.

Please accept the assurances of our highest regards and esteem.

Yours faithfully,

For: DCSL Corporate Services Limited

Bisi Adeyemi
Managing Director
FRC/2013/NBA/00000002716

Corporate Governance

Commitment to Corporate Governance

FCMB Group Plc (the Group) remains committed to institutionalising corporate governance principles. It continues to adhere to the implementation of Corporate Governance Rules of the Central Bank of Nigeria, the Nigerian Stock Exchange, the Securities and Exchange Commission and the Financial Reporting Council of Nigeria.

The Group's Board (the Board) operates in line with its responsibilities as contained in Regulatory Codes of Corporate Governance, the Company's Articles of Association and the Companies and Allied Matters Act. Its oversight of the operations and activities of the Company are carried out transparently without undue influence.

The Group has undertaken to create an institutional framework conducive to defending the integrity of our Directors, and is convinced that on account of this, the Group's Board is functioning in a highly effective manner. It is intended that we continue to challenge ourselves to improve in areas where the need for improvement is identified.

Board Composition and Independence

The Board is composed of nine Directors made up of six Non-Executive Directors and three Executive Directors, in line with international best practice which requires the number of Non-Executive Directors to be more than the Executive Directors.

The appointment of Board members is in line with the Companies and Allied Matters Act 2020, CBN Code of Corporate Governance, and the Company's selection criteria for Directors.

The Group's Board, led by a Non-Executive Chairman, is composed of individuals with enviable records of achievement in their respective fields and who bring on board high levels of competencies and experience. The Board meets regularly to set broad policies for the Group's business and operations and ensures that an objective and professional relationship is maintained with the Group's internal and external auditors in order to promote transparency in financial and non-financial reporting.

Directors' emoluments, as well as their shareholding information, are disclosed in the Company's Annual Report and Accounts.

The Directors are guided by the Code of Conduct of the Central Bank of Nigeria for Directors and the Securities and Exchange Commission Code of Corporate Governance for Public Companies in Nigeria as well as the Nigerian Code of Corporate Governance.

Changes on the Board

- Mrs. 'Tokunboh Ishmael joined the Board of the Company effective 28 April 2020.
- Mr. Olusegun Odubogun retired from the Board of the Company effective 31 July 2020.
- Mr. Olutola Mobolurin retired from the Board of the Company effective 31 July 2020.

Board Selection and Appointment Process

The Board of the Company ensures a formal and transparent process for the selection and appointment of Directors to the Board. The Board Governance and Remuneration Committee plays a major role in the selection of candidates for appointment to the Board.

Appointed candidates must:

- be analytically strong.
- be financially savvy.
- contribute to a gender-diverse Board.
- be experienced in asset management.
- be suitably educated and professionally qualified.
- hold extensive relevant experience.
- be able to support business generation.

Corporate Governance

- have a good relationship with the regulatory authority.
- be well respected in society.
- demonstrate very high levels of integrity.
- pass the fit and proper person test.

The process involves:

- a careful analysis of the existing Board's strengths and weaknesses, its skills, experience gaps and diversity considering the Company's current business priorities and future plans;
- identification, shortlisting and interviewing candidates with the appropriate expertise and experience;
- conducting formal and informal background checks to ensure they are fit and proper persons to sit on the Board of the Company;
- discussing formally with prospective candidates the Board's expectations and the nominee's ability to make the necessary commitment;
- the appointment process is communicated to Board members and filed by the Company Secretary;
- external consultants may be engaged as appropriate to obtain an independent view and input into the appointment process;
- once the nomination is approved by the Board, the Company Secretary notifies the CBN in writing, seeking the CBN's approval to the appointment;
- upon approval by the CBN, the appointment and approval is communicated to the new Director in writing; and
- other required regulatory authorities are notified of the appointment in writing.

Existing CBN guidelines on appointment to the Board of Non-Financial Holding Companies in Nigeria shall continue to be applied.

The Guiding Principles of the Group's Code of Corporate Governance are as follows:

- all power belongs to the shareholders;
- delegation of authority by the owners to the Board and subsequently to Board Committees and executives is clearly defined and agreed;
- institutionalised individual accountability and responsibility through empowerment and relevant authority;
- clear terms of reference and accountability for committees at Board and executive levels;
- effective communication and information sharing outside of meetings;
- actions are taken on a fully informed basis, in good faith with due diligence and care and in the best interest of the Group and shareholders;
- enhancing compliance with applicable laws and regulations and the interest of the stakeholders; where there is any conflict between the Group's rules, the local laws and legislation supersede;
- conformity with overall Group strategy and direction; and
- transparency and full disclosure of accurate, adequate and timely information regarding the personal interest of Directors in any area of potential conflict regarding Group business.

Role of the Board

- Investment and capital management, investor relations, Group financial and statutory reporting, articulation and approval of Group policies, setting overall Group strategic direction, monitoring and coordinating Group performance, succession planning for key positions on the Boards of the Group and operating companies.

Corporate Governance

- Reviewing alignment of goals, major plans of action, annual budgets and business plans with overall strategy; setting performance objectives; monitoring implementation and corporate performance and overseeing major capital expenditure in line with the approved budget.
- Ensuring the integrity of the Group's accounting and financial reporting systems (including the independence of Internal Audit, and that appropriate systems are in place for monitoring risk, financial control and compliance with the law).
- Selecting, compensating, monitoring and when necessary, replacing key executives and overseeing succession planning.
- Interfacing with the management of the Group to ensure harmony in implementing Group strategy.
- Performing all statutory roles as required by law.
- Through the establishment of Board Committees, making recommendations and taking decisions on behalf of the Board on issues of expenditure that may arise outside the normal meeting schedule of the Board.
- Ratifying duly approved recommendations and decisions of the Board Committees.
- Ensuring that the Company has an effective internal audit and risk management system in place.

Board of Directors

The Board of Directors met five times during the year as noted below:

Board of Directors Meetings in 2020

NAMES	06 MAR	23 APR	24 JUL	23 OCT	04 DEC
Mr. Oladipupo Jadesimi	✓	✓	✓	✓	✓
Mr. Ladi Balogun	✓	✓	✓	✓	✓
Mr. Peter Obaseki	✓	✓	✓	✓	✓
Mr. Olufemi Badeji	✓	✓	✓	✓	✓
Alhaji Mustapha Damcida	✓	✓	✓	✓	✓
Mr. Olusegun Odubogun	✓	✓	✓	n/a	n/a
Mr. Olutola Mobolurin	✓	✓	✓	n/a	n/a
Dr. (Engr) Gregory O. Ero	X	✓	✓	✓	✓
Professor Oluwatoyin Ashiru	✓	✓	✓	✓	✓
Mrs. Olapeju Sofowora	✓	✓	✓	✓	✓
Mrs. 'Tokunboh Ishmael	n/a	n/a	✓	✓	✓

Board Induction and Training

One of the focuses of the Group is to ensure capacity building at all levels. To this end, irrespective of the existing knowledge and experience of Board members, the Company ensures that training programmes are organised for Directors to improve their decision-making capacity and overall Board effectiveness. The Company Secretary is responsible for overseeing the induction of new Board members as well as overseeing the continuous training of Board members.

Induction for new Board members is essential in order to provide important information about the Company, Directors' roles and responsibilities and to help a new Director settle smoothly into the new role. This is to also ensure that Directors are adequately acquainted with the Board's purpose, responsibilities, practices, strategy and operations.

Furthermore, the induction programme is aimed at deepening Directors' understanding of the Company, and the environment and markets in which it operates. The programme may include formal and informal discussions with executive management, provision of reading materials or workshops.

The Company Secretary oversees the provision of additional training to Directors on a continuous basis to enable them to gain a broader understanding and knowledge of the Company and the regulatory and competitive environment in which the Group operates.

The Company encourages and supports other informal training programmes for Directors, such as subscriptions to industry journals towards building relevant skills and interactive sessions at Board meetings whereby an external facilitator or a specialist from the Group facilitates sessions in specific areas of interest.

Notwithstanding the Company's responsibilities, each Director has a personal responsibility to ensure that he or she remains current and up to date regarding the strategies and businesses of the Company, as well as the industry and macroeconomic environment in which it operates.

During the year under review, the Directors attended the training programmes shown below:

Name of Director	Training Title	Faciliating Faculty (Course Vendor)	Date
Mr. Oladipupo Jadesimi (Chairman)	Building Effective Directors	Institute of Directors	3/12/2020
	Regulatory Expectation from Board of Directors on AML/CFT Compliances	CBN	10/16/2020
	The Future of Board Governance - Reporting, Supervising and Risk Management	FITC	11/12 &13/2020
Mr. Ladi Balogun (Group Chief Executive)	Building Effective Directors	Institute of Directors	3/12/2020
	Regulatory Expectation from Board of Directors on AML/CFT Compliances	CBN	10/16/2020
Mr. Peter Obaseki (Executive Director/COO)	Building Effective Directors	Institute of Directors	3/12/2020
	Board Effectiveness and Board Dynamics	Institute of Directors	9/29&30/2020
	Regulatory Expectation from Board of Directors on AML/CFT Compliances	CBN	10/16/2020

Corporate Governance

Name of Director	Training Title	Faciliating Faculty (Course Vendor)	Date
Mr. Olufemi Badeji (Executive Director)	Building Effective Directors	Institute of Directors	3/12/2020
	Board Effectiveness and Board Dynamics	Institute of Directors	9/29&30/2020
	Regulatory Expectation from Board of Directors on AML/CFT Compliances	CBN	10/16/2020
Alhaji Mustapha Damcida (Non-Executive Director)	Building Effective Directors	Institute of Directors	3/12/2020
	Regulatory Expectation from Board of Directors on AML/CFT Compliances	CBN	10/16/2020
Professor Oluwatoyin Ashiru (Non-Executive Director)	Building Effective Directors	Institute of Directors	3/12/2020
	Board Effectiveness and Board Dynamics	Institute of Directors	9/29&30/2020
	Regulatory Expectation from Board of Directors on AML/CFT Compliances	CBN	10/16/2020
	The Future of Board Governance - Reporting, Supervising and Risk Management	FITC	11/12&13/2020
Mr. Olutola Mobolurin (Non-Executive Director)	Building Effective Directors	Institute of Directors	3/12/2020
	Board Effectiveness and Board Dynamics	Institute of Directors	9/29&30/2020
	Regulatory Expectation from Board of Directors on AML/CFT Compliances	CBN	10/16/2020
Mr. Olusegun Odubogun (Non-Executive Director)	Building Effective Directors	Institute of Directors	3/12/2020
	Board Effectiveness and Board Dynamics	Institute of Directors	9/29&30/2020
	Regulatory Expectation from Board of Directors on AML/CFT Compliances	CBN	10/16/2020
Mrs. Olapeju Sofowora (Non-Executive Director)	Building Effective Directors	Institute of Directors	3/12/2020
	Board Effectiveness and Board Dynamics	Institute of Directors	9/29&30/2020
	Regulatory Expectation from Board of Directors on AML/CFT Compliances	CBN	10/16/2020
Mrs ‘Tokunboh Ishmael (Non-Executive Director)	Regulatory Expectation from Board of Directors on AML/CFT Compliances	CBN	10/16/2020

Corporate Governance

Online Training

The Executive Directors were also enrolled for e-learning courses covering:

- Focus on AML CFT for Nigeria;
- FCMB QMS and BCM Course 2020;
- Sustainability in Banking 2020;
- FCMB Information Security Course 2020; and
- FCMB Values and Code of Conduct 2020.

Re-Election of Directors by Rotation

Pursuant to Section 285 (1) and (3) of the Companies and Allied Matters Act, 2020, three of the Directors are due for retirement by rotation and have offered themselves for re-election by the Annual General Meeting.

The three Directors offering themselves for re-election are Alhaji Mustapha Damcida, Mrs. Olapeju Sofowora and Mrs. 'Tokunboh Ishmael whose profiles are on pages 36 and 39.

Board Committees

The Board approved the constitution of the two Board Committees, listed below, with their respective responsibilities and roles clearly defined. Each of the Committees has a charter which guides the discharge of its duties.

Board Risk, Audit and Finance Committee (RAF)

Its functions include overseeing internal control, internal audit and financial reporting; providing oversight for strategy articulation and strategic planning, reviewing the Group's strategy and financial objectives, as well as monitoring the implementation of those strategies and objectives and reviewing and approving proposals for the allocation of capital and other resources within the Group.

Membership
The Committee comprised four Non-Executive Directors. The Group Chief Executive and the Chief Operating Officer are required to attend the meetings of the Committee.

Committee composition
Mr. Olusegun Odubogun (Chairman up until July 2020, Mrs. 'Tokunboh Ishmael (Chairperson from August 2020), Dr. (Engr) Gregory O. Ero and Mrs. Olapeju Sofowora.

Board Risk, Audit and Finance Committee Meetings held in 2020

NAMES	05 MAR	20 APR	20 JUL	19 OCT	30 NOV
Mr. Olusegun Odubogun	✓	✓	✓	n/a	n/a
Mrs. 'Tokunboh Ishmael	n/a	n/a	✓	✓	✓
Dr. (Engr) Gregory O. Ero	✓	✓	✓	✓	✓
Mrs. Olapeju Sofowora	✓	✓	✓	✓	✓

Board Governance and Remuneration Committee (GRC)

Its functions include nominating new Directors to the Board, recommending the remuneration policy for the Group, overseeing Board performance and evaluation within the Group and succession planning for key positions on the Boards of the Group and subsidiaries.

Membership
The Committee comprises only Non-Executive Directors. The Group Chief Executive and the Chief Operating Officer shall be in attendance as may be required.

Committee Composition
Mr. Olutola O. Mobolurin (Chairman up until July 2020), Professor Oluwatoyin Ashiru (Chairman from August 2020), Alhaji Mustapha Damcida, Mrs. Olapeju Sofowora and Mrs. 'Tokunboh Ishmael (From July 2020)

Corporate Governance

Board Governance and Remuneration Committee Meetings held in 2020

NAMES	20 APR	20 JUL	19 OCT	30 NOV
Mr. Olutola Mobolurin	✓	✓	n/a	n/a
Professor Oluwatoyin Ashiru	✓	✓	✓	✓
Alhaji Mustapha Damcida	✓	x	✓	✓
Mrs. Olapeju Sofowora	✓	✓	✓	✓
Mrs. 'Tokunboh Ishmael	n/a	✓	✓	✓

Statutory Audit Committee (SAC)

Section 404 (2) of the Companies and Allied Matters Act 2020 requires a public company to establish an Audit Committee.

Subject to such other additional functions and powers that the Company's Articles may stipulate, the objectives and functions of the audit committee are to:

- ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- review the scope and planning of audit requirements;
- review the findings on management matters in conjunction with the external auditor and departmental responses therein;
- keep under review the effectiveness of the Company's system of accounting and internal control;
- make recommendations to the Board with regard to the appointment of, removal and remuneration of the external auditors of the Company;
- authorise the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee; and
- examine the Auditors' Report and make recommendations thereon to the Annual General Meeting as it may deem fit.

Membership

According to Section 404 (3) of the Companies and Allied Matters Act 2020

- The Audit Committee shall consist of five members comprising three members and two Non- Executive Directors. The members of the Audit Committee are not entitled to remuneration and are subject to election annually.
- All members of the audit committee shall be financially literate, and at least one member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly.
- Any member may nominate another member of the Company to the audit committee by giving written notice of such nomination to the Company Secretary at least 21 days before the annual general meeting and any nomination not received prior to the meeting as stipulated is invalid.

In the 2020 financial year, the Audit Committee was chaired by Evangelist Akinola Soares.

Statutory Audit Committee Meetings held in 2020

NAMES	05 MAR	21 APR	21 JUL	20 OCT
Evangelist Akinola Soares	✓	✓	✓	✓
Alhaji S B Daranijo	✓	✓	✓	✓
Mr. Hakeem Batula	✓	✓	✓	✓
Mr. Olutola Mobolurin	✓	✓	✓	n/a
Mr. Olusegun Odubogun	✓	✓	n/a	n/a
Mrs. Olapeju Sofowora	✓	✓	✓	✓
Professor Oluwatoyin Ashiru	n/a	n/a	✓	✓

Corporate Governance

Management Committees

The Board is supported by the Executive Management Committee (EMC) and the Group Executive Committee (GEC).

Executive Management Committee (EMC)

The EMC, usually chaired by the Group Chief Executive, comprises all the Executive Directors and departmental heads. Representatives of the operating companies may be invited if required. The EMC deliberates and makes decisions, as necessary, to optimise the resources of the Company and ensure the effective and efficient management of the Company. The EMC also articulates issues to be discussed by the Board. Ad hoc meetings may be held from time to time.

The Group Chief Executive is responsible for the daily running and performance of the Company.

Group Executive Committee (GEC)

The GEC is usually chaired by the Group Chief Executive, while other members are the Chief Operating Officer, the Executive Director, and the Chief Executive Officers of the operating companies in the Group as well as the Group Chief Financial Officer. The Company Secretary, who is also a member, serves as Secretary to the Committee. The GEC, from time to time, invites to its meetings any other person as may be required.

Shareholder Participation

In recognition of the importance of the provision of adequate information to shareholders and the Board's commitment to maintain high standards of corporate disclosure, meetings of shareholders are convened and held regularly as required by statutory and regulatory regimes. The Annual General Meeting allows for the interaction between Board, Management and Shareholders.

The Group also has a dedicated Investors Relations Department that facilitates communication with shareholders, stakeholders and analysts on a regular basis to address their queries and concerns. Investors and stakeholders are frequently provided with information about the Group through Quarterly Investors Conference Calls.

- The Group's website is updated regularly to keep Shareholders abreast of information on the Company.
- The Group leverages the significant experience, contributions and advice of shareholder members of the Audit Committee.
- The Group continues to take necessary steps to promote shareholder rights.

All stakeholders are invited to report any concern about a threatened or suspected breach of any corporate governance requirement to the office of the Company Secretary.

Remuneration Policy

The Board, either by itself or through the Board Governance and Remuneration Committee, has the responsibility to review and approve the remuneration of Directors. While performing this responsibility, the Board is to ensure that Non-Executive Directors' remuneration is in line with the Central Bank of Nigeria (CBN) Code of Corporate Governance.

The Non-Executive members of the Board shall be entitled to a sitting allowance and Directors' fee as may be agreed by the Board from time to time and in line with the CBN Code of Corporate Governance. Additionally, they are entitled to be reimbursed for expenses incurred while carrying out their duties as Directors of the Company.

The Board's Non-Executive members, either directly or through the Board Governance and Remuneration Committee shall consider the remuneration payable to Executive Directors. The Executive members of the Board are not entitled to sitting allowances or Directors' fees paid to the Non-Executive Directors.

The level and make-up of Director remuneration should be sufficient to attract and retain the right calibre of members needed to run the Company successfully.

Corporate Governance

The Company does not grant share options as part of the remuneration to Directors. Where this is to be done, it shall be tied to performance with the limits set in any given financial year, and subject to the approval of the shareholders at the Annual General Meeting.

Share Trading Policy

The Company has a Share Trading Policy which provides a basic explanation of what constitutes insider trading and the Company's policy to prevent it, including:

- a description of what conduct may constitute insider trading;
- a description of the acceptable times for persons who fall within the definition of insiders to trade in the Company's securities to minimise the risk of insider trading; and
- the steps for insiders and their connected persons to take when trading the Company's securities.

The detailed policy document is hosted on the Company's website.

Whistleblowing Procedures

The Board has a duty to conduct the Group's affairs in a responsible and transparent manner and to take into account legal and regulatory requirements under which the Group operates. The Board is also committed to the principle of sound Corporate Governance and behaviour as enunciated in the CBN Code of Corporate Governance for banks and other financial institutions in Nigeria. One of the several ways a breach of regulatory requirements and Management and staff misconduct can be addressed is through a Whistleblowing programme.

As such, the Whistleblowing Policy and Procedures of the Group are designed to encourage stakeholders to bring unethical conduct and illegal violations to the attention of an internal and/or supervising authority so that action can be taken to resolve the problem. All stakeholders are provided with the details of the Ethics Line facilities via the Group's website. The Ethics Line facilities include 0703-000-0026, 0703-000-0027, 0708-060-1222 and 0808-822-8888.

Statement of Compliance with SEC Code of Corporate Governance

In compliance with Section 34.7 of the Securities and Exchange Commission (SEC) Code of Corporate Governance for Public Companies in Nigeria (the Code) which governs the operations of FCMB Group Plc, the Board confirms compliance with the Code as disclosed in the Annual Report and Accounts.

Statement of Compliance with the Nigerian Code of Corporate Governance 2018 (NCCG Code)

In compliance with Section 28.5 of the NCCG Code, the Board confirms compliance with the NCCG Code as disclosed in the Board Evaluation Report and the Annual Report and Accounts.

Disclosure to the Shareholders

Directors' Fees
The Directors' fees for the financial year ending 31 December 2021 shall be maintained at ₦200,000,000.00 only.

Post Audit Events

The Board at its meeting of 26 February 2021 appointed Ms. Muibat I. Ijaiya as an Independent Non-Executive Director on the Board subject to the approval of the Central Bank of Nigeria.

The Board also accepted the retirement of Mr. Peter Obaseki from the Board effective 1 March 2021.

Mrs. Olufunmilayo Adedibu
Company Secretary
FRC/2014/NBA/00000005887

Management Report on the Certification of Financial Statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

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

ii. audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;

We state that management and directors:

i. are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Group and its subsidiaries is made known to the officer by other officers of the group, particularly during the period in which the audited financial statement report is being prepared,

ii. has evaluated the effectiveness of the group's internal controls within 90 days prior to the date of its audited financial statements, and

iii. certifies that the group's internal controls are effective as of that date;

Mr. Ladi Balogun
Group Chief Executive
FRC/2013/IODN/00000001460
26 February 2021

Mr. Kayode Adewuyi
Chief Financial Officer
FRC/2014/ICAN/00000006884
26 February 2021

FINANCIAL STATEMENTS

Directors' Report

for the year ended 31 December 2020

The Directors present their annual report on the affairs of FCMB Group Plc ("the Company") and its subsidiaries ("the Group"), together with the financial statements and independent auditor's report for the year ended 31 December 2020.

a. Legal Form

FCMB Group Plc was incorporated in Nigeria as a financial holding company on November 20, 2012, under the Companies and Allied Matters Act, Cap C.20, Laws of Federation of Nigeria 2004.

b. Principal Activity and Business Review

The Company is a non-operating financial holding company, regulated by the Central Bank of Nigeria (CBN). The principal activity of the Group continues to be the provision of comprehensive banking and financial services to its wholesale and retail customers. Such services include cash management, trade, loans and advances, corporate finance, investment banking, securities brokerage, money market activities and foreign exchange operations.

Through ownership of FCMB Group Plc, shareholders own 100% of the following subsidiaries; FCMB Capital Markets Limited, FCMB Trustees Limited (formerly CSL Trustees Limited), FCMB Microfinance Bank Limited, Credit Direct Limited, CSL Stockbrokers Limited (including its subsidiaries FCMB Asset Management Limited and CSL Capital (UK) Limited) and First City Monument Bank Limited (and its subsidiaries - FCMB (UK) Limited and FCMB Financing SPV Plc) and 92.80% of FCMB Pensions Limited.

The Group does not have any unconsolidated structured entity.

As at 31 December 2020, the Banking subsidiary had 205 branches, 13 cash centers; 803 ATM terminals; 28,191 POS terminals and 3,937,684 cards issued to its customers.

c. Operating Results

The gross earnings and profit after income tax recorded by the Group for the year ended 31 December 2020 was ₦199.44 billion and ₦181.25 billion respectively. The Directors affirm that the Group is strategically poised for continued growth and development. Highlights of the Group's operating results for the year under review are as follows:

	GROUP		COMPANY	
In thousands of naira	**2020**	**2019**	**2020**	**2019**
Gross earnings	**199,439,132**	181,249,930	**4,200,172**	3,501,949
Profit before minimum tax and income tax	**21,911,716**	20,130,397	**3,078,036**	3,614,493
Minimum tax	**(433,746)**	(1,040,558)	**(5,384)**	(8,159)
Income tax expense	**(1,867,516)**	(1,752,565)	**(12,379)**	(4,874)
Profit after tax	**19,610,454**	17,337,274	**3,060,273**	3,601,460
Appropriations:				
Transfer to statutory reserve	**2,383,089**	1,960,712	**-**	-
Transfer to retained earnings	**17,227,365**	15,376,562	**3,060,273**	3,601,460
	19,610,454	17,337,274	**3,060,273**	3,601,460
Basic and diluted earnings per share (Naira)	**0.98**	0.87	**0.15**	0.18
Dividend per share (Naira)	**0.15**	0.14	**0.15**	0.14
Total non-performing loans and advances	**28,567,452**	27,685,683	**-**	-
Total non-performing loans to total gross loans and advances (%)	**3.29%**	3.67%	**-**	-

Directors' Report
for the year ended 31 December 2020 (continued)

Proposed dividend

The Board of Directors recommended a cash dividend of 15 kobo per issued and paid up ordinary share for the year ended 31 December 2020 (2019:14 kobo). This is subject to approval at the Annual General Meeting.

Payment of dividends is subject to withholding tax at a rate of 10% in the hand of recipients.

d. Directors' shareholding

The direct and indirect interests of directors in the issued share capital of the Company as recorded in the register of directors shareholding and/or as notified by the Directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria 2004 and listing requirements of the Nigerian Stock Exchange are as noted below:

	Shareholding as at 31 December 2020 Number of 50k Ordinary Shares Held		Shareholding as at 31 December 2019 Number of 50k Ordinary Shares Held	
	Direct holdings	Indirect holdings	Direct holdings	Indirect holdings
Mr. Oladipupo Jadesimi (Chairman)	**190,463,000**	**-**	190,463,000	-
Mr. Ladi O Balogun (Group Chief Executive)	**202,166,756**	**-**	202,166,756	-
Mr. Peter Obaseki (Chief Operating Officer)	**6,969,971**	**-**	6,969,945	-
Mr. Olufemi Badeji (Executive Director)	**1,000,000**	**-**	-	-
Alhaji Mustapha Damcida (Non-Executive Director)	**-**	**-**	-	-
Professor Oluwatoyin Ashiru (Non Executive Director)	**2,055,187**	**-**	2,055,187	-
Dr. (Engr) Gregory Omosigho Ero (Non-Executive Director)	**-**	**-**	-	-
Mrs. Olapeju Eniola Sofowora (Nee Olashore) (Non-Executive Director)	**228,000**	**-**	128,000	-
Mrs. Tokunboh Ishmael (Non Executive Director)*	**-**	**-**	-	-
Mr. Olusegun Odubogun (Non-Executive Independent Director)**	**500,000**	**-**	400,000	-
Mr. Olutola O. Mobolurin (Non-Executive Director)**	**2,120,000**	**-**	2,120,000	-
Mr. Bismarck Rewane (Non-Executive Independent Director) ***	**1,112,280**	**-**	1,112,280	-

Note: * Joined the Board on April 28, 2020
** Retired from the Board on July 31, 2020
*** Retired from the Board on March 8, 2019

Directors' Report
for the year ended 31 December 2020 (continued)

e. Directors' interests in contracts

For the purpose of section 303 of the Companies and Allied Matters Act (CAMA 2020), none of the Directors had any direct or indirect interest in contracts or proposed contracts with the Group during the year.

f. Property and Equipment

Information relating to changes in property and equipment is given in Note 29 to the financial statements. In the Directors' opinion, the market value of the Group's properties is not less than the carrying value in the financial statements.

g. Shareholding Analysis

The shareholding pattern of FCMB Group Plc as at 31 December 2020 is as stated below:

31 December 2020

Share Range	No. of Shareholders	% of Shareholders	No. of Holdings	% of Shareholdings
1-10,000	485,527	94.08	387,713,533	1.96
10,001-50,000	23,350	4.52	468,626,575	2.37
50,001-100,000	3,239	0.63	225,874,906	1.14
100,001-500,000	3,084	0.60	598,678,766	3.02
500,001-1,000,000	375	0.07	266,991,923	1.35
1,000,001-5,000,000	395	0.08	776,914,928	3.92
5,000,001-10,000,000	47	0.01	336,149,308	1.70
10,000,001-50,000,000	69	0.01	1,356,776,098	6.85
50,000,001-100,000,000	12	0.00	942,278,410	4.76
100,000,001-500,000,000	22	0.00	5,126,625,278	25.89
500,000,001-1,000,000,000	9	0.00	6,363,040,831	32.13
1,000,000,001-19,802,710,781	2	0.00	2,953,040,225	14.91
TOTAL	**516,131**	**100.00**	**19,802,710,781**	**100**

31 December 2019

Share Range	No. of Shareholders	% of Shareholders	No. of Holdings	% of Shareholdings
1-10,000	485,552	93.91	388,564,122	1.96
10,001-50,000	23,710	4.58	477,026,065	2.41
50,001-100,000	3,370	0.65	236,027,513	1.19
100,001-500,000	3,401	0.66	675,089,341	3.41
500,001-1,000,000	477	0.09	341,551,264	1.72
1,000,001-5,000,000	488	0.09	948,960,469	4.79
5,000,001-10,000,000	65	0.01	485,071,103	2.45
10,000,001-50,000,000	74	0.01	1,478,990,710	7.47
50,000,001-100,000,000	16	0.00	1,173,898,124	5.93
100,000,001-500,000,000	23	0.00	5,277,012,027	26.65
500,000,001-1,000,000,000	8	0.00	5,350,347,241	27.02
1,000,000,001-19,802,710,781	2	0.00	2,970,172,802	15.00
TOTAL	**517,186**	**100.00**	**19,802,710,781**	**100**

Directors' Report

for the year ended 31 December 2020 (continued)

The shareholding analysis into domestic and foreign shareholders of the Company is as stated below:

31 December 2020

Shareholder Category	No. of Shareholders	% of Shareholders	No. of Holdings	% of Shareholdings
Domestic shareholders	515,715	99.92	17,131,779,250	86.51
Foreign shareholders	416	0.08	2,670,931,531	13.49
Total	516,131	100.00	19,802,710,781	100.00

31 December 2019

Shareholder Category	No. of Shareholders	% of Shareholders	No. of Holdings	% of Shareholdings
Domestic shareholders	516,789	99.92	14,676,427,865	74.11
Foreign shareholders	397	0.08	5,126,282,916	25.89
Total	517,186	100.00	19,802,710,781	100.00

h. Substantial interest in Shares

The Company's authorised share capital is ₦15 billion divided into 30 billion ordinary shares of 50 kobo each of which 19,802,710,781 ordinary shares are issued and fully paid. According to the register of members, no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2020:

	31 December 2020		31 December 2019	
Shareholder	Number of shares	% Holding	Number of shares	% Holding
1. Capital IRG Trustees Limited	**1,747,863,762**	**8.83**	1,741,363,762	8.79
2. Stanbic Nominees Nig. Limited - Custody	**2,298,718,117**	**11.61**	2,482,214,072	12.53

i. Donations and Charitable Gifts

The Group made contributions to charitable and non-political organisations amounting to ₦709,471,383 (31 December 2019: ₦299,349,230) during the year.

Beneficiary	Amount (₦)
COVID-19 Relief Fund - CBN	250,000,000
COVID-19 Relief Fund	119,500,000
Kano State CSR Project	95,637,963
Stack Diagnostics Nigeria Ltd	30,000,000
Lagos State Security Trust Fund	30,000,000
Ogun State Security Trust Fund	25,000,000
Financial Institutions Training Centre	20,000,000
St. Saviour's School, Ikoyi	20,000,000
Ebonyi State University	17,092,500
The Chartered Institute of Bankers of Nigeria	12,000,000
Bauchi State Government	10,000,000

Directors' Report
for the year ended 31 December 2020 (continued)

Beneficiary	Amount (₦)
Tulsi Chanrai Foundation	10,000,000
The Asian Banker Middle East and Africa Regional Award 2020 Sponsorship	7,132,125
College of Medicine, University of Ibadan	5,600,000
Central Bank of Nigeria - Financial Literacy and Public Enlightenment Campaign	5,216,550
COVID-19 Relief Fund - (Others)	5,000,000
Harvesters International Christian Centre	5,000,000
Gombe State Government	5,000,000
Youth Empowerment Foundation	3,625,010
Bethesda Child Support Agency	3,000,000
Lagos State Employment Trust Fund	2,500,000
Nigerian-Belgian Chamber of Commerce	2,000,000
Nigerian Police Force	2,000,000
Wiscar 2020 Annual Conference	2,000,000
Kharis Cares Foundation	1,612,500
Kwara State Polytechnic Ilorin	1,300,000
Foundation For The Global Compact	1,003,485
D2D Sponsorship for Seed Capital Winners	1,000,000
Rise Human and Education Development Networks Ltd	1,000,000
Rose of Sharon Foundation	1,000,000
The Metropolitan Club	1,000,000
Gem Women Body and Soul Conference	750,000
Nigerians in Diaspora Commission	500,000
Women in Successful Careers	500,000
Grand Africa Initiative	500,000
Ekiti State Government Covid-19 Fund	500,000
Birch Freeman High School Old Boys Association	350,000
Digital Africa Global Consult Limited	300,000
Muslim Pilgrim Welfare Board Bauchi	300,000
Akinjide Adeosun Foundation	250,000
Kwara State Sport Festival	250,000
Pride Magazine	250,000
Women Business Arena	250,000
Skylak Sports Club of Nigeria	200,000
Ojodu Education District II	200,000
Ondo State Lassa fever Control Centre	100,000
Women In Science	100,000
Others	8,951,259
Total	709,471,383

Directors' Report
for the year ended 31 December 2020 (continued)

j. Events after the Reporting Period

There were no significant events after the reporting period which could have a material effect on the financial position of the Group as at 31 December 2020 and its operating results for the year then ended which have not been adequately adjusted for or disclosed in these financial statements.

k. Human Resources

Employment of Disabled Persons

The Group operates a non-discriminatory policy on recruitment. Applications by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to those of other employees. Currently, the Group has four persons on its staff list with physical disabilities (31 December 2019:4)

Health, Safety and Welfare at Work

The Group continues to prioritise staff health and welfare. The Group retains top-class private hospitals where medical facilities are provided for staff and their immediate families as non-payroll employee benefits. A contributory pension fund scheme, in line with the Pension Reform Act 2014 (as amended), exists for employees of the Group.

Diversity in Employment

The number and percentage of men and women employed during the financial year ended 31 December 2020 and the comparative year vis-a-vis total workforce is as follows:

31 December 2020

	Number			%	
	Male	Female	Total	Male	Female
Employees	2,188	1,422	3,610	61%	39%

31 December 2019

	Number			%	
	Male	Female	Total	Male	Female
Employees	2,339	1,554	3,893	60%	40%

Directors' Report
for the year ended 31 December 2020 (continued)

Gender analysis of Top Management is as follows:

31 December 2020

	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager (AGM)	26	8	34	43%	13%
Deputy General Manager (DGM)	12	2	14	20%	3%
General Manager (GM)	8	5	13	13%	8%
Total	46	15	61	76%	24%

31 December 2019

	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager (AGM)	28	7	35	42%	11%
Deputy General Manager (DGM)	13	2	15	20%	3%
General Manager (GM)	11	5	16	16%	8%
Total	52	14	66	78%	22%

Gender analysis of the Board is as follows:

31 December 2020

	Number			%	
	Male	Female	Total	Male	Female
Executive Director (ED)	10	2	12	24%	5%
Group Chief Executive/Chief Executive Officer (GCE/CEO)	8	-	8	18%	0%
Non-Executive Directors	16	8	24	36%	22%
Total	34	10	44	77%	23%

31 December 2019

	Number			%	
	Male	Female	Total	Male	Female
Executive Director (ED)	11	2	13	26%	5%
Group Chief Executive/Chief Executive Officer (GCE/CEO)	8	-	8	18%	0%
Non-Executive Directors	17	6	23	39%	14%
Total	36	8	44	82%	18%

Directors' Report

for the year ended 31 December 2020 (continued)

l. Employee Involvement and Training

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the Group. This is achieved through regular meetings between management and staff of the Group.

The Group has in-house training facilities complemented with additional facilities from educational institutions (local and offshore) for the training of its employees.

m. Customer Complaints

FCMB Group Plc is committed to ensuring an effective and responsive complaints management process hence the banking subsidiary has put in place a complaints management policy to ensure that the causes of complaints are fully addressed and to assure stakeholders and members of the public that their concerns will be handled in a fair and appropriate manner. Customers' complaints are lodged with the Complaints Officer at complaints@fcmb.com for necessary action.The banking subsidiary had pending complaints of 1,473 at the beginning of the year and received additional 73,385 (31 December 2019: 33,705) during the year ended 31 December 2020, of which 72,984 (31 December 2019: 33,422) complaints were resolved (inclusive of pending complaints brought forward) and 1,867 (31 December 2019: 1,473) complaints remained unresolved and pending with the Banking subsidiary as at the end of the financial year. The total amount resolved was ₦1.56 billion (31 December 2019: ₦6.11 billion) while the total disputed amount in cases which remained unresolved stood at ₦1.85 million (31 December 2019: ₦502.04 million). These unresolved complaints were referred to the Central Bank of Nigeria for intervention. The Directors are of the opinion that these complaints will be resolved without adverse consequences for the Banking subsidiary. No provisions are therefore deemed necessary for these claims.

Description	Number		Amount Claimed (₦'000)		Amount Refunded (₦'000)	
	2020	2019	**2020**	2019	**2020**	2019
Pending complaints brought forward	**1,473**	1,202	**2,135**	1,254	**-**	-
Received complaints	**73,385**	33,705	**1,555,306**	6,614,477	**-**	-
Total complaints	**74,858**	34,907	**1,557,441**	6,615,731	**-**	-
Resolved complaints	**72,984**	33,422	**1,555,279**	6,111,555	**25,583**	40,730
Unresolved complaints escalated to CBN for intervention	**7**	12	**1,854**	502,041	**-**	-
Unresolved complaints pending with the banking subsidiary Carry forward*	**1,867**	1,473	**308**	2,135	**-**	-

Directors' Report
for the year ended 31 December 2020 (continued)

o. Directors' Remuneration

The Company ensures that remuneration paid to its Directors complies with the provisions of the Codes of Corporate Governance issued by its regulators.

In compliance with Section 34(5) of the Code of Corporate Governance for Public Companies as issued by Securities and Exchange Commission, the Company makes disclosure of the remuneration paid to its directors as follows:

Type of Package Fixed	Description	Timing
Basic Salary	Part of gross salary package for Executive Directors only. Reflects the banking industry competitive salary package and the extent to which the Group's objectives have been met for the financial year.	Paid monthly during the financial period.
Other allowances	Part of gross salary package for Executive Directors only. Reflects the banking industry competitive salary package and the extent to which the Group's objectives have been met for the financial year.	Paid at periodic intervals during the financial year.
Productivity bonus	Paid to Executive Directors only and tied to performance of the line report. It is also a function of the extent to which the Group's objectives have been met for the financial year.	Paid annually in arears.
Director fees	Paid quarterlly at the beginning of a new quarter to Non-Executive Directors only.	Paid quarterly at the beginning of a new quarter.
Sitting allowances	Allowances paid to Non-Executive Directors only, for attending Board and Board Committee Meetings.	Paid after each Meeting.

p. Auditors

During the period, Messrs KPMG Professional Services resigned as auditors in line with the Central Bank of Nigeria's directives on ten years maximum tenor for external auditors of banks. Accordingly, Messrs Deloitte & Touche Nigeria were appointed as auditors and they have indicated their willingness to continue in office as auditors.

By Order of The Board

Mrs. Olufunmilayo Adedibu
Company Secretary
44 Marina
Lagos State
Nigeria
FRC/2014/NBA/00000005887
26 February 2021.

Statement of Directors' Responsibilities in Relation to the Financial Statements

For the preparation and approval of the financial statements

The Directors of FCMB Group Plc accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group as at 31 December 2020, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern:

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Oladipupo Jadesimi
Chairman
FRC/2015/IODN/00000006637
26 February 2021.

Mr. Ladi Balogun
Group Chief Executive
FRC/2013/IODN/00000001460
26 February 2021.

Audit Committee Report

In compliance with section 404 (7) of the Companies and Allied Matters Act 2020, the Central Bank of Nigeria Code of Corporate Governance and the Securities and Exchange Commission Code of Corporate Governance for Public Companies in Nigeria, we have reviewed the Audit Report for the year ended 31 December, 2020 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion;

2. The account and reporting policies of the Group conformed with the statutory requirements and agreed ethical practices;

3. The internal control system was constantly and effectively monitored;

4. The whistle blowing channel run by an external and independent third party was found adequate;

5. The external auditor's management controls report received satisfactory response from Management; and
6. The gross value of related party loans as at 31 December 2020 was ₦2.62 billion (31 December 2019:₦4.22 billion) and also these related party loans are performing.

The Audit Committee comprises the following Non-Executive Directors and Shareholders' representatives:

1 Evangelist Akinola Soares
Chairman/Shareholders' representative

2 Alhaji S. B. Daranijo
Shareholders' representative

3 Mr. Hakeem Batula
Shareholders' representative

4 Mrs. Olapeju Eniola Sofowora
Non-Executive Director

5 Professor Oluwatoyin Ashiru
Non-Executive Director

The Group's Head, Internal Audit, **Babajide Odedele** (FRC/2014/ICAN/00000006880) acts as secretary to the Committee.

Evangelist Akinola Soares
Chairman, Audit Committee
FRC/2013/ANAN/00000004356
25 February 2021.

Independent Auditors' Report

Deloitte.

P.O Box 965
Marina
Lagos
Nigeria

Deloitte & Touche
Civic Towers
Plot GA 1 Ozumba
Mbadiwe Avenue
Victoria Island
Lagos
Nigeria

To The Members Of FCMB Group Plc

Report on the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **FCMB Group Plc** and its subsidiaries (the Group and Company) set out on pages 71 to 262, which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of FCMB Group Plc as at 31 December 2020, and its consolidated and separate financial performance and consolidated and separate statement of cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Companies and Allied Matters Act (CAMA) 2020, Banks and Other Financial Institutions Act Cap B3 LFN 2004, and Financial Reporting Council Act, 2011.

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 its Subsidiaries in line with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other ethical requirements that are relevant to our audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Independent Auditors' Report

Deloitte.

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers	
Loans and advances make up a significant portion of the total assets of the Group. At 31 December 2020, gross loans and advances was ₦869.2 billion (2019: ₦754.3 billion) against which total loan impairment of ₦46.5 billion (2019: ₦38.5 billion) was recorded, thus leaving a net loan balance of ₦822.7 billion (2019: ₦715.8 billion) which represents 39.9% (2019: 42.9%) of the total assets as at the reporting date. The basis of the impairments is summarised in the accounting policies to the consolidated and separate financial statements. In accordance with the provisions of IFRS 9 Financial Instruments, the Directors have established the group's loan loss impairment methodology using the expected credit loss model. The Directors exercise significant judgement when determining both when and how much to record as loan impairment. This is due to the fact that a number of significant assumptions and inputs go into the determination of the impairment on loans and advances to customers. Some of these include: i. Estimate of probability of default ii. Estimate of loss given default iii. Segmentation iv. Exposure at default v. Credit classification vi. Estimates of projected cash flows vii. Determination of effective interest rates Because of the significance of these estimates, judgements and the size of loans and advances portfolio, the audit of loan impairment is considered a key audit matter.	We focused our testing of the impairment on loans and advances to customers on the key assumptions and inputs made by management and Directors. Specifically, our audit procedures included the following: a. We tested the design and operating effectiveness of the key controls around identification and determination of the impairment on each loan. These control processes included reviewing: • System-based and manual controls over the timely recognition of impaired loans and advances; • Controls over the impairment calculation with the model including data inputs; b. We adopted a risk based approach to test a sample of loans and advances (including loans that had not been identified by management as potentially impaired) to form our own assessment as to whether impairment events had occurred and to assess whether impairments had been identified in a timely manner. We challenged management's judgement and we increased the focus on loans that were not reported as being impaired in sectors that are currently experiencing difficult economic and market conditions, such as the oil and gas sector. c. As the Group currently uses a system based impairment model, our Risk Advisory specialists were engaged to test some of the relevant IT controls, Interfaces between the core banking application and the ancillary application and relevant automated controls.

Independent Auditors' Report

Deloitte.

Key audit matter	How our audit addressed the key audit matter
	d. We involved our credit risk specialists who assessed whether the modelling assumptions (probability of Default (PD), Loss given default (LGD), Exposure at default (EAD), Segmentation, cure rate etc.) used by management were reasonable in light of the requirement of the applicable financial reporting standards, historical experience, economic climate, current operational processes as well as our own knowledge of practices used by other similar Groups. Reviewed the reasonableness of the forward-looking assumptions applied into the impairment calculations. Challenged the multiple economic scenarios and probability weights applied in the model. Where we determined that a more appropriate assumption or input in impairment measurement could be made, we recalculated the impairment on that basis and compared the results in order to assess whether there was any indication of error or management bias. e. We assessed the impact of the various stimulus offered by the Group and Central Bank of Nigeria as well as the economic impact of the Covid-19 on customers' accounts have also been assessed based on Directors' judgement. f. Disclosures in the financial statements were reviewed for reasonableness and compliance with the requirements of the standards Based on our review, we concluded that the amount of loan impairment losses were comparable with historical performance, and prevailing economic situations and that the estimated loan impairment losses determined was appropriate in the circumstances.

Independent Auditors' Report

Deloitte.

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill	
Goodwill carrying value was N11.3 billion in the consolidated and separate statement of financial position as at 31 December 2020. In line with the requirements of the applicable accounting standard, IAS 36, Impairment of Assets, management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill. This is performed using discounted cash flow models. As disclosed in note 30, there are a number of key sensitive judgements adopted by management in determining the inputs into these models which include: • Revenue growth • Operating margins • The discount rates applied to the projected future cash flows. Accordingly, the impairment test of this asset is considered to be a key audit matter. The Management have developed a valuation model to enable a fair determination of the discounted cash flows for the significant Cash Generating Units (CGUs) to which the goodwill relates.	We focused our testing of the impairment of goodwill on the key assumptions made by management. Our audit procedures included: • We reviewed all relevant controls over the generation of the key inputs, e.g. financial forecasts, discount rate, revenue growth rate, etc. that go into the valuation calculation. • Engaging our internal specialists to assist with: – Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36, Impairment of Assets. – Validating the assumptions used to calculate the discount rates, projected cash flows and recalculating these rates. • Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the Cash Generating Unit. • Subjecting the key assumptions to sensitivity analyses. • Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of management's projections. • Checking mathematical accuracy of the calculations We found that the assumptions used by management were comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances. We consider the disclosure of the goodwill to be relevant and useful.

Independent Auditors' Report

Deloitte.

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted investments	
The Group's investment securities include unlisted equities for which there are no liquid market. The assets are designated as available-for-sale instruments and are carried at fair value through other comprehensive income (FVOCI) in line with the group's accounting policies. Given the non-availability of market prices for these securities, determination of their fair valuation by management involve exercise of significant assumptions and judgements regarding the cash flow forecasts, growth rate and discount rate utilised in the valuation model. This is why it is considered a key audit matter. The Directors have an internal staff with specialized knowledge in valuation that assisted with the determination of the fair value of the unquoted investment securities and the report of the valuation work detailing the relevant assumptions used, key inputs and data that go into the valuation was made available for our review.	We focused our attention on auditing the valuation of unlisted investment securities by looking specifically into the valuation model, inputs and key assumptions made by the management. Our audit procedures included: • Evaluated the Design and implementation of relevant controls over generation of key inputs that went into the valuation model. • Obtaining direct confirmation of the existence and units of the different holdings with the investees' registrars and/or secretariats. We engaged our valuation specialist who performed the procedures below: • Critically evaluating whether the model used by management to calculate the fair value of the unquoted securities complies with the requirements of IFRS 9- Financial Instruments and IFRS 13- Fair value Measurements • Validating the assumptions used to calculate the discount rates used and recalculating these rates. • Subjecting the key assumptions to sensitivity analyses. • Checking mathematical accuracy of the valuation calculations. We found that the assumptions used by management were comparable with the market, accord with best practice, key data and the discount rates used in estimating the fair value of the instruments were appropriate in the circumstances. We consider the disclosure relating to these instruments to be appropriate in the circumstances.

Independent Auditors' Report

Deloitte.

Other Matter

The consolidated and separate financial statements of The Group and its Subsidiaries for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 18 March 2020.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report and the Statutory Audit Committee's Report, which we obtained prior to the date of this auditors' report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or 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 on the other information that we obtained prior to the date of this auditor's report, 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 Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's 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 or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the 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 consolidated financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement 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.

Independent Auditors' Report

Deloitte.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 auditors' report. However, future events or conditions may cause the Group 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 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, 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 auditors' 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

In accordance with the Fifth Schedule of the Companies and Allied Matters Act (CAMA) 2020, we expressly state that:

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

ii) The Group and its Subsidiaries has kept proper books of account, so far as appears from our examination of those books.

iii) The Group and its Subsidiaries' financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Independent Auditors' Report

Deloitte.

The Group has complied with the requirements of the relevant circulars issued by Central Bank of Nigeria.

In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider related credits are as disclosed in Note 44F.

During the year, the Group contravened certain sections of the Banks and Other Financial Institutions (BOFIA) Act CAP B3 LFN 2004 and CBN circulars/guidelines. The details of the contravention and the related penalty is as disclosed in note 48.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
24 March 2021

Engagement Partner
Joshua Ojo, FCA
FRC/2013/ICAN/00000000849

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

		GROUP		COMPANY	
In thousands of Naira	Note	2020	2019	2020	2019
Gross earnings		**199,439,132**	181,249,930	**4,200,172**	3,501,949
Interest and discount income	8	**151,023,356**	137,447,224	**418,881**	427,608
Interest expense	9	**(60,265,792)**	(61,470,839)	**-**	-
Net interest income		**90,757,564**	75,976,385	**418,881**	427,608
Fee and commission income	11	**30,162,966**	29,722,680	**659,335**	-
Fee and commission expense	11	**(10,607,812)**	(9,000,588)	**(40)**	(4)
Net fee and commission income		**19,555,154**	20,722,092	**659,295**	(4)
Net trading income	12	**7,117,674**	6,904,490	**(69)**	(1,396)
Net income from financial instruments mandatorily measured at fair value through profit or loss	13	**12,529**	1,952,495	**-**	-
Other revenue	14(a)	**10,540,906**	4,075,888	**2,358,276**	3,017,697
		17,671,109	12,932,873	**2,358,207**	3,016,301
Other income	14(b)	**581,701**	1,147,153	**763,749**	58,040
Impairment losses on financial instruments	10(a)	**(22,307,656)**	(13,747,603)	**(22,394)**	(49,295)
Impairment writeback on investment in subsidiaries		**-**	-	**-**	795,331
Personnel expenses	15	**(29,518,775)**	(29,603,426)	**(332,707)**	(307,650)
Depreciation and amortisation expenses	16	**(7,574,170)**	(6,712,909)	**(26,185)**	(12,817)
General and administrative expenses	17	**(30,475,422)**	(31,892,574)	**(625,403)**	(495,077)
Other operating expenses	18	**(16,777,789)**	(8,691,594)	**(115,407)**	182,056
Profit before minimum tax and income tax		**21,911,716**	20,130,397	**3,078,036**	3,614,493
Minimum tax	20	**(433,746)**	(1,040,558)	**(5,384)**	(8,159)
Income tax expense	20	**(1,867,516)**	(1,752,565)	**(12,379)**	(4,874)
Profit for the year		**19,610,454**	17,337,274	**3,060,273**	3,601,460
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Unquoted equity investments at fair value through other comprehensive income:					
- Net change in fair value	26(h)	**716,855**	5,047,594	**-**	-
- Foreign currency translation differences	26(h)	**1,399,951**	-	**-**	-
Quoted equity at fair value through other comprehensive income:					
- Net change in fair value	26(h)	**40,740**	(309,752)	**-**	-
		2,157,546	4,737,842	**-**	-

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

In thousands of Naira	Note	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Items that may be subsequently reclassified to profit or loss:					
Debt investments at fair value through other comprehensive income:					
- Net change in fair value	26(h)	**6,041,552**	(2,263,237)	**-**	4,298
- Net impairment reclassified from profit or loss	26(c)	**137,340**	20,505	**-**	-
		6,178,892	(2,242,732)	**-**	4,298
Foreign currency translation differences for foreign operations		**1,556,542**	246,453	**-**	-
		7,735,434	(1,996,279)	**-**	4,298
Other comprehensive income for the year, net of tax		**9,892,980**	2,741,563	**-**	4,298
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**29,503,434**	20,078,837	**3,060,273**	3,605,758
Profit attributable to:					
Equity holders of the Company		**19,419,663**	17,259,992	**3,060,273**	3,601,460
Non-controlling interests		**190,791**	77,282	**-**	-
		19,610,454	17,337,274	**3,060,273**	3,601,460
Total comprehensive income attributable to:					
Equity holders of the Company		**29,312,643**	20,000,017	**3,060,273**	3,605,758
Non-controlling interests		**190,791**	78,820	**-**	-
		29,503,434	20,078,837	**3,060,273**	3,605,758
Basic and diluted earnings per share (Naira)	19	**0.98**	0.87	**0.15**	0.18

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

Consolidated and Separate Statements of Financial Position

for the year ended 31 December 2020

In thousands of Naira	Note	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
ASSETS					
Cash and cash equivalents	21	**221,078,644**	223,545,838	**818,741**	19,482
Restricted reserve deposits	22	**311,746,155**	208,916,226	**-**	-
Non-pledged Trading assets	23(a)	**9,301,789**	51,087,200	**-**	-
Derivative assets held for risk management	24(a)	**1,884,398**	11,666,095	**-**	-
Loans and advances to customers	25	**822,772,612**	715,880,600	**-**	-
Assets pledged as collateral	27	**189,216,506**	118,653,230	**-**	-
Investment securities	26	**406,665,569**	239,935,756	**4,359,999**	3,799,741
Investment in subsidiaries	28	**-**	-	**127,378,197**	127,200,705
Property and equipment	29	**46,202,464**	43,697,159	**78,313**	91,259
Intangible assets	30	**16,321,660**	15,624,505	**-**	-
Deferred tax assets	31	**7,944,839**	7,944,838	**-**	-
Other assets	32	**25,258,856**	31,554,348	**2,084,505**	2,908,633
Total assets		**2,058,393,492**	1,668,505,795	**134,719,755**	134,019,820
LIABILITIES					
Trading liabilities	23(b)	**8,361,951**	37,082,002	**-**	-
Derivative liabilities held for risk management	24(b)	**1,871,869**	7,563,600	**-**	-
Deposits from banks	33	**119,365,158**	90,060,925	**-**	-
Deposits from customers	34	**1,257,130,907**	943,085,581	**-**	-
Borrowings	35	**159,718,037**	133,344,085	**-**	-
On-lending facilities	36	**60,366,840**	70,912,203	**-**	-
Debt securities issued	37	**101,531,205**	71,864,898	**-**	-
Retirement benefit obligations	38	**325,557**	132,542	**-**	-
Current income tax liabilities	20(v)	**4,502,688**	4,743,683	**49,568**	84,386
Deferred tax liabilities	31	**316,090**	345,852	**-**	-
Provision	39	**6,325,375**	5,598,177	**-**	-
Other liabilities	40	**111,457,615**	103,105,601	**2,442,832**	1,995,973
Total liabilities		**1,831,273,292**	**1,467,839,148**	**2,492,400**	2,080,359

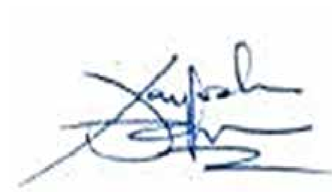
Consolidated And Separate Statements of Financial Position

for the year ended 31 December 2020

		GROUP		COMPANY	
In thousands of Naira	**Note**	**2020**	2019	**2020**	2019
EQUITY					
Share capital	41(b)	**9,901,355**	9,901,355	**9,901,355**	9,901,355
Share premium	42	**115,392,414**	115,392,414	**115,392,414**	115,392,414
Retained earnings	42	**47,482,438**	34,187,857	**6,930,769**	6,642,875
Other reserves	42	**53,964,438**	40,952,603	**2,817**	2,817
Total Equity attributable to owners of the Company		**226,740,645**	200,434,229	**132,227,355**	131,939,461
Non-controlling Interests	43	**379,555**	232,418	**-**	-
		227,120,200	200,666,647	**132,227,355**	131,939,461
Total liabilities and equity		**2,058,393,492**	1,668,505,795	**134,719,755**	134,019,820
Acceptances and guarantees	44	**223,278,647**	209,940,465	**-**	-

Mr. Oladipupo Jadesimi
Chairman
FRC/2015/IODN/00000006637
26 February 2021.

Mr. Ladi Balogun
Group Chief Executive
FRC/2013/IODN/00000001460
26 February 2021.



Mr. Kayode Adewuyi
Chief Financial Officer
FRC/2014/ICAN/00000006884
26 February 2021

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

Consolidated and Separate Statements of Changes in Equity

for the year ended 31 December 2020

GROUP

In thousands of Naira	Share capital	Share premium	Retained earnings	Statutory reserve	AGSMEIS reserve	Forbearance Reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	Non-controlling Interest	Total equity
Balance at 1 January 2020	**9,901,355**	**115,392,414**	**34,187,857**	**12,701,785**	**1,353,596**	**1,960,712**	**8,247,655**	**12,555,186**	**4,133,669**	**232,418**	**200,666,647**
Profit for the year	-	-	19,419,663	-	-	-	-	-	-	190,791	19,610,454
Other comprehensive income											
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,157,546	-	-	2,157,546
Debt investments at fair value through other comprehensive income	-	-	-	-	-	-		6,178,892	-	-	6,178,892
Foreign currency translation differences for foreign operations	-	-	-	-	-		1,556,542	-	-	-	1,556,542
Total comprehensive income for the year	**-**	**-**	**19,419,663**	**-**	**-**	**-**	**1,556,542**	**8,336,438**	**-**	**190,791**	**29,503,434**
Transfer between reserves											
Transfer to statutory reserve	-	-	(2,383,089)	2,383,089	-	-	-	-	-	-	-
Transfer to AGSMEIS reserve	-	-	(735,766)	-	735,766	-	-	-	-	-	-
Transfer from regulatory risk reserve	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners recorded directly in equity											-
Dividend paid	-	-	(2,772,380)	-	-	-	-	-	-	-	(2,772,380)
Transactions with minority shareholders recorded directly in equity											-
Dividend paid	-	-	-	-	-	-	-	-	-	(4,032)	(4,032)
Acquisition of interest in NCI	-	-	(233,848)	-	-	-	-	-	-	(39,621)	(273,469)
Total Contributions by and distributions	**-**	**-**	**(6,125,083)**	**2,383,089**	**735,766**	**-**	**-**	**-**	**-**	**(43,653)**	**(3,049,881)**
Balance at 31 December 2020	**9,901,355**	**115,392,414**	**47,482,438**	**15,084,874**	**2,089,362**	**1,960,712**	**9,804,197**	**20,891,624**	**4,133,669**	**379,555**	**227,120,200**

Consolidated and Separate Statements of Changes In Equity

for the year ended 31 December 2020

GROUP

In thousands of Naira	Share capital	Share premium	Retained earnings	Statutory reserve	AGSMEIS reserve	Forbearance Reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	Non-controlling Interest	Total equity
Balance as at 1 January 2019	**9,901,355**	**115,392,414**	**28,962,144**	**10,741,073**	**-**	**-**	**8,001,202**	**10,061,614**	**146,790**	**220,514**	**183,427,106**
Profit for the year	-	-	17,259,992	-	-	-	-	-	-	77,282	17,337,274
Other comprehensive income											
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	4,737,842	-		4,737,842
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(2,244,270)	-	1,538	(2,242,732)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	246,453	-	-		246,453
Total comprehensive income for the year	**-**	**-**	**17,259,992**	**-**	**-**	**-**	**246,453**	**2,493,572**	**-**	**78,820**	**20,078,837**
Transfer between reserves											
Transfer to statutory reserve	-	-	(1,960,712)	1,960,712	-	-	-	-	-		-
Transfer to AGSMEIS reserve	-	-	(1,353,596)	-	1,353,596	-	-	-	-		-
Transfer from regulatory risk reserve	-	-	(3,986,879)	-	-	-	-	-	3,986,879		-
Transfer to forebearence reserve	-	-	(1,960,712)	-	-	1,960,712	-	-	-	-	-
Transactions with owners recorded directly in equity											-
Dividend paid	-	-	(2,772,380)	-	-	-	-	-	-	-	(2,772,380)
Transactions with minority shareholders recorded directly in equity											-
Dividend paid	-	-	-	-	-	-	-	-	-	(66,916)	(66,916)
Total Contributions and distributions	**-**	**-**	**(12,034,279)**	**1,960,712**	**1,353,596**	**1,960,712**	**-**	**-**	**3,986,879**	**(66,916)**	**(2,839,296)**
Balance at 31 December 2019	**9,901,355**	**115,392,414**	**34,187,857**	**12,701,785**	**1,353,596**	**1,960,712**	**8,247,655**	**12,555,186**	**4,133,669**	**232,418**	**200,666,647**

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

Consolidated and Separate Statements of Changes In Equity

for the year ended 31 December 2020

COMPANY

In thousands of Naira	Share capital	Share premium	Retained earnings	Statutory reserve	AGSMEIS reserve	Forbearance Reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	Non-controlling Interest	Total equity
Balance at 1 January 2020	**9,901,355**	**115,392,414**	**6,642,875**	**-**	**-**	**-**	**-**	**2,817**	**-**	**-**	**131,939,461**
Profit for the year	-	-	3,060,273	-	-	-	-	-	-		3,060,273
Other comprehensive income											
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-		-
Debt investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-		-
Total comprehensive income for the year	**-**	**-**	**3,060,273**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,060,273**
Transactions with owners recorded directly in equity											
Dividend paid	-	-	(2,772,380)	-	-	-	-	-	-	-	(2,772,380)
Total Contributions by and distributions	**-**	**-**	**(2,772,380)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,772,380)**
Balance at 31 December 2020	**9,901,355**	**115,392,414**	**6,930,769**	**-**	**-**	**-**	**-**	**2,817**	**-**	**-**	**132,227,355**
Balance as at 1 January 2019	9,901,355	115,392,414	5,813,795	-	-	-	-	(1,481)	-	-	131,106,083
Profit for the year	-	-	3,601,460	-	-	-	-	-	-	-	3,601,460
Other comprehensive income											
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	4,298	-	-	4,298
Total comprehensive income for the year	**-**	**-**	**3,601,460**	**-**	**-**	**-**	**-**	**4,298**	**-**	**-**	**3,605,758**
Transactions with owners recorded directly in equity											
Dividend paid	-	-	(2,772,380)	-	-	-	-	-	-	-	(2,772,380)
	-	-	(2,772,380)	-	-	-	-	-	-	-	(2,772,380)
Balance at 31 December 2019	**9,901,355**	**115,392,414**	**6,642,875**	**-**	**-**	**-**	**-**	**2,817**	**-**	**-**	**131,939,461**

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

Consolidated and Separate Statements of Cashflows

for the year ended 31 December 2020

In thousands of Naira	Note	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Cash flows from operating activities					
Profit for the period		**19,610,454**	17,337,274	**3,060,273**	3,601,460
Adjustments for:					
Net impairment loss on financial assets	10(a)	**22,307,656**	13,747,603	**22,394.00**	49,295
Net impairment writeback on investment in subsidiaries	10(b)	**-**	-	**-**	(795,331)
Fair value gain on financial assets held for trading	50(i)	**-**	(1,556,516)	**-**	-
Net loss from other financial instruments at fair value through profit or loss	13	**(12,529)**	(1,952,495)	**-**	-
Amortisation of intangibles	16	**1,779,564**	1,423,702	**-**	-
Depreciation of property and equipment	16	**5,794,606**	5,289,207	**26,185**	12,817
Gain on disposal of property and equipment	14(a)	**993,603**	(115,214)	**(109)**	(306)
Gain on disposal of investment securities			(1,323)		-
Unrealised foreign exchange gains	14(a)	**(10,011,442)**	(3,549,033)	**(311,806)**	(48,613)
Other operating expenses - provisions for litigation no longer required	14(b)(i)	**719,413**	(6,457,163)	**-**	(303,630)
Net interest income	50(x)	**(90,757,564)**	(75,976,385)	**(418,881)**	(427,608)
Dividend income	14(a)	**(529,464)**	(526,855)	**(2,046,470)**	(2,969,084)
Tax expense	20	**2,301,262**	2,793,123	**17,763**	13,033
		(47,804,441)	(49,544,075)	**349,349**	(867,967)
Changes in operating assets and liabilities					
Net increase in restricted reserve deposits	50(xi)	**(102,829,929)**	(62,419,139)	**-**	-
Net decrease/(increase) in derivative assets held for risk management	50(xii)	**9,781,697**	(11,655,557)	**-**	-
Net decrease/(increase) in trading assets	50(xxiii)	**41,785,411**	(4,122,018)	**-**	-
Net decrease in loans and advances to customers	50(xiv)	**(117,019,187)**	(69,502,048)	**-**	-
Net decrease in other assets	50(xvi)	**11,306,813**	8,435,990	**858,579**	(5,682)
Net (increase)/decrease in trading liabilities	50(xvii)	**(28,720,051)**	4,605,392	**-**	-
Net decrease in deposits from banks	50(xviii)	**29,304,233**	50,920,881	**-**	-
Net decrease in deposits from customers	50(xix)	**314,045,326**	121,338,158	**-**	-
Net increase/(decrease) in on-lending facilities	50(xx)	**(10,676,570)**	12,615,000	**-**	-
Net increase in assets pledged as collateral	50(xv)	**(64,521,724)**	(35,671,304)	**-**	-
Net decrease in derivative liabilities held for risk management	50(xxi)	**(5,704,260)**	5,600,567	**-**	-
Net increase in provision	50(viii)	**727,198**	609,974	**-**	-
Net decrease/(increase) in other liabilities	50(vii)	**11,061,438**	(19,011,362)	**428,568**	774,559
		40,735,954	(47,799,541)	**1,636,496**	(99,090)

Consolidated and Separate Statements of Cashflows

for the year ended 31 December 2020

		GROUP		COMPANY	
In thousands of Naira	Note	**2020**	2019	**2020**	2019
Interest received	50(ii)	**156,594,700**	133,288,707	**418,881**	427,608
Interest paid	50(iii)	**(58,275,168)**	(63,347,880)	**-**	-
Dividends received	14(a)	**529,464**	526,855	**254,224**	2,409,084
VAT paid	50(iv)	**(571,272)**	(1,053,949)	**(41,362)**	(24,039)
Income taxes paid		**(2,419,807)**	(2,434,334)	**(52,581)**	(107,102)
Net cash generated from operating activities		**136,593,871**	19,179,858	**2,215,658**	2,606,461
Cash flows from investing activities					
Purchase of property and equipment	29	**(9,595,808)**	(7,579,660)	**(13,393)**	(88,856)
Purchase of intangible assets	30(a)	**(1,492,340)**	(1,496,803)	**-**	-
Purchase of intangible assets work-in-progress	30(a)	**(864,342)**	(375,587)	**-**	-
Proceeds from sale of property and equipment	50(ix)	**328,737**	333,695	**264**	2,932
Acquisition of investment securities	50(v)	**(182,228,223)**	(83,975,620)	**(452,236)**	(267,765)
Proceeds from sale and redemption of investment securities	50(v)	**12,163,304**	72,855,133	**164,514**	220,000
Net cash used in generated from investing activities		**(181,688,671)**	(20,238,842)	**(300,851)**	(133,689)
Cash flows from financing activities					
Investment in subsidiaries	50(xxiv)	**-**	-	**(177,492)**	-
Dividend paid		**(2,772,380)**	(2,772,380)	**(2,772,380)**	(2,772,380)
Proceeds from long term borrowings	35(c)	**114,189,234**	152,422,400	**-**	-
Repayment of long term borrowings	35(c)	**(99,012,958)**	(129,381,414)	**-**	-
Proceeds from debt securities issued	50(xxii)	**79,313,842**	17,013,255	**-**	-
Repayment of debt securities issued	50(xxii)	**(51,210,896)**	-	**-**	-
Net cash (used in)/generated from financing activities		**40,506,842**	37,281,861	**(2,949,872)**	(2,772,380)
Net increase in cash and cash equivalents		**(4,587,958)**	36,222,877	**(1,035,064)**	(299,608)
Cash and cash equivalents at start of year	47	**223,578,336**	185,165,525	**19,482**	297,957
Increase in cash and cash equivalents		**(4,587,958)**	36,222,877	**(1,035,064)**	(299,608)
Effect of exchange rate movement on cash and cash equivalents held	50(vi)	**2,124,216**	2,189,934	**1,844,216**	21,132
Cash and cash equivalents at end of year	47	**221,114,594**	223,578,336	**828,634**	19,482

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020

1. Reporting entity

FCMB Group Plc was incorporated in Nigeria as a financial holding company on November 20, 2012, under the Companies and Allied Matters Act, in response to the CBN's Regulation on the Scope of Banking Activities and Ancillary Matters (Regulation 3).

The principal activity of FCMB Group Plc is to carry on business as a financial holding company, investing in and holding controlling shares in, as well as managing equity investments in Central Bank of Nigeria approved financial entities. The Company has seven direct subsidiaries; First City Monument Bank Limited (100%), FCMB Capital Markets Limited (100%), CSL Stockbrokers Limited (100%), FCMB Trustees Limited (formerly CSL Trustees Limited) (100%), FCMB Microfinance Bank Limited (100%), FCMB Pensions Limited (92.80%) and Credit Direct Limited (100%).

FCMB Group Plc is a company domiciled in Nigeria. The address of the Company's registered office is 44 Marina, Lagos. These audited reports for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the 'Group').

These consolidated and separate financial statements were authorised for issue by the Board of directors on 26 February 2021.

2a. Changes in accounting policies

Except as noted below, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these consolidated and separate financial statements.

b. Significant accounting policies

Except as noted in Note 2(a), the Group has consistently applied the following accounting policies to all periods presented in these consolidated and separate financial statements, unless otherwise stated.

3a. (i) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, the Banks and other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars. The same accounting policies and methods of computation are followed in the consolidated and separate financial statements as compared with the most recent annual financial statements except as described in note 2(a).

(ii) Basis of accounting

The financial statements have been prepared under the historical cost convention with the exception of the following:

- Financial assets and liabilities measured at amortised cost;
- Derivative financial instruments which are measured at fair value; and
- Non-derivative financial instruments, carried at fair value through profit or loss, or fair value through OCI are measured at fair value.

(iii) Functional and presentation currency

These consolidated and separate financial statements are presented in Naira, which is the Bank's functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(iv) Use of estimates and judgments

In preparing these consolidated 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.

(a) Judgements

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

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

- Note 4(b): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

- Notes 3(k)(ii) and 5: classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2019 is included in the following notes.

- Notes 4(b) and 3(k)(vii): impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- Note 7: measurement of the fair value of financial instruments with significant unobservable inputs.
- Note 31: recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.

- Note 30(d) - (e): impairment testing for CGUs containing goodwill: key assumptions underlying recoverable amounts.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 5.

(b) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has the rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investment in subsidiaries are measured at cost less impairment in the Bank's separate financial statements.

(ii) Special purpose entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the execution of a specific borrowing or lending transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

The Group established FCMB Financing SPV Plc, Nigeria as a special purpose entity to raise capital from the Nigerian capital markets or other international market either by way of a stand-alone Issue or by the establishment of a programme. Accordingly, the financial statements of FCMB Financing SPV Plc have been consolidated.

(iii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interests in the previous subsidiary, then such interests is measured at fair value at the date that control is lost. Subsequently that retained interests is accounted for as an equity-accounted investee or in accordance with the Group's accounting for financial instruments.

(iv) Common control transactions

Common control transactions in the consolidated financial statement are either accounted for at book value accounting. Any method chosen by an entity are consistently used for all similar common control transactions in its consolidated financial statements, i.e. it cannot use IFRS 3 accounting for some common control transactions and book value accounting for other similar transactions.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

The difference between the consideration paid and the book value of the asset represents transaction with shareholder and should therefore be recorded in equity. The assets and liabilities transferred are recognised at the carrying amounts recognised previously in the transferor's consolidated financial statements. The Group adopted the book value method of accounting for its common control transactions.

(v) 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.

(c) Foreign currency

(i) Foreign currency transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rates as at that date. The foreign currency gain or loss is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

However, foreign currency differences arising from the translation of the following item are recognised in other comprehensive income:

- an investment in equity securities designated at fair value through other comprehensive income (FVOCI) except on impairment, in which case foreign currency difference that have been recognised in other comprehensive income are reclassified to profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Naira at spot exchange rates at the reporting date. The income and expenses of foreign operations are translated to Naira at spot exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests (NCI). When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(d) Interest

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 financial assets or financial liability.

When calculating the effective interest rate for financial intruments other than credit-impaired assets,the Group estimates future cashflows considering all contractual terms of the financial instrument, but not

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

expected credit losses. For credit-impaired financial assets,a credit adjusted effective interest rate is calculated using estimated future cashflows including expected credit losses.

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.

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.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

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

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.

- Interest on debt instruments measured at fair value through other comprehensive income calculated on an effective interest basis;

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

(e) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate which is used in the computation of Interest Income. Fees, such as processing and management fees charged for assessing the financial position of the borrower, evaluating and reviewing guarantees, collateral and other security, negotiation of instruments' terms, preparing and processing documentation and finalising the transaction are an integral part of the effective interest rate on a financial asset or liability and are included in the measurement of the effective interest rate of financial assets or liabilities.

Other fees and commission income, including loan account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

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

(f) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, dividends and foreign exchange differences.

(g) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to fair value gains or losses on non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

(h) Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

(i) Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) Group acting as a lessee

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

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Group acting as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset.

i. As a lessee

The Group did not have any finance leases under IAS 17.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

ii. As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

(j) Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax, National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year,

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and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and 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)

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

Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Minimum tax is determined based on the sum of:

- the highest of; 0.25% of revenue of ₦500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets; and
- 0.125% of revenue in excess of ₦500,000.

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

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

(b) Deferred tax

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

Deferred tax is not recognised for:

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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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.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

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

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

(k) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Group initially recognises loans and receivables, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including assets and liabilities designated at fair value through profit or loss) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

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

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

A financial asset is measured at fair value through other comprehensive income only if it meets both the following conditions and is not designated as at fair value through profit or loss:

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

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

All other financial assets are classified as measured at fair value through profit or loss.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or signicantly reduces an accounting mismatch that would otherwise arise.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The reclassification carried out prospectively from the reclassification date. Accordingly, any previously unrecognised gains, losses or interest are not reinstated. Changes in the business model for managing financial assets are expected to be very infrequent.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual right to the cash flow from the Financial

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assets expires or it transfers the right to receive the contractual cash flow in a transaction in which the substantially all the risks and rewards of the ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and the rewards of the ownership and it does not retain control of the financial asset.

On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at fair value through other comprehensive income is not recognised in the profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transaction in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of the asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group securitises various loans and advances to customers and investment securities, which generally result in the sale of these to unconsolidated securitisation vehicles and in the Group transferring substantially all the risks and rewards of ownership. The securitisation vehicle in turn issues securities to investors. Interest in the securitised financial assets are generally retained in the form of senior or subordinated tranches, interest-only strips or other residual interests (retained interests). Retained interests are recognised as investment securities and carried at fair value through other comprehensive income. Gains or losses on securitisation are recorded in other revenue.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

(iv) 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.

If the cash flow of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and

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derecognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Group 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.

(v) Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRS, or gains and losses arising from a group of similar transactions such as the Group's trading activity.

(vi) Fair value measurement

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

When one is available, the Group measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that the market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e, the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments e.g bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

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

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(vii) Impairment

The Group recognises loss allowances for ECL on the following financial insruments that are not measured at fair value through profit or loss:

- financial assets measured at amortised cost;
- debt investments measured at fair value through other comprehensive income;
- financial guarantee contracts issued; and
- loan commitments issued

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following for which they are measured as 12-month ECL;

• financial assets that are determined to have low credit risk at the reporting date; and

- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivable are always measured at an amount equal to lifetime ECL.

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

12-months ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instruments. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

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

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

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.

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for the year ended 31 December 2020 (continued)

Credit-Impaired financial asset

At each reporting date, the Group assesses whether financial assets at amortised cost and debt instruments carried at fair value through other comprehensive income are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on he estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherswise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. 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' assessment of creditworthiness.
- The countries 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 mechanism in place to provide the necessary support as 'lender of last resort' to the country,as well as the intention, reflected in the public statement of governments and agencies to use those mechanisms.This includes an assessment of the depth of those mechanisms and irrespective of political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets:
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at fair value through other comprehensive income: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is charged to profit or loss and is recognised in the fair value reserve, other comprehensive income.

Write-off policy

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group

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determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Recoveries of amount previously written off are included in impairment losses "on financial instruments" in the statement of profit or loss and other comprehensive income". However, financial asstes that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Measurement of impairment

Impairment losses on assets measured at amortised cost were calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted as the asset's original effective interest rate. impairment losses on available-for-sale assets were calculated as the difference between the carrying amount and the fair value.

Reversal of impairment

- For assets measured at amortised cost: If an event occuring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.

- For debt security at fair value through other comprehensive income: If, in a subsequent period, the fair value of an impaired debt security increased and the increase could be related objectively to an event occuring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss; otherwise, any increase in fair value was recognised through OCI.

Any subsequent recovery in the fair value of an impaired equity security at fair value through other comprehensive income is recognised in OCI.

Impairment losses were recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired assets continued to be recognised through the unwinding of the discount.

Impairment losses on investment securities at fair value through other comprehensive income are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cummulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to the application of the effective interest method werd reflected as a component of interest income.

Write-off

The Group wrote off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when Group determined that there was no realistic prospect of recovery.

(viii) Designation at fair value through profit or loss

Financial assets

At initial recognition, the Group has designated certain financial assets as at fair value through profit or loss because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Financial liabilities

The Group has designated certain financial liabilities as at fair value through profit or loss in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or

- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(l) (i) Cash and cash equivalents

Cash and cash equivalents include bank notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents include cash

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and non-restricted balances with central banks.

(ii) Restricted reserve deposits

Restricted reserve deposits are restricted mandatory reserve deposits held with the Central Bank of Nigeria, which are not available for use in the Bank and Group's day-to-day operations. They are calculated as a fixed percentage of the Group's and Bank's deposit liabilities.

(m) Trading assets and liabilities

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

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

(n) Assets pledged as collateral

Financial assets transferred to external parties that do not qualify for de-recognition (see k(iii)) are reclassified in the statement of financial position from investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms. Assets pledged as collateral are initially recognised at fair value, and are subsequently measured at amortised cost or fair value as appropriate. These transactions are performed in accordance with the usual terms of securities lending and borrowing.

(o) Loan and advances

Loan and advances' captions in the statement of financial position include:

- loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transsaction costs, and subsequently at their amortised cost using the effective interest method;

- loans and advances mandatorily measured at fair value through profit or loss or designated as at fair value through profit or loss; these are measured at fair value with changes recognised immediately in profit or loss; and

- finance lease receivables.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

Loans and advances were initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using effective interest method. When the Group chose to designate the loans and advances as measured at fair value through profit or loss, they were measured at fair value with face value changes recognised immediately in profit or loss.

Loans and advances also included finance lease receivables in which the Group was the lessor.

When the Group purchased a financial asset and simultaneously entered into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement was accounted for as a loan or advance, and the underlying asset was not recognised in the Group's financial statements

(p) Investment securities

Investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;

- debt and equity investment securities mandatorily measured at fair value through profit or loss or designated at fair value through profit or loss; these are at fair value with changes recognised immediately in profit or loss;

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- debt securities measured at fair value through other comprehensive income; and
- equity investment securities designated at fair value through other comprehensive income.

For debt securities measured at fair value through other comprehensive income, gains and losses are recognised in OCI, except for the following, which are recognised in profit and loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in the profit and loss. Dividends are recognised in profit and loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(q) Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives are recognised initially at fair value in the statement of financial position, while any attributable costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value with fair values changes recognised in profit or loss.

(r) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Items of work in progress are recognised at cost less any observable impairment. A review for impairment is carried out when circumstances or situations suggests that the asset carrying amount may not be recoverable. Impairment loss is recognized when the current asset value is less than the cost.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognized net within other income in profit or loss.

The assets' carrying values and useful lives are reviewed, and written down if appropriate, at each reporting date. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount; see note (t) on impairment of non-financial assets.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment.

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for the year ended 31 December 2020 (continued)

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

The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:

Leasehold improvement	Over the shorter of the useful life of the item or lease term
Buildings	50 years
Computer equipment	4 years
Furniture, fittings and equipment	5 years
Motor vehicles	4 years
Right-of-use assets	Over the relevant lease terms.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. When an item of work in progress is completed and is available for use, the asset is de-classified to the relevant class of the asset under property and equipment.

(iv) De-recognition

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

(s) Intangible assets

(i) Goodwill

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

Subsequent measurement

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash generating unit with the carrying value of its net assets, including attributable goodwill and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Software

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

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

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

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

(t) Impairment of non-financial assets

The Group's non-financial assets with carrying amounts other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(u) Deposits, debt securities issued, onlending facilities and borrowings

Deposits, debt securities issued, onlending facilities and borrowings are the Group's sources of funding. When the Group sells a financial asset and simultaneously enters into a "repo" or "lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

Deposits, debt securities issued, onlending facilities and borrowings are initially measured at fair value less incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

(v) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') remain on the statement of financial position; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos') are recorded as money market placement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

(w) Provisions

Provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of time value of money and the specific risks to the liability. Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. A provision for bank levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached. The Group recognises no provisions for future operating losses.

(x) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specific payments to reimburse the

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debit instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below- market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment.Subsequently, they are measured as follows;

- At the higher of this amortised amount and the amount of loss allowance (see k(vii)).

The Group has issued no loan commitment that are measured at fair value through profit or loss.

For other loan commitments:

The Group recognises loss allowance (see k(vii)).

Liabilities arising from financial guarantees and loan commitments are included within provisions.

(y) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

A retirement benefit obligation is a defined contribution plan. A defined contribution plan is a post-employment benefits plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. In line with the Pension Reform Act 2014, the Group and its employees make a joint contribution of 18% (10% by the Bank and 8% by the employees) of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the period during which related services are rendered.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancy are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted.

(z) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Group's ordinary shares

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

(iii) Share premium

Premiums from the issue of shares are reported in share premium.

(iv) Retained earnings

Retained earnings comprise the undistributed profits from previous periods which have not been reclassified to any specified reserves.

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for the year ended 31 December 2020 (continued)

(v) Other reserves comprises of statutory reserve, SSI reserve, translation reserve, fair value reserve, regulatory risk reserve and forbearance reserve

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

(b) AGSMEIS/SSI reserve: The SSI reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investments in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the five years but banks' contributions shall thereafter reduce to 5% of profit after tax. The small and medium scale industries equity investment scheme reserves are non-distributable.

In April 2017, the Central Bank of Nigeria issued guidelines to govern the operations of the Agricultural/Small and Medium Enterprises Scheme (AGSMIES), which was established to support the Federal Government's efforts at promoting agricultural businesses and Small and Medium Enterprises (SMEs) as vehicles for achieving sustainable economic development and employment generation. Though there's no longer mandatory transfers to this reserve under the earlier directives, all Nigerian banks are now required to set aside an amount equal to 5% of their annual Profits After Tax (PAT) towards the funding of equity investments, which qualify under the AGSMEIS Scheme. This is done after the audit and Central Bank of Nigeria (CBN) approval.

(c) Translation reserve: comprises exchange differences resulting from the translation to Naira of the results and financial position of Group companies that have a functional currency other than Naira.

(d) fair value reserve: comprises fair value movements on equity instruments and debt securities carried at fair value through other comprehensive income.

(e) Regulatory risk reserve: The Nigerian banking regulator requires the Bank to create a reserve for the difference between impairment charge determined in line with the principles of IFRS and impairment charge determined in line with the prudential guidelines issued by the Central Bank of Nigeria (CBN). This reserve is not available for distribution to shareholders.

(f) forbearance reserve: this is a non-distributable reserve which arose from forbearance granted by Central Bank of Nigeria being an additional appropriation of 15% of profit after tax to account for potential future provisions valid until 31 December 2020.

(aa) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(ab) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Group's other components, whose operating results are regularly reviewed by the Executive Management Committee (being the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Management Committee (being the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise

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for the year ended 31 December 2020 (continued)

mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

(ac) Operating expense - general and administrative expenses and other operating expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Expenses are recognised on an accrual basis regardless of the time of spending cash. Expenses are recognised in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognised as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognised as an expense when the associated income is earned.

Expenses are recognised in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming financial years.

(ad) Deposit for Investment in AGSMEIS

The Agri-Business/Small and Medium Enterprises Investment Scheme is an initiative of Banker's committee of Nigeria. The contributed funds is meant for supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. In line with this initiative, the Bank will contribute 5% of Profit After Tax yearly to the fund.

(ae) Standards issued but not yet adopted

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these (consolidated and separate) financial statements. Those Standards, Amendments to Standards, and Interpretations which may be relevant to the Group (or Company) are set out below.

The Group and Company do not plan to adopt these standards early. The standards will be adopted in the period that they become mandatory unless otherwise indicated:

The directors are of the opinion that the impact of the application of the remaining Standards, Amendments to Standards and Interpretationsare not expected to have a significant impact on the Group's consolidated and separate financial statements.

Effective at the option of the entity (effective date has been deferred indefinitely)

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28). When new standards, amendments to standards and interpretations will have little, or no material effect on the financial statements, it is not necessary to list them as such a disclosure would not be material. (IAS 1.31).

New and amended IFRS Standards that are effective for the current year

(i) Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest

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for the year ended 31 December 2020 (continued)

rate exposures. The application of the amendments impacts the Group's accounting in the following ways:

- The Group has floating rate debt, linked to, which it cash flow hedges using interest rate swaps. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms.
- The Group has issued [Currency B]-denominated fixed rate debt which it fair value hedges using [Currency B]-fixed to [Currency B] IBOR interest rate swaps. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, [Currency B] IBOR, may no longer be separately identifiable. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measureable. If the risk component is no longer reliably measurable, the hedging relationship is discontinued.
- The Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Group consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

(ii) Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Impact on accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16:46B, and has not restated prior period figures. There were no rent concessions enjoyed.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

IAS 8:28 In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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for the year ended 31 December 2020 (continued)

Amendments to References to the Conceptual Framework in IFRS Standards

The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year.

The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IAS 1 and IAS 8

Definition of material

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

New and revised IFRS Standards in issue but not yet effective

Entities are required to disclose in their financial statements the potential impact of new and revised IFRS Standards that have been issued but are not yet effective. The disclosures below reflect a cut off date of 31 July 2020. The potential impact of the application of any new and revised IFRS Standard issued by the IASB after 31 July 2020, but before the financial statements are issued should also be considered and disclosed. The impact of the application of the new and revised IFRS Standards (see below) is for illustrative purposes only. Entities should analyse the impact based on their specific facts and circumstances.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

The impact of the application of the new and revised IFRS Standards below is for illustrative purposes only. Entities should analyse the impact of these new or revised IFRS Standards on their financial statements based on their specific facts and circumstances and make appropriate disclosures.

IFRS 17 Insurance Contracts

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

Amendments to IFRS 3 Reference to the Conceptual Framework

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to IFRS;

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards;

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for the year ended 31 December 2020 (continued)

- IFRS 9 Financial Instruments;
- IFRS 16 Leases;
- IAS 41 Agriculture

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features,described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The standard do not have impact on the operation of the Group.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end

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for the year ended 31 December 2020 (continued)

of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards.
IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13

Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

4. Financial risk management

(a) Introduction and overview

FCMB Group Plc as a corporate group of diverse operating assets, rsk management is critical to the attainment of the Group's strategic business objectives. It provides the mechanism to identify and explore growth opportunities, manage inherent risks in operating and business environments, and ensure compliance with corporate governance standards and regulatory stipulations. Our risk management practices are integrated, structured, enterprise-wide and continuous across the Group for identifying and deciding on appropriate responses to, and reporting on, opportunities and threats that may affect the achievement of the strategic business objectives. Based on its strategic business and operational objectives, the Group is exposed to a wide range of financial and non financial risks such as credit, liquidity, market, operational, strategic, regulatory, reputational and systemic risks. It has put in place a robust risk management framework, policies and processes for the proactive identification, assessment, measurement and management of such risks to ensure that they are managed within the Board approved risk appetite whilst also complying with

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

the regulatory requirements. The Group conitnually reviews its enterprise risk management framework, complementary policies and processes to ensure that they remain relevant for the various risk exposures and align with the organisational objectives. Also, the Group has developed, and periodically updates its capital management policy and capital plan to ensure that it operates within its risk capacity while balancing and optimising risks and return. The business strategy and capital plan are part of the key considerations in the development of risk appetite and they all work together to ensure the Group conducts its business in a stable equilibrium.

In line with global standards, the Group sets the tone from the top, with a strategy that ensures that individuals who take or manage risk clearly understand it; the Group and its subsidiaries' risk exposures are within the appetites established by Board of Directors; risk taking decisions are in line with the business strategy and objectives set by the Board of Directors; the expected payoffs compensate for the risks taken; risk taking decisions are explicit and clear and sufficient capital is available to take risks. Personal accountability is reinforced by the Group's values, with staff expected to act with courageous integrity in conducting their duties even as competence is developed through various training and development programs. Also, staff and other stakeholders are supported through the Group's whistle blower program, which enables them to raise concerns in a confidential manner. The whistle blower program has been outsourced to ensure independence, confidentiality and protection of the whistle blower.

FCMB risk management philosophy

Overall, the Group's enterprise risk management (ERM) program is underpinned by a strong risk management philosophy and culture, ensuring that the risk management practices are embedded in strategy development and implementation. The Group's risk management philosophy is: "to continue to institutionalise comprehensive risk practices that enable our stakeholders build and preserve wealth while integrating our core values and beliefs group-wide to give us competitive advantage".

The following are guiding principles that FCMB tries to entrench in its risk management process:

(a) a common standard of risk management values imbibed and consistently exhibited by everyone in the Group;

(b) consistent drive to balance risk/opportunities and return;

(c) clear and consistent communication on risks;

(d) a business strategy that aligns risk and accountability;

(e) the Group will always strive to understand every new product, business or any type of transaction with a view to address all the risk issues; and

(f) the Group will avoid products and businesses it does not understand.

FCMB shall seek to fully understand the risks and rewards of transactions and only transactions that meet the Group's risk appetite and profile shall be undertaken.

The chart below provides a link between the Group's business units and their principal risk exposures. The risks have been assessed based on the relative amount of capital allocation to the various business lines and their revenue generating ability.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Business units and risk exposures

GROUP

Commercial and Retail Banking

Credit Risk	High
Operational Risk	Medium
Market Risk	High

Investment Banking

Credit Risk	Low
Operational Risk	Medium
Market Risk	High

Investment Management

Credit Risk	Low
Operational Risk	Low
Market Risk	Medium

The chart above represents the Group's exposure to its major risks - credit , market and operational risks on a business segment basis. The classification to high, medium and low is based on the relative amount of capital allocated to the businesses, their revenue generating abilities and operational risks inherent in their related activities and processes.

As implied from thie chart, credit risk is the largest risk exposure of the Group, next to this is operational risk and then market risk. Market risk resulting from the devaluation of the Naira was relatively highly compared to the same period in the last financial year due to fall in the value of the domestic currency by nearly a fourth of its value on the official exchange rate window, from 305 to the US Dollar to 379 towards the end of third quarter of the year. This was due to weak supply of major foreign currencies in the foreign exchange markets. Also, the CBN monetary policy stance on interest rate has increased the uncertainty in the banking and trading book, with significant impact in the banking book – the interest rate risk in the banking book (IRRBB). The monetary authority maintained accommodative monetary stance in the near term given the constrained fiscal space, large fiscal financing needs and strained sovereign external market access largely due to COVID-19 pandemic. The Central Bank of Nigeria continues to manage liquidity in the system using various instruments and frameworks but the bank maintained stable liquidity position in the year under review.

Commercial and Retail Banking, having the largest exposure to credit risk, takes most of the capital allocation, followed by Investment Banking (treasury, brokerage, advisory services) and Investment Management (pension, asset management and trusteeship businesses). Despite the presence of counterparty risks, credit risk is low for investment banking and investment management segments. Market risk remained high in the period due to the monetary policy stance of the Central Bank of Nigeria

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

(CBN). The investment management business has the least capital allocation and was adjudged to have to low risk due to the structure of its portfolios. The Group continues to identify and proactively manage its various risk exposures at both the transaction and portfolio levels, making sure that appropriate mitigants are in place for the various balance sheet exposures.

The disclosures here therefore give details of the Group's exposures to these risks and the appropriate policies and processes for managing them, including a summary of the capital management practices of the Group.

Risk management framework

The Board of FCMB Group Plc has the risk oversight role, setting and approving the risk appetite and other capital management initiatives to be implemented by the Executive Management Committee. The Boards of FCMB Group Plc. and its subsidiaries continue to align the business and risk strategy of the Group through a well-articulated appetite for all significant risks and make sure (through appropriate subcommittees) that all risk taking activities are within the set appetite or tolerance, failing which an appropriate remedial action should be taken within a reasonable period. The Board has delegated authority to the Board Risk, Audit and Finance Committee, one of its sub-committees, to provide the framework for managing risk exposures in the Group, ensuring that there is an alignment between the business and risk strategies. The Board Credit Committee (BCC) is another important sub-committee of the Group that has been vested with the responsibility for ensuring that its credit risk exposures are managed within the defined risk appetite. The responsibility for day-to-day management of these risks has been delegated to Executive Management through its related committees (Risk Management Committee, Management Credit Committee, Asset and Liability Committee, Investment Committee and Executive Management Committee). The Executive Management Committee coordinates the activities of its subcommittees to provide support to the Board in managing risk and ensuring that capital is adequate and optimally deployed. The Risk Committee focuses on risk governance and provides a strong forward-looking view of risks and their mitigation in order to protect against unforeseen losses and guaranty safety, soundness and stability of earnings. Additionally, the Risk Committee ensures the alignment of the reward structures and the maintenance and development of a supportive culture in relation to the management of risk, which is appropriately embedded through procedures, training and leadership actions. In carrying out its responsibilities, the Risk Committee is closely supported by the Chief Risk Officer and the Chief Financial Officer, together with other business functions within their respective areas of responsibility.

The illustration below highlights material risk exposures of the Group and the respective Board and Executive Management committees responsible for oversight and risk control.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Enterprise risk universe and governance structure

FCMB Group Risk Universe and Responsibility Matrix

Risk universe	Credit risk	Concentration risk	Market risk	Liquidity risk	Operational risk	Strategic risk	Legal risk	Reputational risk	Compliance risk
Primary risk owner	Chief Risk Officer		Treasurer		Head of Operations	Head of Strategy	General Counsel	Head of Corporate Affairs	Chief Compliance Officer
Secondary risk owner	Chief Risk Officer								Chief Compliance Officer
Management committee	Management Credit Committee		Assets and Liabilities Management Committee		Risk Management Committee		Executive Management Committee		
	Risk Management Committee								
Board committee	Board Credit Committee		Board Risk, Audit and Finance Committee						
	Board of Directors								

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

A three-line of defence system is in place for the management of enterprise risks as follows:

(i) Risk taking: the Board of Directors, supported by Executive Management, establishes boundaries within which the Group takes risks. They also establish an appropriate control environment, in order to align risk taking and management with business objectives. The business lines and process owners take risks and have the primary responsibility for identifying and managing such risks.

(ii) Risk oversight: independent control function over the business processes and related risks to ensure that business and process owners operate within defined appetite and approved policies and procedures. It is provided by functions such as risk management, internal control, compliance, and finance. These departments develop policies and procedures, risk management processes and controls, monitor and report on risks accordingly for prompt decision making. The Board of Directors also plays risk oversight role. Board Risk, Audit and Finance Committee has oversight responsibility for all the risk exposures in the Group while the Board Credit Committee (BCC) is responsible for the various credit risk exposures.

(iii) Risk assurance: independent assurance to the Board of Directors on the effective implementation of the risk management framework and validates the risk measurement processes. There are two complementary parts to this – the internal and external audit functions. The Board Risk, Audit and Finance Committee is also responsible for this independent assurance and assisted in its function by the internal and external auditors.

Details of the Group's three-line defence mechanism is described below:

Board Risk, Audit and Finance Committees

Executive Management, Management Risk Committees

RISK TAKING (First line of defence)

- Business Line Management

- Promotes risk culture
- Owns the risk management process and implements control
- Responsible for daily management of risk

RISK OVERSIGHT (Second line of defence)

- Risk Management
- Internal Control
- Compliance
- FINCON

- Develops policies and standards
- Develops the risk management processes and controls
- Monitors and reports on risk

RISK ASSURANCE (Third line of defence)

- Group Internal Audit
- External Audit

- Provides independent challenge to the levels of assurance provided by the first and second levels of defence
- Validates processes in risk management framework

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

First line of defence

(a) Board level

I. The Board of Directors sets the appetite for risk and ensures that senior management and individuals responsible for managing risks possess sound expertise and knowledge to undertake risk management functions within the Group. The Board of directors approve risk management policies and also has the responsibility for approval of certain credit transactions that are above the approval limits of the Board Credit Committee.

II. The Board Risk, Audit and Finance Committee (BRAFC), supported by the subsidiaries' risk committees, provides direct oversight for enterprise risk management and acts on behalf of the Board on all risk management matters. The BRAFC ensures that all the decisions of the Board on risk management are fully implemented and that risk exposures are in line with agreed risk appetite. The committee reviews the enterprise risk management framework on a periodic basis to ensure its appropriateness and continued usefulness in line with the size and complexity of the exposure of the Group to risk, and compliance with regulatory requirements. The BRAFC is also responsible for assessing the adequacy and scope of internal controls, audit of the financial statements and overall compliance. The Committee meets every quarter.

III. The Board Credit Committee's (BCC) function is more transactional. It approves amendments to the Group's credit policy, changes in target market or risk acceptance criteria, large exposure requests within pre-defined limits, exceptional approvals where necessary, specific provisions, credit write-offs and remedial/corrective measures. The BCC also reviews the credit portfolio to ensure that portfolio risk exposures such as correlation risk, concentration risk, cyclicality of collateral values and any reputational and contagion effects are reasonably managed.

(b) Executive management level

I. The Risk Management Committee (RMC) is a management committee, which reports to the Board Risk, Audit and Finance Committee. It has direct responsibility for implementing the enterprise risk management framework and related policies approved by the BRAFC. The RMC meets on a periodic basis (monthly) to review all risk exposures (including key risk indicators (KRI), credit portfolio reports, market risk exposures, etc.) and recommends risk mitigating strategies/actions. The RMC is also responsible for portfolio planning, capital management, review and management of external issues and policies affecting the business of the Group and oversight of all enterprise risk management initiatives.

II. The Management Credit Committee (MCC) appraises and approves loans and other credit related transactions as stated in the Group's credit policy. The committee endorses the credit policy and ensures full compliance with the Board approved credit policy. The MCC reviews and considers credit requests above the delegated approval authority of the approving authorities for approval. The committee also reviews and manages portfolio risk in order for the credit portfolio to remain healthy and in compliance with the Board approved appetite and all regulatory requirements.

III. The Asset and Liability Committee (ALCO) is responsible for managing the composition and pricing of the assets and liabilities, making policy decisions, and providing direction/oversight for market and liquidity risk management practices.

(c) Business unit management level

I. Business unit management, as a risk originator, has first line responsibility for, and ownership of risks. The business units take on risks within set boundaries and manage the risks taken on a day to day basis to protect the Group from the risk of loss.

II. Each business unit has a dedicated Operational Risk Committee responsible for reviewing critical and significant risks and recommending appropriate remedial measures. The Committee reviews the outcome of risk and control self assessment (RCSA) for their respective business units, major risk exposures as measured by their key risk indicators (KRI)/key control indicators (KCI), agrees action plans and assigns responsibilities for resolving identified issues and exposures.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Second line of defence

Risk management is an independent control function with primary responsibility for the following:

- Risk strategy – development of the risk management strategy in alignment with overall growth and business strategy of the Group.

- Risk compliance – monitoring and reporting compliance with risk strategy, risk appetite at enterprise and business unit levels.

- Risk advisory – identification, measurement, management and disclosure of all significant risk exposures and providing recommendations and guidance on risk taking and exposures.

- Risk control – proactive management of all risks to minimise losses and capital erosion. The Group could take various control measures to address identified risk exposures such as follows:

  (i) Risk avoidance: the Group could make decisions that will attempt to isolate it from further contact with such risks. The decision could affect a new or existing strategy, product or business. Some examples of risk avoidance include opting not to expand its branches, refusing to lend to a customer because of poor understanding of the business or industry and/or closing/relocating a branch because of high incidence of armed robbery or other operational losses. Risk avoidance could be a proactive avoidance (not going into the activity in the first place) or abandonment (dropping the activity after embarking on it).

  (ii) Risk acceptance: the Group will acknowledge the risk. However, it will not take any measures to halt the likelihood of such a situation occurring or to minimise the risk associated with it. The Group shall adopt this approach where certain risks remain outstanding after avoidance, transfer or mitigation responses have been taken or where the risks in question are minor or unavoidable and any response is not likely to be cost-effective compared to the possible cost of bearing the risk impact.

  (iii) Risk mitigation: the Group will acknowledge the risk and take steps to reduce the risk likelihood and/or impact. Some of the steps that can be taken to mitigate the impact or likelihood of a risk occurring include:

  - formulation of policy or enhancement
  - clarity and strengthening of accountabilities
  - improvement of processes
  - strengthening the existing controls and implementation of new measures
  - education and training program
  - expert advice

  The mitigation steps may be directive, preventative, detective or corrective controls. Detective control entails monitoring of the activities that can lead to the incident in order to detect any early warning signal and respond to it in time.

  (iv) Risk transfer: the Group will try to shift the burden from its shoulders to another party, who has the capacity to bear the risk. Some common practices involved in risk transfer include insurance contract, performance bonds, guarantees, warrantees and outsourcing. The relevant business unit will, however, include the new risks arising from these arrangements, such as service level performance and contract management, in its risk universe.

  (v) Risk sharing: the Group will share the risk with another party in order to reduce any possible loss. Examples include loan syndication, joint-venture arrangement, among others.

(a) The Risk Management Division

The Risk Management Division is a major line of defence in the management of risks in the Group and its subsidiaries. The division assists executive management with the identification, assessment, management, monitoring and reporting of all the risks within the Group. It recommends appropriate risk management polices for the consideration and approval of the Board through the various executive risk management committees, and coordinates the Group's ERM activities. Key responsibilities of the division include:

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

a) championing the implementation of the enterprise risk management framework, (including specific risk management frameworks and policies) and other related initiatives across the Group and its subsidiaries;

b) facilitating the identification, assessment, monitoring, management and reporting of risk exposures in the Group and its subsidiaries;

c) collecting, processing, verifying, monitoring and distributing risk information across the Group, including to the senior management, the Board, regulators and other stakeholders;

d) collaborating with market facing units in designing new products;

e) providing senior management with practical, cost effective recommendations for mitigating risks;

f) acting as a key contact for senior management who may wish to request ad hoc reviews and investigations;

g) ensuring that laws, regulations and supervisory requirements are complied with including consequence management;

h) providing holistic view of risks across the Group and its subsidiaries;

i) maintaining oversight over the Group's enterprise risk management activities; coordinates material risk assessment and links the results of the exercise with the internal capital adequacy assessment process (ICAAP);

j) ensuring that all risk models utilised for the measurement of risk across the Group are properly validated using an appropriate methodology;

k) overseeing the conduct of stress testing and scenario analysis and evaluate the impact of stress scenarios on the capital ratios;

l) working with Financial Control regarding the Group's capital management policies;

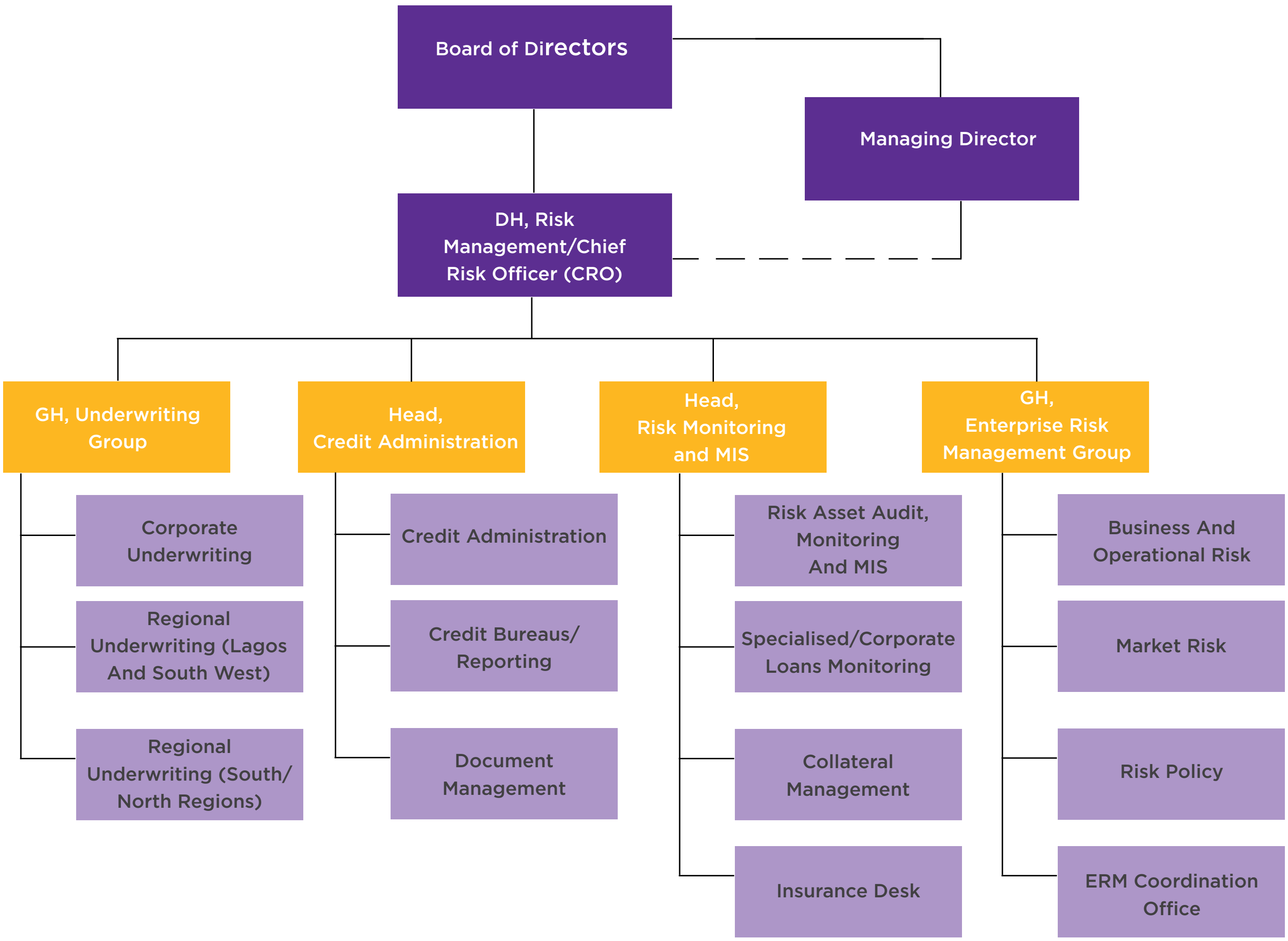
m) making recommendations with respect to capital allocation, pricing and reward/sanctions based on risk reports; and

n) providing and promoting risk awareness and education on risk.

The Risk Management Division of the Group serves as competency center and internal consultant in risk management methodology.

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

The organisational structure of the Risk Management Division is shown in the diagram below:



The Group also has a robust Collection and Recovery team, which reports to the Business, with a dotted reporting line to Risk Management. The department compliments the post-disbursement monitoring responsibilities through effective enforcement of credit covenants and approval terms.

Notes to the consolidated and separate financial statements

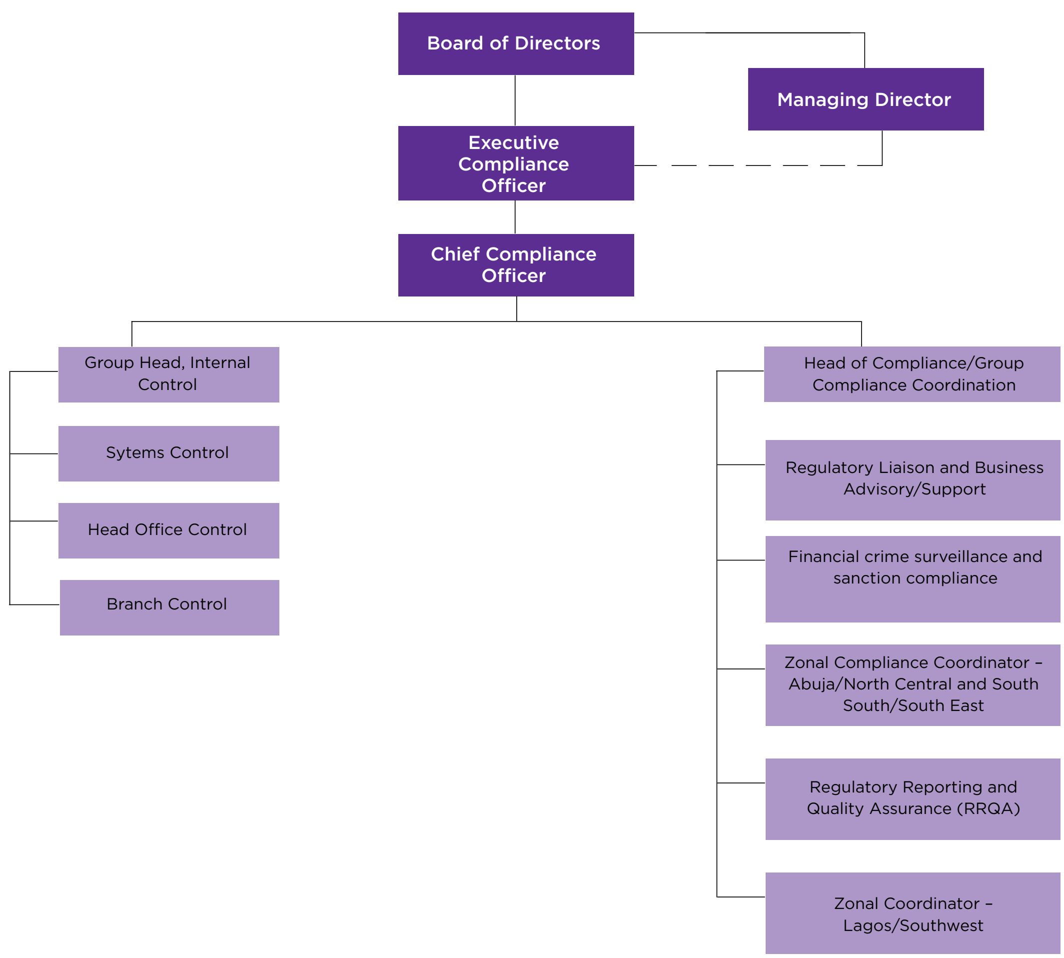
for the year ended 31 December 2020 (continued)

(b) Compliance and Internal Control Division

The Internal Control Division is primarily charged with the following:

- Internal control is directly responsible for enforcing and confirming compliance with group-wide policies, procedures and internal controls. It conducts routine control checks across all businesses and processes. It is responsible for effective and efficient control environment that ensures minimal operational losses from frauds, errors, operational gaps, and other irregularities. It monitors control activities and ensure compliance with minimum control standards defined by the Board. The Internal Control works hand-in-hand with the Compliance team.
- The Compliance team ensures the Group fully complies with the spirit and letter of laws, corporate governance standards, all regulatory requirements such as Know Your Customer (KYC), Anti-Money Laundering (AML) regulations and indeed all requirements of the Central Bank of Nigeria (CBN) and other authorities such as Nigerian Deposit Insurance Corporation (NDIC), Securities and Exchange Commission, Nigerian Stock Exchange, National Pension Commission, National Information Technology Development Agency (NITDA), among others.

The Compliance and Internal Control Division is functionally structured as shown in the chart below:



Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

(c) Group Finance Division

Group Finance Division develops the Group's strategic and capital plan and clearly outlines the actual and projected capital needs, anticipated capital expenditure and desired level of capital.

- It reviews the Group's capital structure and ensures the desired level of capital adequacy in the Group.
- It drives all activities relating to the Group's responses to any proposed regulatory change that might affect the Group's capital and provides all necessary information on portfolio, product and profitability metrics and any analysis to support the material risk assessment process.

Third line of defence

(a) Internal audit

Group Internal Audit provides independent assessment of the adequacy of, and compliance with, the Group's established policies and procedures. The function is responsible, amongst others, for monitoring compliance with the enterprise risk management framework, and validating the adequacy and efficacy of risk assessment systems (including rating and measurement models).

(b) External audit

External auditors, apart from establishing whether the financial statements reflect a true and fair position of the organisation, also have an important impact on the quality of internal controls through their audit activities and recommendations for improvement of internal controls. Our external auditors have been helpful in providing guidance on new developments in risk management, corporate governance and financial accounting and controls.

(c) Board

The Board Risk, Audit and Finance Committee (BRAFC) also serves as part of the independent assurance group and assisted in its role by the internal and external auditors.

Risk appetite

Risk appetite is an expression of the level and type of risks the Group is willing to accept/retain for a given risk-reward ratio in order to achieve its strategic goals. In FCMB, risk appetite is set by the Board of Directors and enforced by the Risk Management Division. It is a key component of the risk management framework and central to the annual planning process. This appetite guides all risk exposures of the Group - management risks (strategic and reputational risks), chosen risks such as credit and market risks and risks inadvertently assumed by the business segments (consequential risks such as operational risks).

The Group has a well developed risk appetite, prepared to establish a common understanding amongst all employees and other stakeholders regarding the desirable risks underlying execution of its strategy. It represents the combined view of the FCMB leadership and the governance bodies. The risk appetite is not intended to "handcuff" management but to become a benchmark for discussing the implications of pursuing value creation opportunities as they arise. It therefore defines boundary within which the Group is expected to operate when pursuing its strategy by aligning risk and decision-making. It provides a cornerstone for the Group's Enterprise Risk Management Framework, setting a clear strategic direction and tolerances around controls.

FCMB general risk appetite statement

FCMB as a financial service Group is exposed to a variety of risks as it strives to achieve its strategic objectives. These risks will be managed in accordance with the Group's Enterprise Risk Management (ERM) Framework and related policies. The Group's general risk appetite is a moderate one that allows us to maintain appropriate growth, profitability, earnings stability and capital adequacy while ensuring regulatory compliance, being an employer of choice, and serving the communities in our footprint".

Apart from the general risk appetite statement, the Group also has specific risk appetite statements defined around its strategic objectives with defined metrics to track them. This is to ensure that the specific risk appetite statements are in sync with the business strategy of the Group.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

The Group has a detailed risk appetite framework, which also defines risk appetite around major strategic business units (Personal Banking; Investment Banking; SMEs; Commercial Banking; Investment Management; Corporate Banking and Public Sector). In addition, risk metrics are also defined around material risk areas such as:

- Profitability
- Credit and concentration risk
- Market and liquidity risk
- Operational risk
- Legal risk
- Cyber security risk
- Regulatory risk
- Reputational risk

Benefit of FCMB risk appetite framework and statement:

- sets the foundation for the risk culture of the Group;
- helps to communicate the Board's vision in practical terms;
- guides all staff in their decision-making on all risk related activities;
- helps to ensure an alignment between the expectations of the Board and the business; and
- serves as a benchmark for monitoring and reporting of abnormal events or exposures.

In FCMB, all risk appetite metrics are tracked and reported monthly to the Risk Management Committee (RMC) to aid its oversight responsibilities. The Risk Management Division monitors the risk metrics on a more regular basis to make certain that risk exposures are within the approved boundaries. Exposures that are outside of set boundaries are investigated to understand the underlying causes and consider ways to mitigate or avoid them within the shortest possible period.

The Group's risk appetite is reviewed at least once a year or more frequently as may be required in the event of significant and material changes in its strategy or in line with regulatory requirements or other external demands.

(b) Credit risk

Credit risk is the risk that the Group may not be able to recover funds and suffer losses because a customer or counterparty is unable or unwilling to meet contractual obligations to the Group as and when due. It is the most significant risk to the Group.

The Group takes on credit risk through the following principal activities:

- **Lending/leasing:** the Group grants credit to its customers (loans, advances, temporary overdraft, etc.) or finances a lease or grants an advance or a loan to its employees (staff loan, cash advance, etc.).
- **Bank guarantees:** the Group issues bonds and guarantees (contingent exposure)
- **Trading (fixed income, foreign currency trading, etc.) activities:** the Group engages in trading activities where the exchange of monetary value and transfer of ownership of purchased assets is not simultaneous. There is counterparty risk, which creates a bilateral risk of loss.

The Group uses its internal ratings system to assess the risk of default (probability that a customer will become 90 days past due on an obligation) and the risk of loss in the event of default (the estimated size of loss the Group will incur in the event of a default). The Group's credit risk rating systems and processes differentiate exposures in order to highlight those with greater risk factors and higher potential severity of loss. This provides predictive capability for assessing borrower's likelihood of default and the acceptable risk mitigants required to cushion residual credit risks for each transaction.

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

Our ratings framework measures the following key components:

- **Financial factors:** sales terms and conditions, strength of operations, liquidity and capital in addition to debt service capacity;

- **Industry:** structure, performance, economic sensitivity and outlook;

- **Management:** quality (ownership experience, skills and turnover) and company standing (reputation, ownership and credit history); and

- **Security and collateral arrangements:** seniority of debt, ability to cancel debt at the point of default and loss given default (LGD) computation for each security and collateral type supporting the exposure

Management of credit risk

The Group manages its credit risk through an appropriate assessment, management and reporting process, underpinned by sound credit risk systems, policies and well qualified personnel. A combination of risk management tools and policies are adopted to stimulate the creation of quality risk assets. It is managed centrally by various departments within the Risk Management Division who have responsibilities for policy setting and review, credit underwriting, approval, credit administration, monitoring and portfolio management.

The credit risk management function of the Group, which rides on a sound credit culture is achieved through a combination of the following:

- **Appropriate credit policies**: the Group develops appropriate risk management policies in conjunction with the business units and other stakeholders, covering all the key areas of credit origination, management, collection, portfolio management, etc. whilst also ensuring compliance with all regulatory requirements. The credit policies reinforce all the Group's lending and credit management decisions. The credit risk policies are reviewed periodically to ensure they remain relevant and robust enough to address existing and emerging credit risk exposures.

- **Lending driven by internal rating system:** the Group's lending and policy enforcement is driven by an internal rating system, with scorecards built for different classes of customers such as corporate, commercial, small and medium enterprises (SME), public sector, retail, etc. The rating of obligors and transactions has been useful in the quantification of credit risk and underwriting decision, including serving as a guide for pricing, portfolio management and computation of required capital to support the different business lines.

- **Establishment of credit approval limits and authorities:** there are various approval limits for different kinds of credit exposures and approval authorities, including the risk committees such as the Management Credit Committee (MCC), the Board Credit Committee (BCC) and the full Board. These limits are also guided by statutory impositions such as the single obligor limit and other concentration limits set by the Central Bank of Nigeria (CBN). The Group's single obligor limit is benchmarked to the regulatory cap of 20% of shareholder's funds unimpaired by loses. The sector limits are set based on the perceived riskiness of each sector but the Government exposures are capped at the regulatory limit of 10% of total loans.

  In response to observed market realities and in order to enhance corporate governance, improve credit culture, tighten risk acceptance criteria (RAC) and strengthen credit approval and management process, the Group revised its credit policy. The revised credit policy, with the RAC, which reflects the Group's risk appetite aid underwriting decisions, improve turnaround time and quality of the credit portfolio.

  In order to further strengthen its credit process, the Group has differentiated the approval route for its corporate and commercial credits from retail credits. Credit approval for each area is supervised by well experienced personnel referred to as Senior Credit Underwriters who also function as Senior Credit Officers and are members of the Management Credit Committee.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

- **Loan monitoring and reviews:** the various loans are monitored both at transaction and portfolio levels to ensure a balanced and healthy portfolio in line with the portfolio development and balancing strategy of the Group.

- **Collateral review, monitoring and management:** the Legal department reviews the collateral proposed by customers as part of the credit approval process to determine acceptability of the collateral. Beyond the initial assessment at the point of credit origination however, the Group also has a good collateral management review process in place in order to reduce the risk of loss in the event of default. Our collateral management practices have helped to reduce the estimated expected loss and capital charge on transactions. Collateral management in the Group includes periodic evaluation of coverage for each facility type; mark-to-market for stocks and commodities, revaluation benchmark for properties and acceptable standards for eligibility on all forms of collateral.

  The principal collateral types eligible as security and used primarily to mitigate transaction risk include the following: cash and marketable securities; legal mortgage; all assets debenture; account receivables of highly rated obligors. Other admissible collateral (accepted for comfort only but not eligible as credit risk mitigants) include domiciliation agreements, trust receipts and negative pledges.

  Another mitigant used to reduce the risk of credit exposures is master netting agreements with obligors that have investments in liability products so that in the event of default, exposures to the obligor will be settled on a net basis. These agreements are executed by the representatives of the obligor and are generally enforceable with no further recourse to the obligor or a third party.

  Generally, all the contingent liabilities are also supported by tangible collaterals or a charge over the underlying goods depending on the assessment of the performance risks.

- **Limit concentrations for various exposures:** the Group complies with the concentration policy of the CBN as specified in the prudential guidelines and is even more prudent, having internal limits that are more stringent in some cases than specified by the apex regulatory authority. The limit concentration policy of the Group covers all forms of exposures such as customers, large exposures, counterparties, collateral, geography, sector, products, rating band and facility type among others.

- **Developing and maintaining the Group's process for measuring expected credit loss (ECL):** this includes processes for:

  - initial approval, regular validation and back-testing of the models used; and

  - incorporation of forward-looking information.

- **Reviewing compliance of business units:** with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.

- **Reporting:** An important part of the group's risk management framework is reporting to ensure that all vital information are brought to the attention of stakeholders, appropriate decisions are taken to further improve the risk culture and ultimately ensure all identified issues are brought within the Board approved risk appetite. This internal reporting has imposed discipline within the Group, thereby improving its risk management culture. Monitoring and reporting looks at specific transactions that are challenged or vulnerable as well the entire portfolio.

In line with the Group's three-line defence mechanism, each of the business units has primary responsibility for managing the credit relationships with customers, hence responsible for the quality and performance of their credit portfolio. Risk management however continues to provide oversight for the entire credit portfolio and all credit relationships whilst ensuring that the businesses operate within the approved framework and policies. The Risk Management Division is assisted in this role by Internal Control, which does

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

a regular post disbursement check to ensure that credits booked comply with the approved policies and that they continue to operate within approved conditions and guidelines. The Internal Audit function provides independent assurance for the entire credit process of the Group.

Portfolio segmentation

Impairment approach under IFRS 9 requires the Group to segment its portfolio based on risk profiles. The Group has adopted a portfolio segmentation strategy that provides balance between homogeneity of characteristics and adequate population size to minimise volatility of extrapolations.

The table below contains the portfolio classification that achieved the balance sought by the Group and the description of the contents of each portfolio class. Portfolio classifications remain dynamic and will vary in line with management's view of the Group's risk and risk appetite.

(i) Consumer facilities portfolio

- Consumer facilities, large in count but low value loans.
- These are salary based loans for customers whose salaries are domiciled in the commercial and retail banking segment of the Group and group lending facilities for the bottom of the pyramid for microbusiness owners.
- Portfolio is broken down into asset backed and non-asset backed loans.

(ii) Corporate facilities portfolio

- Large corporates and financial institutions facilities.
- Customers with strong corporate governance and reliable audited financial statements.
- Customer's information is obtained through periodic review of individual customer's audited financial statement, management account, budget and projections. Data from credit reference and credit ratings are also available.

(iii) SME facilities portfolio

- Small and medium enterprises.
- Corporate governance is considered weak, financials are not reliable.
- Customers in this class are easily affected by macro-economic shocks.

(iv) Public sector facility portfolio

- Facilities to government entities.
- High political risk and repayment is dependent on government funding.

(v) Employee loans portfolio

- Facilities granted to staff of the Group.
- Full visibility of repayment source being staff salary.
- Concessionary interest rate.

The following table sets out information about the credit quality of financial assets measured at amortised cost, fair value through other comprehensive income debt instruments. Unless, specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively. Explanation of the terms: stage 1 (12-month ECL), stage 2 (lifetime ECL) and stage 3 (credit impaired) are included in Note 3(k)(vii).

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

Exposure to credit risk

GROUP

In thousands of Naira	12-month PD ranges	31 DEC 2020 Stage 1	Stage 2	Stage 3	Total
Consumer facilities portfolio					
Investment grade	0.00–0.59	-	-	-	-
Permissible grade	0.60 -11.34	7,843,339	-	5,255	7,848,594
Speculative grade	11.35–99.99	87,875,314	10,694,239	5,086,134	103,655,687
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		95,718,653	10,694,239	5,091,389	111,504,281
Loss allowance		(5,487,977)	(755,368)	(3,214,594)	(9,457,939)
Carrying amount		90,230,676	9,938,871	1,876,795	102,046,342
Corporate facilities portfolio					
Investment grade	0.00–0.59	56,386,251	-	-	56,386,251
Permissible grade	0.60–11.34	111,388,841	438,882	297,353	112,125,076
Speculative grade	11.35–99.99	251,794,773	157,744,646	9,026,952	418,566,371
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		419,569,865	158,183,528	9,324,305	587,077,698
Loss allowance		(7,175,511)	(5,866,560)	(5,744,354)	(18,786,425)
Carrying amount		412,394,354	152,316,968	3,579,951	568,291,273
SME facilities portfolio					
Investment grade	0.00–0.59	-	-	-	-
Permissible grade	0.60–11.34	43,312,984	72,913	339,775	43,725,672
Speculative grade	11.35–99.99	75,059,896	14,016,168	9,946,012	99,022,076
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		118,372,880	14,089,081	10,285,787	142,747,748
Loss allowance		(6,801,267)	(2,449,697)	(8,128,993)	(17,379,957)
Carrying amount		111,571,613	11,639,384	2,156,794	125,367,791
Public sector facility portfolio					
Investment grade	0.00–0.59	-	-	-	-
Permissible grade	0.60–11.34	17,900,344	-	-	17,900,344
Speculative grade	11.35–99.99	4,853,090	21	28	4,853,139
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		22,753,434	21	28	22,753,483
Loss allowance		(72,818)	-	(1)	(72,819)
Carrying amount		22,680,616	21	27	22,680,664
Employee loans portfolio					
Investment grade	0.00–0.59	-	-	-	-
Permissible grade	0.60–11.34	-	-	-	-
Speculative grade	11.35–99.99	4,461,835	36,187	702,033	5,200,055
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		4,461,835	36,187	702,033	5,200,055
Loss allowance		(202,150)	(6,533)	(604,830)	(813,513)
Carrying amount		4,259,685	29,654	97,203	4,386,542
Gross carrying amount		660,876,667	183,003,056	25,403,542	869,283,265
Loss allowance		(19,739,723)	(9,078,158)	(17,692,772)	(46,510,653)
Carrying amount		641,136,944	173,924,898	7,710,770	822,772,612

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

GROUP

		31 DEC 2019			
In thousands of Naira	12-month PD ranges	Stage 1	Stage 2	Stage 3	Total
Consumer facilities portfolio					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	97,905,491	3,399,119	7,521,215	108,825,825
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		97,905,491	3,399,119	7,521,215	108,825,825
Loss allowance		(3,026,450)	(35,625)	(4,955,258)	(8,017,332)
Carrying amount		94,879,041	3,363,494	2,565,957	100,808,493
Corporate facilities portfolio					
Investment grade	0.00-0.59	57,348,364	-	10	57,348,374
Permissible grade	0.60-11.34	57,738,133	44,463,468	1,591,109	103,792,710
Speculative grade	11.35-99.99	235,394,515	103,891,112	7,611,965	346,897,592
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		350,481,012	148,354,580	9,203,084	508,038,676
Loss allowance		(9,395,035)	(4,270,046)	(4,654,078)	(18,319,159)
Carrying amount		341,085,977	144,084,534	4,549,006	489,719,517
SME facilities portfolio					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	5,998,472	-	21,111	6,019,583
Speculative grade	11.35-99.99	82,307,190	17,809,348	10,261,502	110,378,040
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		88,305,662	17,809,348	10,282,613	116,397,623
Loss allowance		(4,593,305)	(891,031)	(6,062,016)	(11,546,352)
Carrying amount		83,712,357	16,918,317	4,220,597	104,851,271
Public sector facility portfolio					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	11,748,417	-	-	11,748,417
Speculative grade	11.35-99.99	4,040,169	18	1,560	4,041,747
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		15,788,586	18	1,560	15,790,164
Loss allowance		(85,297)	-	(921)	(86,218)
Carrying amount		15,703,289	18	639	15,703,946
Employee loans portfolio					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	4,656,083	5,284	677,211	5,338,578
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		4,656,083	5,284	677,211	5,338,578
Loss allowance		(141,496)	(154)	(399,554)	(541,204)
Carrying amount		4,514,587	5,130	277,657	4,797,374
Gross carrying amount		557,136,834	169,568,349	27,685,683	754,390,866
Loss allowance		(17,241,583)	(5,196,856)	(16,071,827)	(38,510,266)
Carrying amount		539,895,251	164,371,493	11,613,856	715,880,600

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Credit risk exposure relating to loan commitments and financial guarantee contracts.

GROUP	31 DEC 2020			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Performance bonds and guarantees	111,304,898	-	-	111,304,898
Loan commitments	9,489,246	71,461	-	9,560,707
Clean line letters of credit	102,137,841	-	-	102,137,841
Other commitments	275,201	-	-	275,201
Carrying amount	223,207,186	71,461	-	223,278,647

GROUP	31 DEC 2019			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total
Performance bonds and guarantees	121,666,922	-	-	121,666,922
Loan commitments	9,751,632	224,035	-	9,975,667
Clean line letters of credit	78,297,876			78,297,876
Other commitments	-	-	-	-
Carrying amount	209,716,430	224,035	-	209,940,465

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

Credit risk exposure relating to other financial assets

GROUP		31 DEC 2020			
In thousands of Naira	12-month PD ranges	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents					
Investment grade	0.00–0.59	4,447,734	-	-	4,447,734
Permissible grade	0.60 11.34	216,666,860	-	-	216,666,860
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		221,114,594	-	-	221,114,594
Loss allowance		(35,950)	-	-	(35,950)
Carrying amount		221,078,644	-	-	221,078,644
Restricted reserve deposits					
Investment grade	0.00–0.59	311,746,155	-	-	311,746,155
Permissible grade	0.60–11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		311,746,155	-	-	311,746,155
Non-pledged trading assets					
Investment grade	0.00–0.59	9,301,789	-	-	9,301,789
Permissible grade	0.60–11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		9,301,789	-	-	9,301,789
Assets pledged as collateral					
Investment grade	0.00–0.59	189,216,506	-	-	189,216,506
Permissible grade	0.60–11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		189,216,506	-	-	189,216,506

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

GROUP

In thousands of Naira	12-month PD ranges	31 DEC 2020 Stage 1	Stage 2	Stage 3	Total
Investment securities at amortised cost					
Investment grade	0.00–0.59	159,088,378	-	-	159,088,378
Permissible grade	0.60–11.34	14,749,228	1,300,743	1,777,259	17,827,230
Speculative grade	11.35–99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		173,837,606	1,300,743	1,777,259	176,915,608
Loss allowance		(492,708)	(3,459)	(1,777,259)	(2,273,426)
Carrying amount		173,344,898	1,297,284	-	174,642,182
Investment securities at FVOCI - debt instruments					
Investment grade	0.00–0.59	212,554,430	-	-	212,554,430
Permissible grade	0.60–11.34	-	-	-	-
Speculative grade	11.35–99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		212,554,430	-	-	212,554,430
Investment securities at FVOCI - quoted equity investments					
Investment grade	0.00–0.59	81,466	-	-	81,466
Permissible grade	0.60–11.34	-	-	-	-
Speculative grade	11.35–99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		81,466	-	-	81,466
Investment securities at FVOCI - unquoted equity investments					
Investment grade	0.00–0.59	-	-	-	-
Permissible grade	0.60–11.34	-	-	-	-
Speculative grade	11.35–99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Unrated	-	19,387,491	-	-	19,387,491
Carrying amount		19,387,491	-	-	19,387,491
Other financial assets					
Investment grade	0.00–0.59	-	-	-	-
Permissible grade	0.60–11.34	-	-	-	-
Speculative grade	11.35–99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Unrated	-	5,191,490	20,360,060	11,175,768	36,727,318
Gross carrying amount		5,191,490	20,360,060	11,175,768	36,727,318
Loss allowance		(2,898,005)	(2,406,010)	(11,175,768)	(16,479,783)
Carrying amount		2,293,485	17,954,050	-	20,247,535

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

GROUP

In thousands of Naira	12-month PD ranges	31 DEC 2019 Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents					
Investment grade	0.00–0.59	88,789,518	-	-	88,789,518
Permissible grade	0.60 11.34	134,788,818	-	-	134,788,818
Speculative grade	11.35–99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		223,578,336	-	-	223,578,336
Loss allowance		(32,498)	-	-	(32,498)
Carrying amount		223,545,838	-	-	223,545,838
Restricted reserve deposits					
Investment grade	0.00–0.59	208,916,226	-	-	208,916,226
Permissible grade	0.60 –11.34	-	-	-	-
Speculative grade	11.35–99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		208,916,226	-	-	208,916,226
Non-pledged trading assets					
Investment grade	0.00–0.59	51,087,200	-	-	51,087,200
Permissible grade	0.60–11.34	-	-	-	-
Speculative grade	11.35–99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		51,087,200	-	-	51,087,200
Assets pledged as collateral					
Investment grade	0.00–0.59	118,653,230	-	-	118,653,230
Permissible grade	0.60–11.34	-	-	-	-
Speculative grade	11.35–99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		118,653,230	-	-	118,653,230

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

GROUP

In thousands of Naira	12-month PD ranges	31 DEC 2019 Stage 1	Stage 2	Stage 3	Total
Investment securities at amortised cost					
Investment grade	0.00-0.59	119,424,745	-	-	119,424,745
Permissible grade	0.60-11.34	4,050,976	2,900,743	1,605,701	8,557,420
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		123,475,721	2,900,743	1,605,701	127,982,165
Loss allowance		(562,997)	(3,459)	(1,605,701)	(2,172,157)
Carrying amount		122,912,724	2,897,284	-	125,810,008
Investment securities at FVOCI - debt instruments					
Investment grade	0.00-0.59	96,776,823	-	-	96,776,823
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		96,776,823	-	-	96,776,823
Investment securities at FVOCI - quoted equity investments					
Investment grade	0.00-0.59	112,365	-	-	112,365
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		112,365	-	-	112,365
Investment securities at FVOCI - unquoted equity investments					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Unrated	-	17,236,560	-	-	17,236,560
Carrying amount		17,236,560	-	-	17,236,560
Other financial assets					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Unrated	-	1,138,260	26,590,060	18,527,039	46,255,359
Gross carrying amount		1,138,260	26,590,060	18,527,039	46,255,359
Loss allowance		(318,087)	(586,649)	(18,527,039)	(19,431,775)
Carrying amount		820,173	26,003,411	-	26,823,584

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

Loans with renegotiated terms and the forbearance policy

The Group may renegotiate loans when there is a material change in the customer's financial position, operating dynamics, industry and environment or anything that gives reasonable doubt that the debt may not be repaid or serviced as and when due. This is usually done through concessions, which agree new terms and conditions that are more favourable to the borrower in order to increase the chance of collection and recovery and thereby reduce the risk of default. Renegotiation of terms may take forms such as extension of tenor, reduction of pricing, introduction of moratorium or restructuring of facility from one form to the other (e.g. overdraft to term loan) or other forms of amendments to the terms and conditions earlier contracted with the customer. The objective of renegotiation is to ensure recovery of the outstanding obligations and the request could be at the instance of the customer or the Group.

Write-off policy

The Group has a write-off policy approved by the Board of Directors, which also meets the requirements as specified in the prudential guidelines of the Central Bank of Nigeria for deposit money banks.

In line with the Group's approved write-off policy, the Management Credit Committee (MCC) may authorise a write-off of outstanding balances on a loan account where it is apparent that the exposure may not be recovered from any of the available repayment sources. However, the Group must have fully provided for the facility and such credits must also receive the approval of the board of directors. The approval process for write-off is as follows:

- the Loan Recovery Unit originates the write-off requests;
- Credit Risk Management obtains the approval of the Management Credit Committee (MCC) and the Board Credit Committee (BCC) for the request;
- all write-offs must be ratified by the full Board;
- Credit Risk Management sends notification of the balances approved for write-off to the Central Bank of Nigeria (CBN); and

the write-off must also satisfy the following requirements of Central Bank of Nigeria (CBN):

- the facility must have been in the Group's book for at least one year after the full provision;
- there should be evidence of Board approval;
- if the facility is insider or related party credit, the approval of CBN is required;
- the fully provisioned facility is appropriately disclosed in the audited financial statement of the Group.

There was no write off of impaired loans as at 31 December 2020 (31 December 2019: ₦23.68 billion and ₦23.50 billion) for both Group and Company.

Collateral held and other credit enhancements and their financial effects

The Group also has a good collateral management policy in place to reduce the risk of loss in the event of default. Our collateral management policy is linked to the internal ratings framework and has helped to reduce the estimated expected loss and capital charge on transactions.

The Group holds collateral and other types of credit enhancements against its credit exposures. The table below gives the principal collateral types eligible as security and used primarily to mitigate transaction risk:

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Type of credit exposure	Principal type of collateral held for secured lending	Percentage of exposure that is subject to an arrangement that requires collaterisation 31 DEC 2020	31 DEC 2019
Loans and advances to banks			
Reverse sale and purchase agreements	Marketable securities	**100**	100
Security borrowing	Marketable securities	**100**	100
Loans and advances to retail customers			
Mortgage lending	Residential property	**100**	100
Personal loans	None	**-**	-
Credit cards	None	**-**	-
Loans and advances to corporate customers			
Finance leases	Property and equipment	**100**	100
Other lending to corporate customers	Legal mortgage, mortgage debenture, fixed and floating charges over corporate assets, account receivables	**90**	90
Reverse sale and repurchase agreements	Marketable securities	**100**	100
Investment debt securities	None	**-**	-

Other admissible credit risk mitigants (accepted for comfort only) but not eligible as collateral include domiciliation agreements, trust receipts, negative pledges and master netting agreements with obligors that have investments in liabilities. The Group typically does not hold collateral against investment securities, and no such collateral was held at 31 December 2020 and 31 December 2019.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Details of collateral held and the value of collateral as at 31 December 2020 are as follows:

	GROUP		COMPANY	
In thousands of Naira	Total exposure	Value of collateral	Total exposure	Value of collateral
Secured against real estate	121,246,377	211,934,790	-	-
Secured by shares of quoted and unquoted companies	26,154,207	36,469,269	-	-
Cash collateral, lien over fixed and floating assets	482,973,556	1,024,648,299	-	-
Otherwise secured	72,483,635	72,120,534	-	-
Unsecured	166,425,490	-	-	-
	869,283,265	1,345,172,892	-	-

Details of collateral held and their carrying amounts as at 31 December 2019 are as follows:

	GROUP		COMPANY	
In thousands of Naira	Total exposure	Value of collateral	Total exposure	Value of collateral
Secured against real estate	79,952,866	121,323,899	-	-
Secured by shares of quoted and unquoted companies	26,982,428	36,531,863	-	-
Cash collateral, lien over fixed and floating assets	428,836,923	930,184,027	-	-
Otherwise secured	47,110,907	3,660,055	-	-
Unsecured	171,507,742	-	-	-
	754,390,866	1,091,699,844	-	-

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Loans and advances to corporate customers

The Group's loans and advances to corporate obligors are subject to rigorous credit appraisals commencing with rating of obligor via our Moody's Risk Analysis Methodology to determine the credit worthiness of the customer or its probability of default known as the obligor risk rating (ORR) – the probability of default (PD) of a customer is a measure of the obligor risk rating.

Collateral in the form of first charge over real estate (legal mortgage or mortgage debenture) or floating and fixed charges over corporate assets is usually taken to provide additional comfort to the Group. The measure of the collateral pledged by the customer is given by the facility risk rating (FRR) mapped to the Basel II defined loss given default (LGD) estimates. The FRR or LGD therefore assesses the transaction of the customer – risk of loss on the transaction in the event of default.

All non-retail and retail-SME exposures are assigned a risk grade by independent Credit Analysts within our Risk Management Division based on inputs/ discussions with relationship management teams and verifiable facts. While the obligor risk rating model differentiates borrower risk (i.e. risk of default), the facility risk rating model differentiates transaction risk (i.e. risk of loss in the event of default), taking the structure of the facility (availability of credit risk mitigants) into consideration:

The Group's Credit Analysts are fully guided by our internal ratings framework and lending policies, and exhibit a high level of professionalism and judgement in their recommendations to approving authorities. Model overrides if any, require the exceptional approval of the Chief Risk Officer and, in certain cases, may be escalated to the Board Credit Committee.

The Group's facility risk rating model (for non-retail and retail SME) also reflects the expected loss (EL) on each transaction, which fully incorporates both borrower strength (PD) and loss severity (LGD) considerations. The expected loss (EL) generated is used as a guide to price for transactions, being the risk premium.

The Group also holds collateral in the form of cash and marketable securities in respect of sale and repurchase transactions and securities borrowing. Receivables relating to reverse sale and repurchase agreements and securities borrowing transactions are usually collaterised on a gross exposure basis. The Group undertakes master netting agreements with all counterparties and margining agreements with some counterparties.

Derivative assets held for risk management

For derivatives, under margin agreements, collateral is held against net positions that are partially or fully collateralised. Exposures under margin agreements are marked to market daily to assess attendant risks to the Group. There are no derivative trading assets as at the reporting period. However, details of derivative transactions taken for Risk Management is presented below:

	31 DEC 2020		31 DEC 2019	
	Notional amount	Fair value	Notional amount	Fair value
Derivative assets held for risk management	-	1,884,398	-	11,666,095
Derivative liabilities held for risk management	-	1,871,869	-	7,563,600

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

Concentration of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentration of credit risk from loans and advances, lending commitments, financial guarantees and investment is shown below:

Concentration by sector

Gross loans and advances to customers and the non-performing loan portion per industry sector as at 31 December 2020. Carrying amounts presented in the table below are determined as gross loans less impairment allowances. The non-performing loans (NPL) is presented in accordance with Central Bank of Nigeria (CBN) prudential guidelines.

GROUP	Loans and advances to customers					
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total gross loan	Non-performing loan (NPL)	Gross lending commitments and financial guarantees
Administrative and support services	4,965	-	33,316	38,281	33,316	9,577,304
Agriculture	59,692,540	374,939	760,626	60,828,105	760,626	11,128,600
Commerce	56,636,781	1,441,126	3,573,536	61,651,443	3,573,536	62,008,886
Construction	412,476	-	1,574	414,050	1,574	12,789,829
Education	2,255,422	261,533	89,309	2,606,264	89,309	200,000
Finance and insurance	61,952,665	8,922	38,627	62,000,214	38,627	720,597
General - others	3,728,770	690	199,570	3,929,030	199,570	113,584
Government	4,933,591	2	37	4,933,630	37	71,156
Hospitality	7,796,131	44,114	61,222	7,901,467	61,222	4,460,383
Individual	114,697,447	10,781,886	9,059,378	134,538,711	9,059,378	2,014,040
Information and communication	17,840,662	-	1,660,662	19,501,324	1,660,662	107,200
Manufacturing	81,575,095	11,740,895	152,797	93,468,787	152,797	102,471,805
Mining	-	-	237,950	237,950	237,950	-
Oil and gas - downstream	36,619,108	19,039,610	5,739,033	61,397,751	5,739,033	13,224,115
Oil and gas - upstream	25,455,532	21,453,802	329	46,909,663	329	-
Oil and gas - services	58,282,452	83,797,998	977,253	143,057,703	977,253	4,003,300
Power and energy	30,361,118	31,052,871	-	61,413,989	-	-
Professional services	853,564	-	27,003	880,567	27,003	312,561
Real estate	89,385,062	3,004,226	5,955,202	98,344,490	5,955,202	2,215
Transportation	5,229,376	442	28	5,229,846	28	73,072
	657,712,757	183,003,056	28,567,452	869,283,265	28,567,452	223,278,647

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Gross loans and advances to customers and the non-performing loan portion per industry sector as at 31 December 2019. Carrying amounts presented in the table below are determined as gross loans less impairment allowances. The non-performing loans (NPL) is presented in accordance with Central Bank of Nigeria (CBN) prudential guidelines.

GROUP	Loans and advances to customers					
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total gross loan	Non-performing loan (NPL)	Gross lending commitments and financial guarantees
Administrative and support services	33,027	-	34,633	67,660	34,633	5,273,096
Agriculture	46,386,299	4,486,279	479,475	51,352,053	479,475	15,030,769
Commerce	41,327,610	1,174,776	3,222,523	45,724,909	3,222,523	29,200,384
Construction	1,204,733	-	10,350	1,215,083	10,350	9,994,889
Education	1,818,755	7,434	30,250	1,856,439	30,250	-
Finance and insurance	62,566,146	72,395.00	1,203,665	63,842,206	1,203,665	3,835,657
General - others	2,795,213	14,996	25,800	2,836,009	25,800	196,051
Government	19,249,473	18	1,547	19,251,038	1,547	-
Hospitality	7,078,837	8	67,552	7,146,397	67,552	9,063,632
Individual	92,566,058	3,409,826	8,216,650	104,192,534	8,216,650	4,562,923
Information and communication	22,454,091	30,351	4,053,308	26,537,750	4,053,308	729,408
Manufacturing	59,991,813	14,610,522	1,756,229	76,358,564	1,756,229	109,341,170
Mining	-	202,894	-	202,894	-	88,941.00
Oil and gas - downstream	23,969,655	23,310,836	1,130,567	48,411,058	1,130,567	1,184,269
Oil and gas - upstream	78,785,101	49,398,934	1,000,349	129,184,384	1,000,349	10,138,240
Oil and gas - services	368,055	38,889,808	24,611	39,282,474	24,611	24,404.00
Power and energy	23,559,418	25,668,134	-	49,227,552	-	319,203
Professional services	729,155	5	158	729,318	158	497,107
Real estate	66,041,835	8,291,075	6,383,231	80,716,141	6,383,231	10,061,750
Transportation	6,211,560	58	44,785	6,256,403	44,785	398,572
	557,136,834	169,568,349	27,685,683	754,390,866	27,685,683	209,940,465

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Concentration by location

Concentration by location for loans and advance, and for lending commitments and financial guarantees is based on the customer's region of domicile within Nigeria and Europe. Concentration by location for investment securities is based on the country of domicile of the issuer of the security.

GROUP	31 DEC 2020					
	Loans and advances to customers					
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total gross loan	Non-performing loan (NPL)	Gross lending commitments and financial guarantees
North East	7,567,387	803,014	366,667	8,737,068	366,667	11,824,359
North Central	29,960,661	3,380,772	1,691,176	35,032,609	1,691,176	733,850
North West	21,071,368	3,227,682	1,307,974	25,607,024	1,307,974	1,422,260
South East	14,264,108	769,596	6,593,580	21,627,284	6,593,580	7,303,833
South South	29,163,084	1,343,124	770,385	31,276,593	770,385	4,998,559
South West	500,350,137	173,478,868	17,837,670	691,666,675	17,837,670	183,548,321
Europe	55,336,012	-	-	55,336,012	-	13,447,465
	657,712,757	183,003,056	28,567,452	869,283,265	28,567,452	223,278,647

GROUP	31 DEC 2019					
	Loans and advances to customers					
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total gross loan	Non-performing loan (NPL)	Gross lending commitments and financial guarantees
North East	25,268,988	119,171	1,688,182	27,076,341	1,688,182	12,002,657
North Central	10,856,030	146,934	300,702	11,303,666	300,702	103,583
North West	25,216,399	14,828	1,293,803	26,525,030	1,293,803	1,161,547
South East	8,318,379	691,366	5,300,554	14,310,299	5,300,554	7,356,467
South South	23,900,568	266,301	1,139,726	25,306,595	1,139,726	4,542,607
South West	411,958,238	168,329,749	17,962,716	598,250,703	17,962,716	166,644,736
Europe	51,618,232	-	-	51,618,232	-	18,128,868
	557,136,834	169,568,349	27,685,683	754,390,866	27,685,683	209,940,465

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

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).

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

Corporate exposures

- Information obtained during periodic review of customer files, e.g., 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, etc.
- Data from credit reference agencies, press articles, changes in external credit ratings.
- Quoted bond prices for the borrower where available.
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.

Retail exposures

- Internally collected data on customer behaviour (e.g., utilisation of credit card facilities).
- Affordability metrics.
- External data from credit reference agencies including industry-standard credit scores.

All exposures

- Payment record - this includes overdue status as well as a range of variables about payment ratios.
- Utilisation of the granted limit.
- Request for and granting of forbearance.
- Existing and forecast changes in business, financial and economic conditions.

Generating the term structure of probability of default (PD)

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

For some portfolios, information purchased from external credit reference agencies is also used.

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 as well as in-depth analysis of the impact of certain other factors (e.g., forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, benchmark interest rates and unemployment. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

Based on advices from the Management Risk Committee and economic experts and consideration of a variety of external actual and forecast information, 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.

Determining whether credit risk has increased significantly

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.

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 or, for [certain types of exposure], more than 15 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.

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 increase 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).

The contractual terms of a loan may be modified for a number of reasons - including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the policy set out in the accounting policy.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Audit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired/in default. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired and in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

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.

The definition of default largely aligns with that applied by the Group for regulatory capital purposes, except where there is regulatory waiver on specifically identified loans and advances.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advices from the Management Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the The Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund, and selected private-sector and academic forecasters.

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

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

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 5 years.

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

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

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios and, for lending, to reflect possible changes in the economies. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for overdrafts and revolving facilities that include both a loan and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

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

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

Loss allowance

Measurement basis under IFRS 9

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in our accounting policy; see Note 3(k)(vii).

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

GROUP	31 DEC 2020				31 DEC 2019			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents								
Balance at 1 January	32,498	-	-	32,498	17,976	-	-	17,976
Net remeasurement of loss allowances (see note 10)	3,452	-	-	3,452	14,522	-	-	14,522
Closing balance	35,950	-	-	35,950	32,498	-	-	32,498
Gross amount	221,114,594	-	-	221,114,594	223,578,336	-	-	223,578,336
Assets pledged as collateral								
Balance at 1 January	-	-	-	-	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Gross amount	189,216,506	-	-	189,216,506	118,653,230	-	-	118,653,230
Loans and advances to customers at amortised cost								
Balance at 1 January	17,241,583	5,196,856	16,071,827	38,510,266	17,626,723	3,678,610	26,986,118	48,291,451
Transfer to Stage 1	1,547,873	(684,770)	(863,103)	-	1,551,949	(553,454)	(998,495)	-
Transfer to Stage 2	(411,920)	601,492	(189,572)	-	(721,711)	791,218	(69,507)	-
Transfer to Stage 3	(207,716)	(49,104)	256,820	-	(104,982)	(3,249)	108,231	-
Net remeasurement of loss allowances (see note 10)	681,518	3,687,809	12,285,991	16,655,318	(1,110,396)	1,283,731	13,727,052	13,900,387
Financial assets that have been derecognised write-off	-	-	(10,353,847)	(10,353,847)	-	-	(23,683,036)	(23,683,036)
Foreign exchange and other movements	888,385	325,875	484,656	1,698,916	-	-	1,464	1,464
Closing balance	19,739,723	9,078,158	17,692,772	46,510,653	17,241,583	5,196,856	16,071,827	38,510,266
Gross amount	660,876,667	183,003,056	25,403,542	869,283,265	557,136,834	169,568,349	27,685,683	754,390,866
Investment securities at amortised cost								
Balance at 1 January	577,991	-	1,594,166	2,172,157	261,059	-	1,579,681	1,840,740
Net remeasurement of loss allowances (see note 10)	(122,490)	-	78,659	(43,831)	116,843	-	-	116,843
Foreign exchange and other movements	40,666	-	104,434	145,100	200,089	-	14,485	214,574
Closing balance	496,167	-	1,777,259	2,273,426	577,991	-	1,594,166	2,172,157
Gross amount	175,138,349	-	1,777,259	176,915,608	126,376,464	-	1,605,701	127,982,165
Investment securities at FVOCI								
Balance at 1 January	44,552	-	-	44,552	24,047	-	-	24,047
Net remeasurement of loss allowances (see note 10)	137,340	-	-	137,340	20,505	-	-	20,505
Closing balance	181,892	-	-	181,892	44,552	-	-	44,552
Gross amount	212,554,430	-	-	212,554,430	96,776,823	-	-	96,776,823

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for the year ended 31 December 2020 (continued)

GROUP	31 DEC 2020				31 DEC 2019			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Other assets								
Balance at 1 January	**469,367**	**586,649**	**18,375,759**	**19,431,775**	808,356	-	14,596,193	15,404,549
Transfer to Stage 1	**1,149,570**	**-**	**(1,149,570)**	**-**	(179,388)	-	179,388	-
Net remeasurement of loss allowances (see note 10)	**4,401,409**	**2,015,873**	**1,250,000**	**7,667,282**	(159,601)	586,649	3,817,060	4,244,108
Write-offs	**-**	**-**	**(10,814,025)**	**(10,814,025)**	-	-	(218,251)	(218,251)
Foreign exchange and other movements	**101,467**	**-**	**93,284**	**194,751**	-	-	1,369	1,369
Closing balance	**6,121,813**	**2,602,522**	**7,755,448**	**16,479,783**	469,367	586,649	18,375,759	19,431,775
Gross amount	**5,191,490**	**20,360,060**	**11,175,768**	**36,727,318**	1,138,260	26,590,060	18,527,039	46,255,359
Performance bonds and guarantees, clean line letters of credit and other commitments								
Balance at 1 January	**1,420,784**	**1,876**	**-**	**1,422,660**	1,205,367	-	-	1,205,367
Transfer to Stage 1	**-**	**-**	**-**	**-**	10,922	-	-	10,922
Transfer to Stage 2	**-**	**-**	**-**	**-**	-	-	-	-
Transfer to Stage 3	**-**	**-**	**-**	**-**	-	-	-	-
Net remeasurement of loss allowances (see note 10)	**105,587**	**-**	**-**	**105,587**	204,495	1,876	-	206,371
Foreign exchange and other movements	**-**	**-**	**-**	**-**	-	-	-	-
Closing balance	**1,526,371**	**1,876**	**-**	**1,528,247**	1,420,784	1,876	-	1,422,660
Gross amount	**223,207,186**	**71,461**	**-**	**223,278,647**	209,716,430	224,035	-	209,940,465

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

COMPANY	31 DEC 2020				31 DEC 2019			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents								
Balance at 1 January	-	-	-	-	-	-	-	-
Net remeasurement of loss allowances (see note 10)	9,893	-	-	9,893	-	-	-	-
Closing balance	9,893	-	-	9,893	-	-	-	-
Gross amount	828,634	-	-	828,634	19,482	-	-	19,482
Investment securities at amortised cost								
Balance at 1 January	128,616	-	-	128,616	101,556	-	-	101,556
Net remeasurement of loss allowances (see note 10)	12,501	-	-	12,501	27,060	-	-	27,060
Foreign exchange and other movements	-	-	-	-	-	-	-	-
Closing balance	141,117	-	-	141,117	128,616	-	-	128,616
Gross amount	3,205,346	-	-	3,205,346	2,920,309	-	-	2,920,309
Investment securities at FVOCI								
Balance at 1 January	-	-	-	-	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Gross amount	1,295,770	-	-	1,295,770	1,008,048	-	-	1,008,048
Other assets								
Balance at 1 January	92,188	-	-	92,188	69,953	-	-	69,953
Net remeasurement of loss allowances (see note 10)	-	-	-	-	22,235	-	-	22,235
Closing balance	92,188	-	-	92,188	92,188	-	-	92,188
Gross amount	2,142,241	-	-	2,142,241	2,987,766	-	-	2,987,766

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

ECL coverage ratio

GROUP	31 DEC 2020							
	Gross carrying amount				ECL provision			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
On-balance sheet items								
Cash and cash equivalents	221,114,594	-	-	221,114,594	35,950	-	-	35,950
Assets pledged as collateral	189,216,506	-	-	189,216,506	-	-	-	-
Loans and advances to customers at amortised cost	660,876,667	183,003,056	25,403,542	869,283,265	19,739,723	9,078,158	17,692,772	46,510,653
Investment securities at amortised cost	175,138,349	-	1,777,259	176,915,608	496,167	-	1,777,259	2,273,426
Investment securities at FVOCI	212,554,430	-	-	212,554,430	181,892	-	-	181,892
Other financial assets measured at amortised cost	5,191,490	20,360,060	11,175,768	36,727,318	6,121,813	2,602,522	7,755,448	16,479,783
Sub-total	1,464,092,036	203,363,116	38,356,569	1,705,811,721	26,575,545	11,680,680	27,225,479	65,481,704
Off-balance sheet items								
Performance bonds and guarantees	111,233,437	(152,574)	-	111,080,863	1,164,008	-	-	1,164,008
Clean line letters of credit	102,137,841	-	-	102,137,841	362,363	-	-	362,363
Other commitments	9,835,908	224,035	-	10,059,943	-	1,876	-	1,876
Sub-total	223,207,186	71,461	-	223,278,647	1,526,371	1,876	-	1,528,247
Total	1,687,299,222	203,434,577	38,356,569	1,929,090,368	28,101,916	11,682,556	27,225,479	67,009,951

COMPANY	31 DEC 2020							
	Gross carrying amount				ECL provision			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
On-balance sheet items								
Cash and cash equivalents	828,634	-	-	828,634	9,893	-	-	9,893
Investment securities at amortised cost	3,205,346	-	-	3,205,346	141,117	-	-	141,117
Investment securities at FVOCI	1,295,770	-	-	1,295,770	-	-	-	-
Other financial assets measured at amortised cost	2,142,241	-	-	2,142,241	92,188	-	-	92,188
Total	7,471,991	-	-	7,471,991	243,198	-	-	243,198

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

ECL coverage ratio

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
On-balance sheet items								
Loans and advances to customers at amortised cost	2.99%	4.96%	69.65%	5.35%	-	-	-	-
Investment securities at amortised cost	0.28%	0.00%	100.00%	1.29%	4.40%	-	-	4.40%
Other financial assets measured at amortised cost	117.92%	12.78%	69.40%	44.87%	4.30%	-	-	4.30%
Sub-total	1.82%	5.74%	70.98%	3.84%	3.25%	-	-	3.25%
Off-balance sheet items								
Performance bonds and guarantees	1.05%	-	-	1.05%	-	-	-	-
Clean line letters of credit	0.35%	-	-	0.35%	-	-	-	-
Other commitments	0.00%	0.84%	-	-	-	-	-	-
Sub-total	0.68%	2.63%	-	0.68%	-	-	-	-
Total	1.67%	5.74%	70.98%	3.47%	3.25%	-	-	3.25%

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

GROUP	31 DEC 2019							
	Gross carrying amount				ECL provision			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
On-balance sheet items								
Cash and cash equivalents	223,578,336	-	-	223,578,336	32,498	-	-	32,498
Assets pledged as collateral at amortised cost	118,653,230	-	-	118,653,230	-	-	-	-
Loans and advances to customers at amortised cost	557,136,834	169,568,349	27,685,683	754,390,866	17,241,583	5,196,856	16,071,827	38,510,266
Investment securities at amortised cost	126,376,464	-	1,605,701	127,982,165	577,991	-	1,594,166	2,172,157
Investment securities at FVOCI	96,776,823	-	-	96,776,823	44,552	-	-	44,552
Other financial assets measured at amortised cost	1,138,260	26,590,060	18,527,039	46,255,359	469,367	586,649	18,375,759	19,431,775
Sub-total	1,123,659,947	196,158,409	47,818,423	1,367,636,779	18,365,991	5,783,505	36,041,752	60,191,248
Off-balance sheet items								
Performance bonds and guarantees	121,278,956	-	-	121,278,956	1,058,421	-	-	1,031,354
Clean line letters of credit	78,297,876	-	-	78,297,876	362,363	-	-	362,363
Other commitments	10,139,598	224,035	-	10,363,633	-	1,876	-	28,943
Sub-total	209,716,430	224,035	-	209,940,465	1,420,784	1,876	-	1,422,660
Total	1,333,376,377	196,382,444	47,818,423	1,577,577,244	19,786,775	5,785,381	36,041,752	61,613,908

COMPANY	31 DEC 2019							
	Gross carrying amount				ECL provision			
In thousands of Naira	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
On-balance sheet items								
Cash and cash equivalents	19,482	-	-	19,482	-	-	-	-
Investment securities at amortised cost	2,920,309	-	-	2,920,309	128,616	-	-	128,616
Investment securities at FVOCI	1,008,048	-	-	1,008,048	-	-	-	-
Other financial assets measured at amortised cost	2,987,766	-	-	2,987,766	92,188	-	-	92,188
Sub-total	6,935,605	-	-	6,935,605	220,804	-	-	220,804
Total	6,935,605	-	-	6,935,605	220,804	-	-	220,804

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

ECL coverage ratio

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
On-balance sheet items								
Loans and advances to customers at amortised cost	3.09%	3.06%	58.05%	5.10%	0.00%	-	-	0.00%
Investment securities at amortised cost	0.46%	-	-	1.70%	4.40%	-	-	4.40%
Investment securities at FVOCI	0.05%	-	-	0.05%	0.00%	-	-	0.00%
Other financial assets measured at amortised cost	41.24%	2.21%	99.18%	42.01%	3.09%	-	-	3.09%
Sub-total	1.63%	2.95%	75.37%	4.40%	3.18%	-	-	3.18%
Off-balance sheet items								
Performance bonds and guarantees	0.87%	-	-	0.85%	0.00%	-	-	0.00%
Clean line letters of credit	0.46%	-	-	0.46%	0.00%	-	-	0.00%
Other commitments	-	0.84%	-	-	-	-	-	-
Sub-total	0.68%	0.84%	-	0.68%	0.00%	-	-	0.00%
Total	1.48%	2.95%	75.37%	3.91%	3.18%	-	-	3.18%

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

Trading assets

The Group's trading book comprises only debt securities, equity securities and bills issued by the Federal Government of Nigeria. The capital charge for the trading book is computed using the standardised approach. The standardised approach adopts a building block approach to capital computation, where individual capital requirements are summed for the different risk positions. Under the methodology, capital charge is computed for issuer risk, otherwise known as specific risk and for general market risk, which may result from adverse movement in market price. The capital charges cover the Group's debt instruments in the trading book and the total banking book foreign exchnage. Commodities are excluded as the Group does not trade in commodities. The standardised method ignores diversification of risk and the risk positions are captured as on the day and not for a period.

The deployment of value at risk (VAR) will enable the Group to migrate to the internal model approach, which measures market risk loss at a given level of confidence and over a specified period. Also, this approach accounts for diversification (which is not done under standardised method).

An analysis of the counterparty credit exposure for the trading assets, which are neither past due nor impaired is as shown in the table below:

GROUP

In thousands of Naira	31 DEC 2020						
Security type	**Issuer rating**	**0 - 30 days**	**31 - 90 days**	**91 -180 days**	**181 - 365 days**	**above 365 days**	**Total**
FGN bonds	BB-	**6,946,808**	**-**	**-**	**-**	**-**	**6,946,808**
Nigerian treasury bills	BB-	**2,354,981**	**-**	**-**	**-**	**-**	**2,354,981**
		9,301,789	**-**	**-**	**-**	**-**	**9,301,789**

GROUP

In thousands of Naira	31 DEC 2019						
Security type	**Issuer rating**	**0 - 30 days**	**31 - 90 days**	**91 -180 days**	**181 - 365 days**	**above 365 days**	**Total**
FGN bonds	BB-	4,305,761	-	-	-	-	4,305,761
Nigerian treasury bills	BB-	46,617,979	-	-	-	-	46,617,979
Equity investments	BB-	163,460	-	-	-	-	163,460
		51,087,200	-	-	-	-	51,087,200

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

Cash and cash equivalents

The Group held cash and cash equivalents of ₦221.11 billion as at 31 December 2020 (31 December 2019: ₦216.78 billion). The cash and cash equivalents are held with the Central Bank, financial institutions and counterparties, which are rated BBB- to AA based on acceptable external rating agency's ratings.

Settlement risk

The Group like its peers in the industry is exposed to settlement risk – the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

This risk is generally mitigated through counterparty limits set to manage the Group's exposure to these counterparties. The counterparty limits are approved by the Executive Management and the Board of Directors.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. It is the potential loss to the Group arising from either its inability to meet its obligations or to fund committed increases in assets as they fall due without incurring unacceptable costs or losses.

Management of liquidity risk

The Board of directors sets the strategy for liquidity risk management and delegates the responsibility for oversight and implementation of the policy to the Assets and Liability Committee (ALCO). The liquidity position is managed daily by Treasury and Financial Services Division in conjunction with Market Risk Management Department. Assessment of liquidity is carried out through daily and weekly reports aimed at evaluating limit compliances across all the key liquidity management criteria e.g funding gap, liquidity mismatches, etc.

The Assets and Liability Committee (ALCO) has the primary responsibility for managing liquidity risk arising from assets and liability creation activities. Deliberate strategies put in place to ensure the Group is protected from liquidity risk include:

- Liquidity risk identification at transaction, portfolio and entity levels using the defined early warning liquidity risk indicators such as deposit attrition, funding mismatch and funding concentrations.
- Establishment of the Group's liquidity risk appetite, which is the amount of risk FCMB is willing to accept in pursuit of value using relevant liquidity risk ratios and assets and liability funding gaps.
- Establishment of methodologies for measuring and reporting on the Group's liquidity risk profile against set appetite and sensitising against unforeseen circumstances using liquidity risk scenario analysis.
- Establishment of preventive (limit setting and management) as well as corrective (contingency funding plan - CFP) controls over liquidity risk.
- Maintaining a diversified funding base consisting of customer deposits (both retail and corporate) and wholesale market deposits and contingency deposits and liabilities.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity.
- Monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the Group's financial assets and liabilities, and the extent to which they are encumbered.

The Group conducts regular stress testing on its liquidity position using different scenarios including normal, mild and severe stress situations. The scenarios anticipate changes in key financial indicators such as interest rate movement, sharp reduction in Development Financial Institutions (DFIs) as a result of current security challenges, economic downturn among others. Stress results are presented to ALCO to elicit proactive liquidity management decisions. The committee's resolutions are tracked for impact assessment and anticipated stability in liquidity management.

The Risk Management Division acts as the secretariat for ALCO and provides the necessary analytics (maturity/repricing gap and balance sheet analyses) required for taking proactive liquidity management decisions. The Group's Treasury and Financial Services Division is responsible for executing ALCO decisions

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

and in particular, ensuring that the Group is optimally and profitably funded at any point in time.

i Exposure to liquidity risk

The key measures adopted by the Group for liquidity management are maturity profile (on and off balance sheet) and maturity analysis. Details of reported ratio of the Group's net liquid assets to deposit from customers as at the reporting period is given as:

Period	31 DEC 2020	31 DEC 2019
At 31 December	**34.2%**	32.9%
Average for the year	**34.2%**	42.8%
Maximum for the year	**35.6%**	49.0%
Minimum for the year	**32.9%**	32.9%

Liquidity ratio, which is a measure of liquidity risk is calculated as a ratio of Naira liquid assets to the local currency deposit liabilities and it is expressed in percentage.

The exposure to liquidity risk during the review period is as presented below:

ii Maturity analysis for financial assets and liabilities

The table below analyses financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. These include both principal and interest cash flows across the different maturity periods. The following tables show the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow/(outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial assets and liabilities.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

GROUP

31 DEC 2020

In thousands of Naira	Note	Carrying amount	Gross nominal inflow/ (outflow)	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 5 years	above 5 years	Total
Non-derivative assets										
Cash and cash equivalent	21	221,078,644	221,078,644	221,078,644	-	-	-	-	-	221,078,644
Restricted reserve deposit	22	311,746,155	311,746,155	311,746,155	-	-	-	-	-	311,746,155
Non-pledged trading assets	23(a)	9,301,789	9,301,789	6,186,623	1,182,225	229,585	229,585	821,165	652,606	9,301,789
Loans and advances to customers	25	822,772,612	869,283,265	9,885,685	16,725,337	100,082,992	79,705,555	204,017,851	458,865,845	869,283,265
Asset pledged as collateral	27	189,216,506	189,216,506	20,010,657	98,274,969	11,979,340	15,863,644	16,460,000	26,627,896	189,216,506
Investment securities	26	406,665,569	398,329,131	145,088,354	169,204,500	11,745,705	39,031,325	12,549,553	20,709,694	398,329,131
Other financial assets (net)	32(a)	20,247,535	36,727,318	22,630,688	-	-	11,175,768	2,920,862	-	36,727,318
		1,981,028,810	2,035,682,808	736,626,806	285,387,031	124,037,622	146,005,877	236,769,431	506,856,041	2,035,682,808
Derivative assets										
Risk management:	24(a)	1,884,398	-	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-	-	-
		1,884,398	-	-	-	-	-	-	-	-
Derivative liabilities										
Risk management:	24(b)	1,871,869	-	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-	-	-
		1,871,869	-	-	-	-	-	-	-	-
Non-derivative liabilities										
Deposits from banks	33	119,365,158	119,365,158	119,365,158	-	-	-	-	-	119,365,158
Deposits from customers	34	1,257,130,907	1,266,226,803	1,026,381,708	86,074,077	40,727,856	60,738,757	20,042,294	32,262,111	1,266,226,803
Borrowings	35	159,718,037	202,778,229	36,138,064	32,121,734	35,229,040	50,708,466	48,580,925	-	202,778,229
On-lending facilities	36	60,366,840	60,412,240	2,837,731	6,540,920	2,651,869	5,301,249	40,297,412	2,783,059	60,412,240
Debt securities issued	37	101,531,205	101,531,205	-	-	-	-	73,537,242	27,993,963	101,531,205
Other financial liabilities	40(a)	103,750,649	103,750,649	5,826,822	12,575,778	-	38,165,949	39,356,727	7,825,373	103,750,649
		1,801,862,796	1,854,064,284	1,190,549,483	137,312,509	78,608,765	154,914,421	221,814,600	70,864,506	1,854,064,284

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

GROUP
31 DEC 2019

In thousands of Naira	Note	Carrying amount	Gross nominal inflow/ (outflow)	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 5 years	above 5 years	Total
Non-derivative assets										
Cash and cash equivalent	21	223,545,838	223,545,838	221,045,838	2,500,000	-	-	-	-	223,545,838
Restricted reserve deposit	22	208,916,226	208,916,226	208,916,226	-	-	-	-	-	208,916,226
Non-pledged trading assets	23(a)	51,087,200	57,236,824	10,205,221	5,146,022	5,982,225	32,229,585	1,021,165.00	2,652,606	57,236,824
Loans and advances to customer	25	715,880,600	786,894,396	50,458,003	68,106,009	128,446,914	124,952,991	265,618,891	149,311,588	786,894,396
Asset pledged as collateral	27	118,653,230	126,357,837	18,087,686	20,400,473	18,980,850	9,980,850	19,744,550	39,163,428	126,357,837
Investment securities	26	239,935,756	253,085,681	67,619,651	27,930,401	42,853,814	52,115,627	31,662,827	30,903,361	253,085,681
Other financial assets (net)	32(a)	26,823,584	49,270,565	25,345,876	21,003,827	-	-	2,920,862	-	49,270,565
		1,584,842,434	1,705,307,366	601,678,501	145,086,732	196,263,802	219,279,054	320,968,295	222,030,983	1,705,307,366
Derivative assets										
Risk management:	24(a)	11,666,095	-	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-	-	-
		11,666,095	-	-	-	-	-	-	-	-
Derivative liabilities										
Risk management:	24(b)	7,563,600	-	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-	-	-
		7,563,600	-	-	-	-	-	-	-	-
Non-derivative liabilities										
Trading liabilities	23(b)	37,082,002	37,082,002	37,082,002						37,082,002
Deposits from banks	33	90,060,925	90,060,925	90,060,925	-	-	-	-	-	90,060,925
Deposits from customers	34	943,085,581	957,209,810	765,251,496	64,818,880	53,270,730	59,838,464	30,240	14,000,000	957,209,810
Borrowings	35	133,344,085	175,469,184	23,040,689	26,914,020	40,524,995	9,697,182	75,292,298	-	175,469,184
On-lending facilities	36	70,912,203	65,730,232	2,225,302	1,101,584	346,571	3,699,693	23,051,799	35,305,283	65,730,232
Debt securities issued	37	71,864,898	71,864,898	-	-	-	23,610,142	31,241,501	17,013,255	71,864,898
Other financial liabilities		96,637,726	96,637,726	29,110,833	15,583,129	-	41,555,011	10,388,753	-	96,637,726
		1,442,987,420	1,494,054,777	946,771,247	108,417,613	94,142,296	138,400,492	140,004,591	66,318,538	1,494,054,777

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

COMPANY
31 DEC 2020

In thousands of Naira	Note	Carrying amount	Gross nominal inflow/ (outflow)	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 5 years	above 5 years	Total
Non-derivative assets										
Cash and cash equivalent	21	818,741	818,741	818,741	-	-	-	-	-	818,741
Investment securities	26	4,359,999	4,359,999	(12,501)	-	-	-	4,372,500	-	4,359,999
Other financial assets (net)	32(a)	2,050,054	2,050,054	2,050,054	-	-	-	-	-	2,050,054
		7,228,794	7,228,794	2,856,294	-	-	-	4,372,500	-	7,228,794
Non-derivative liabilities										
Other financial liabilities	40(a)	2,137,564	2,137,564	2,137,564	-	-	-	-	-	2,137,564
		2,137,564	2,137,564	2,137,564	-	-	-	-	-	2,137,564

COMPANY
31 DEC 2019

In thousands of Naira	Note	Carrying amount	Gross nominal inflow/ (outflow)	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 5 years	above 5 years	Total
Non-derivative assets										
Cash and cash equivalent	21	19,482	19,482	19,482	-	-	-	-	-	19,482
Investment securities	26	3,799,741	5,100,141	-	-	148,311	148,311	4,803,519	-	5,100,141
Other financial assets (net)	32(a)	2,895,579	2,895,579	2,895,579	-	-	-	-	-	2,895,579
		6,714,802	8,015,202	2,915,061	-	148,311	148,311	4,803,519	-	8,015,202
Non-derivative liabilities										
Other financial liabilities	40(a)	1,684,329	1,684,329	1,684,329	-	-	-	-	-	1,684,329
		1,684,329	1,684,329	1,684,329	-	-	-	-	-	1,684,329

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

The amounts in the table above have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Derivative financial liabilities and financial assets held	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than 0-30 days' column.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

- demand deposits from customers are expected to remain stable or increase;
- unrecognised loan commitments are not all expected to be drawn down immediately; and
- retail mortgage loans have an original contractual maturity of between 10 and 15 years but with an average expected maturity of 6 years because customers take advantage of early repayment options

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and debt securities issued by Central Bank of Nigeria, which can be readily sold to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other financial institutions and holds unencumbered assets eligible for use as collateral with central banks.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

iii Liquidity reserves

The table below sets out the components of the Group's liquidity reserve.

		31 DEC 2020		31 DEC 2019	
In thousands of Naira	Note	Carrying amount	Fair value	Carrying amount	Fair value
Balances with central bank	21	23,813,814	23,813,814	38,855,211	38,855,211
Cash and balances with other banks	21	197,264,830	197,264,830	184,690,627	184,690,627
Unencumbered debt securities issued by Central Bank of Nigeria		309,670,414	299,673,224	225,301,971	225,681,028
Total liquidity reserve		**530,749,058**	**520,751,868**	448,847,809	449,226,866

Included in the unencumbered debt securities issued by central bank are: Federal Government of Nigeria (FGN) Bonds ₦116.55 billion (31 December 2019: ₦94.31 billion), Treasury Bills ₦95.22 billion (31 December 2019: ₦132.33 billion) under note 23(a), 26(a) and (b).

iv Financial assets available to support future funding

The table below shows availability of the Group's financial assets to support future funding:

31 DEC 2020		Encumbered		Unencumbered		
In thousands of Naira	Note	Pledged as collateral	Other*	Available as collateral	Other**	Total
Cash and cash equivalents	21	-	-	221,078,644	-	221,078,644
Restricted reserve deposits	22	-	311,746,155	-	-	311,746,155
Non-pledged trading assets	23(a)	-	-	-	9,301,789	9,301,789
Loans and advances	25	-	-	-	822,772,612	822,772,612
Assets pledged as collateral	27	189,216,506	-	-	-	189,216,506
Investment securities	26	-	-	406,665,569	-	406,665,569
Other assets (net)	32	-	-		20,247,535	20,247,535
Total assets		**189,216,506**	**311,746,155**	**627,744,213**	**852,321,936**	**1,981,028,810**

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

31 DEC 2019		**Encumbered**		**Unencumbered**		
In thousands of Naira	**Note**	**Pledged as collateral**	**Other***	**Available as collateral**	**Other****	**Total**
Cash and cash equivalents	21	-	-	223,545,838	-	223,545,838
Restricted reserve deposits	22	-	208,916,226	-	-	208,916,226
Non-pledged trading assets	23(a)	-	-	-	51,087,200	51,087,200
Loans and advances	25	-	-	-	715,880,600	715,880,600
Assets pledged as collateral	27	118,653,230	-	-	-	118,653,230
Investment securities	26	-	-	239,935,756	-	239,935,756
Other assets (net)	32	-	-		26,823,584	26,823,584
Total assets		118,653,230	208,916,226	463,481,594	793,791,384	1,584,842,434

*Represents assets which are not pledged but the Group believes they are restricted (either by law or other reasons) from being used to secure funding.

** These are assets that are available i.e. not restricted as collateral to secure funding but the Group would not consider them as readily available in the course of regular business.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Financial assets pledged as collateral

The total financial assets recognised in the statement of financial position that had been pledged as collateral for liabilities at 31 December 2020 and 31 December 2019 is shown in the preceding table.

Financial assets are pledged as collateral as part of securities borrowing, clearing and client's collection transactions under terms that are usual and customary for such activities.

(d) Market risk

Market risk is the risk that changes in market prices such as interest rate, equity/commodity prices, foreign exchange rates will affect the Group's income or the value of its holdings in financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters in order to ensure the Group's solvency while optimising the return on risk.

Management of market risk

Market risk is the risk that movements in market factors, including foreign exchange rates and interest rates, credit spreads and equity prices, will reduce the Group's income or the value of its portfolios. The Group classifies its market risk into asset and liability management (ALM) risk, investment risk and trading risk.

The Group separates its market risk exposures between trading and non-trading portfolios. Trading portfolios are mainly held by the Treasury and Financial Services Division and include positions from market making and proprietary positions taking, together with financial assets and liabilities that are managed on fair value basis. Non-trading portfolios are mainly held by Asset and Liability Management (ALM) Department and include portfolios held under amortised cost and fair value through other comprehensive income.

The Group has a robust methodology, and procedures for the identification, assessment, control, monitoring and reporting of market risks within its trading portfolio and the rest of the Group's balance sheet. The Market Risk Management Unit within Risk Management Division is responsible for measuring market risk exposures in accordance with the policies defined by the Board, monitoring and reporting the exposures against the prescribed limits.

Overall authority for market risk is vested by the Board in ALCO, which sets up limits for each type of risk in aggregate. However, Market and Liquidity Risk Department within Risk Management is responsible for limit tracking and reporting to the Chief Risk Officer and ultimately, Assets and Liability Committee. The Group employs a range of tools to monitor and ensure risk acceptance is kept within defined limit. Detail of market risk exposures as at 31 December 2020 are provided below:

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

31 DEC 2020		GROUP			COMPANY		
In thousands of Naira	Note	Carrying amount	Trading portfolios	Non-trading portfolios	Carrying amount	Trading portfolios	Non-trading portfolios
Assets subject to market risk:							
Cash and cash equivalents	21	221,078,644	-	221,078,644	818,741	-	818,741
Restricted reserve deposits	22	311,746,155	-	311,746,155	-	-	-
Trading assets	23(a)	9,301,789	9,301,789	-	-	-	-
Derivative assets held for risk management	24(a)	1,884,398	-	1,884,398	-	-	-
Loans and advances to customers	25	822,772,612	-	822,772,612	-	-	-
Assets pledged as collateral	27	189,216,506	-	189,216,506	-	-	-
Investment securities	26	406,665,569	-	406,665,569	4,359,999	-	4,359,999
Other financial assets (net)	32(a)(c)	20,247,535	-	20,247,535	2,050,054	-	2,050,054
Liabilities subject to market risk:							
Trading liabilities	23(b)	8,361,951	8,361,951	-	-	-	-
Derivative liabilities held for risk management	24(b)	1,871,869	-	1,871,869	-	-	-
Deposits from banks	33	119,365,158	-	119,365,158	-		-
Deposits from customers	34	1,257,130,907	-	1,257,130,907	-	-	-
Borrowings	35	159,718,037	-	159,718,037	-	-	-
On-lending facilities	36	60,366,840	-	60,366,840	-	-	-
Debt securities issued	37	101,531,205	-	101,531,205	-	-	-
Other financial liabilities	40(a)	103,750,649	-	103,750,649	2,137,564	-	2,137,564

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

31 DEC 2019		GROUP			COMPANY		
In thousands of Naira	Note	Carrying amount	Trading portfolios	Non-trading portfolios	Carrying amount	Trading portfolios	Non-trading portfolios
Assets subject to market risk:							
Cash and cash equivalents	21	223,545,838	-	223,545,838	19,482	-	19,482
Restricted reserve deposits	22	208,916,226	-	208,916,226	-	-	-
Trading assets	23(a)	51,087,200	51,087,200	-	-	-	-
Derivative assets held for risk management	24(a)	11,666,095	-	11,666,095	-	-	-
Loans and advances to customers	25	715,880,600	-	715,880,600	-	-	-
Assets pledged as collateral	27	189,216,506	-	189,216,506	-	-	-
Investment securities	26	406,665,569	-	406,665,569	3,799,741	-	3,799,741
Other financial assets (net)	32(a)(c)	26,823,584	-	26,823,584	2,895,579	-	2,895,579
Liabilities subject to market risk:							
Trading liabilities	23(b)	37,082,002	37,082,002	-	-	-	-
Derivative liabilities held for risk management	24(b)	7,563,600	-	7,563,600	-	-	-
Deposits from banks	33	90,060,925	-	90,060,925	-		-
Deposits from customers	34	943,085,581	-	943,085,581	-	-	-
Borrowings	35	133,344,085	-	133,344,085	-	-	-
On-lending facilities	36	70,912,203	-	70,912,203	-	-	-
Debt securities issued	37	71,864,898	-	71,864,898	-	-	-
Other financial liabilities	40(a)	96,637,726	-	96,637,726	1,684,329	-	1,684,329

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Exposure to interest rate risk - non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss arising from fluctuations in the fair values of future cash flows from financial instruments because of a change in the market interest rate. Interest rate risk is managed principally through active monitoring of gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Treasury and Financial Services Division.

A summary of the interest rate gap position on non-trading portfolios is as follows:

GROUP		31 DEC 2020			31 DEC 2019		
In thousands of Naira	Note	Carrying amount	Rate sensitive	Non rate sensitive	Carrying amount	Rate sensitive	Non rate sensitive
Assets							
Cash and cash equivalents	21	**221,078,644**	**4,447,734**	**216,630,910**	223,545,838	88,789,518	134,756,320
Restricted reserve deposits	22	**311,746,155**	**-**	**311,746,155**	208,916,226	-	208,916,226
Derivative assets held for risk management	24(a)	**1,884,398**	**-**	**1,884,398**	11,666,095	10,684,571	981,524
Loans and advances to customers (gross)	25	**869,283,265**	**869,283,265**	**-**	754,390,866	754,390,866	-
Assets pledged as collateral	27	**189,216,506**	**189,216,506**	**-**	118,653,230	118,653,230	-
Investment securities	26	**406,665,569**	**385,289,797**	**21,375,772**	239,935,756	223,699,536	16,236,220
Other financial assets (gross)	32(a)	**36,727,318**	**-**	**36,727,318**	46,255,359	-	46,255,359
		2,036,601,855	**1,448,237,302**	**588,364,553**	1,603,363,370	1,196,217,721	407,145,649
Liabilities							
Derivative liabilities held for risk management	24(b)	**1,871,869**	**-**	**1,871,869**	7,563,600	6,607,831	955,769
Deposits from banks	33	**119,365,158**	**119,365,158**	**-**	90,060,925	90,060,925	-
Deposits from customers	34	**1,257,130,907**	**1,257,130,907**	**-**	943,085,581	529,409,035	413,676,546
Borrowings	35	**159,718,037**	**159,718,037**	**-**	133,344,085	133,344,085	-
On-lending facilities	36	**60,366,840**	**60,366,840**	**-**	70,912,203	70,912,203	-
Debt securities issued	37	**101,531,205**	**101,531,205**	**-**	71,864,898	71,864,898	-
Other financial liabilities	40(a)	**103,750,649**	**-**	**103,750,649**	96,637,726	-	96,637,726
		1,803,734,665	**1,698,112,147**	**105,622,518**	1,413,469,018	902,198,977	511,270,041
Total interest repricing gap		232,867,190	(249,874,845)	482,742,035	189,894,352	294,018,744	(104,124,392)

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

GROUP
31 DEC 2020

In thousands of Naira	Note	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 5 years	above 5 years	Total
Assets subject to market interest rate risk:								
Cash and cash equivalents	21	4,447,734	-	-	-	-	-	4,447,734
Loans and advances to customers (gross)	25	41,817,965	16,725,337	68,150,712	79,705,555	204,017,851	458,865,845	869,283,265
Assets pledged as collateral	27	20,010,657	98,274,969	11,979,340	15,863,644	16,460,000	26,627,896	189,216,506
Investment securities	26	132,049,020	169,204,500	11,745,705	39,031,325	12,549,553	20,709,694	385,289,797
		198,325,376	284,204,806	91,875,757	134,600,524	233,027,404	506,203,435	1,448,237,302
Liabilities subject to market interest rate risk:								
Deposits from banks	33	119,365,158	-	-	-	-	-	119,365,158
Deposits from customers	34	979,010,236	138,349,653	40,727,856	60,738,757	20,042,294	18,262,111	1,257,130,907
Borrowings	35	35,077,872	32,121,734	35,229,040	50,708,466	6,580,925	-	159,718,037
On-lending facilities	36	2,792,331	6,540,920	2,651,869	5,301,249	40,297,412	2,783,059	60,366,840
Debt securities issued	37	-	-	-	-	73,537,242	27,993,963	101,531,205
		1,136,245,597	177,012,307	78,608,765	116,748,472	140,457,873	49,039,133	1,698,112,147
Total interest repricing gap		(937,920,221)	107,192,499	13,266,992	17,852,052	92,569,531	457,164,302	(249,874,845)

GROUP
31 DEC 2019

In thousands of Naira	Note	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 5 years	above 5 years	Total
Assets subject to market interest rate risk:								
Cash and cash equivalents	21	86,289,518	2,500,000	-	-	-	-	88,789,518
Derivative assets held for risk management	24(a)	10,684,571	-	-	-	-	-	10,684,571
Loans and advances to customers (gross)	25	49,947,640	68,101,990	96,513,368	124,947,406	265,594,518	149,285,944	754,390,866
Assets pledged as collateral	27	33,109,173	-	10,200,000	20,099,945	20,330,186	34,913,926	118,653,230
Investment securities	26	97,933,022	18,845,724	22,872,926	37,368,080	8,154,265	38,525,520	223,699,536
Other financial assets	32(a)	-	-	-	-	-	-	-
		277,963,923	85,114,626	126,455,489	171,158,423	282,256,299	222,621,482	1,196,217,721
Liabilities subject to market interest rate risk:								
Derivative liabilities held for risk management	24(b)	6,607,831	-	-	-	-	-	6,607,831
Deposits from banks	33	90,060,925	-	-	-	-	-	90,060,925
Deposits from customers	34	355,395,954	54,125,137	55,805,641	61,644,403	2,437,900	-	529,409,035
Borrowings	35	16,759,080	5,829,693.91	8,388,349	20,228,954	82,138,008	-	133,344,085
On-lending facilities	36	10,486,540	3,917,802	485,342	1,637,635	20,129,389	34,255,495	70,912,203
Debt securities issued	37	17,599,055	-	-	-	54,265,843	-	71,864,898
		496,909,385	63,872,633	64,679,332	83,510,992	158,971,140	34,255,495	902,198,977
Total interest repricing gap		(218,945,462)	21,241,993	61,776,157	87,647,431	123,285,159	188,365,987	294,018,744

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for the year ended 31 December 2020 (continued)

COMPANY		31 DEC 2020			31 DEC 2019		
In thousands of Naira	Note	Carrying amount	Rate sensitive	Non rate sensitive	Carrying amount	Rate sensitive	Non rate sensitive
Assets							
Cash and cash equivalents	21	**818,741**	**665,073**	**153,668**	19,482	10,514	8,968
Restricted reserve deposits	27	**-**	**-**	**-**	-	-	-
Loans and advances to customers (gross)	25	**-**	**-**	**-**	-	-	-
Assets pledged as collateral	27	**-**	**-**	**-**	-	-	-
Investment securities	26	**4,359,999**	**3,205,346**	**1,154,653**	3,799,741	2,920,309	879,432
Other financial assets (gross)	32(a)	**2,142,241**	**-**	**2,142,241**	2,987,766	-	2,987,766
		7,320,981	**3,870,419**	**3,450,562**	6,806,989	2,930,823	3,876,166
Liabilities							
Deposits from banks	33	**-**	**-**	**-**	-	-	-
Deposits from customers	34	**-**	**-**	**-**	-	-	-
Borrowings	35	**-**	**-**	**-**	-	-	-
On-lending facilities	36	**-**	**-**	**-**	-	-	-
Debt securities issued	37	**-**	**-**	**-**	-	-	-
Other financial liabilities	40(a)	**2,137,564**	**-**	**2,137,564**	1,684,329	-	1,684,329
		2,137,564	**-**	**2,137,564**	1,684,329	-	1,684,329
Total interest repricing gap		**5,183,417**	**3,870,419**	**1,312,998**	5,122,660	2,930,823	2,191,837

Sensitivity of projected net interest income

The management of interest rate risk against interest rate gap is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 50 basis points and 100 basis points (bps) parallel fall or rise. The financial assets and liabilities sensitive to interest rate risk are loans and advances, cash and cash equivalents (placements), assets pledged as collateral (treasury bills and FGN bonds), investment securities (treasury bills, FGN bonds, state government bonds and corporate bonds) and deposits from banks, deposits from customers, borrowings, on-lending facilities and debt securities issued. A weighted average rate has been applied and the effects are shown in the table below:

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for the year ended 31 December 2020 (continued)

GROUP
31 DEC 2020

In thousands of Naira	Gross amount	Weighted average interest rate	Interest due at current weighted average rate	50bps	(50bps)	100bps	Total (100bps)
Non-trading assets subject to rate sensitivity	1,448,237,302	10%	151,023,356	158,264,543	143,782,169	165,505,729	136,540,983
Non-trading liabilities subject to rate sensitivity	1,698,112,147	4%	(60,265,792)	(68,756,353)	(51,775,231)	(77,246,913)	(43,284,671)
			90,757,564	89,508,190	92,006,938	88,258,816	93,256,312
Impact on net interest income				(1,249,374)	1,249,374	(2,498,748)	2,498,748

GROUP
31 DEC 2019

In thousands of Naira	Gross amount	Weighted average interest rate	Interest due at current weighted average rate	50bps	(50bps)	100bps	Total (100bps)
Non-trading assets subject to rate sensitivity	1,196,217,721	11%	137,447,224	143,428,313	131,466,135	149,409,401	125,485,047
Non-trading liabilities subject to rate sensitivity	902,198,977	7%	(61,470,839)	(65,981,834)	(56,959,844)	(70,492,829)	(52,448,849)
			75,976,385	77,446,479	74,506,291	78,916,572	73,036,198
Impact on net interest income				1,470,094	(1,470,094)	2,940,187	(2,940,187)

Exposure to other market risk - non-trading portfolios

The non-trading book includes the loans, deposits, investments, placements, etc. Price risk in non-trading portfolios is measured with portfolio duration and convexity. The sensitivity of earnings to specified upward and downward instantaneous parallel 50 and 100 basis point shifts in the yield curve, over one-year horizon under business-as-usual conditions assuming static portfolio indicates there is potential risk.

Exposure to market risk - trading portfolios

The principal tools used by Treasury Risk Management Department to measure and control market risk exposure within the Group's trading portfolios are the open position limits, mark-to-market analysis, value at-risk analysis, sensitivity analysis and earning-at-risk analysis. Limit measurements (regulatory and internal) across the trading portfolios have been clearly defined, in line with the Group's overall risk appetite. These set limits shall prevent undue exposure in the event of abrupt market volatility. The Treasury Risk Management Department ensures that these limits and triggers are adhered to by the Treasury Division.

The trading book includes the treasury bills and FGN bonds. The sensitivity to earnings was not considered because it does not have material impact on earnings.

Foreign exchange risk

FCMB takes on foreign exchange risks through its activities in both the trading and banking books. The Group engages in currency trading on behalf of itself and creates foreign currency positions on the banking book in the course of its financial intermediation role.

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for the year ended 31 December 2020 (continued)

The Group is thus exposed to the risk of loss on both its trading and banking book positions in the event of adverse movements in currency prices. The mark-to-market currency rates applied are the rates published by Central Bank of Nigeria.

However, the Group sets exposure limits (open position limits) at currency levels and uses a combination of counterparty, dealer and stop loss limits to manage market risks inherent in all foreign currency trading positions. All limits are set for both overnight and intra-day positions and approved by the Board of Directors. Compliance with the Board approved limits is enforced through daily monitoring by the Risk Management Division.

The table below summarises foreign currency exposures of the Group as at the year ended:

GROUP 31 DEC 2020 *In thousands of Naira*	Note	NGN	USD	GBP	EUR	Others	Grand total
Assets							
Cash and cash equivalents	21	52,020,466	129,796,555	8,932,173	29,652,314	677,136	221,078,644
Restricted reserve deposit	22	311,746,155	-	-	-	-	311,746,155
Non-pledged trading assets	23(a)	9,301,789	-	-	-	-	9,301,789
Derivative assets held for risk management	24(a)	-	1,884,398	-	-	-	1,884,398
Loans and advances (net)	25	446,250,254	375,854,890	58,051	609,417	-	822,772,612
Investment securities	26	261,115,249	145,550,320	-	-	-	406,665,569
Asset pledged as collateral	27	189,216,506	-	-	-	-	189,216,506
Other assets	32	17,868,680	7,156,129	29,423	7,965	196,659	25,258,856
Total assets		1,287,519,099	660,242,292	9,019,647	30,269,696	873,795	1,987,924,529
Liabilities							
Trading liabilities	23(b)	8,361,951	-	-	-	-	8,361,951
Deposits from customers	34	900,802,195	346,979,758	4,162,453	5,186,485	16	1,257,130,907
Deposits from banks	33	-	119,365,158	-	-	-	119,365,158
Borrowings	35	14,893,096	144,824,941	-	-	-	159,718,037
On-lending facilities	36	60,366,840	-	-	-	-	60,366,840
Debt securities issued	37	58,861,957	42,669,248	-	-	-	101,531,205
Derivative liability held for risk management	24(b)	-	1,871,869	-	-	-	1,871,869
Provision	39	4,306,320	2,019,055	-	-	-	6,325,375
Other liabilities	40	76,707,803	30,158,187	499,673	3,234,397	857,555	111,457,615
Total liabilities		1,124,300,162	687,888,216	4,662,126	8,420,882	857,571	1,826,128,957
Net on-balance sheet financial position		163,218,937	(27,645,924)	4,357,521	21,848,814	16,224	161,795,572
Off-balance sheet financial position	43	131,843,541	79,580,913	95,102	2,098,178	100,206	213,717,940

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for the year ended 31 December 2020 (continued)

GROUP
31 DEC 2019

In thousands of Naira	Note	NGN	USD	GBP	EUR	Others	Grand total
Assets							
Cash and cash equivalents	21	77,744,909	114,017,852	7,789,315	23,664,199	329,563	223,545,838
Restricted reserve deposit	22	208,916,226	-	-	-	-	208,916,226
Non-pledged trading assets	23(a)	51,087,200	-	-	-	-	51,087,200
Derivative assets held for risk management	24(a)	-	11,666,095	-	-	-	11,666,095
Loans and advances (net)	25	315,054,213	400,444,088	51	382,248	-	715,880,600
Investment securities	26	130,890,910	109,044,846	-	-	-	239,935,756
Asset pledged as collateral	27	118,653,230	-	-	-	-	118,653,230
Other assets	32	12,905,256	17,205,242	32,281	12,154	1,399,415	31,554,348
Total assets		876,048,680	651,236,046	7,814,163	24,058,601	1,728,978	1,601,239,293
Liabilities							
Trading liabilities	23(b)	37,082,002	-	-	-	-	37,082,002
Deposits from customers	34	667,046,155	268,515,475	3,319,298	4,204,639	14	943,085,581
Deposits from banks	33	-	90,060,925	-	-	-	90,060,925
Borrowings	35	19,072,595	114,271,490	-	-	-	133,344,085
On-lending facilities	36	70,912,203	-	-	-	-	70,912,203
Debt securities issued	37	51,930,846	19,934,052	-	-	-	71,864,898
Derivative liability held for risk management	24(b)	-	7,563,600	-	-	-	7,563,600
Provision	39	3,776,786	1,821,391	-	-	-	5,598,177
Other liabilities	40	59,935,180	36,307,889	990,963	5,505,886	365,683	103,105,601
Total liabilities		885,176,492	538,474,822	4,310,261	9,710,525	365,697	1,462,617,072
Net on-balance sheet financial position		(9,127,812)	112,761,224	3,503,902	14,348,076	1,363,281	138,622,221
Off-balance sheet financial position	43	100,492,253	107,154,726	95,102	2,098,178	100,206	209,940,465

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for the year ended 31 December 2020 (continued)

In line with Central Bank of Nigeria guidelines, percentage of foreign borrowings to the shareholders' funds as at 31 December 2020 was 112.7% (31 December 2019: 68.52%), which is below the limit of 125%.

Exposure to currency risks – non-trading portfolios

At 31 December 2020, if foreign exchange rates at that date had been 10 percent lower with all other variables held constant, profit and equity for the period would have been ₦4.07 billion (31 December 2019: ₦10.76 billion) lower, arising mainly as a result of the decrease in revaluation of loans as compared to borrowings, foreign currency deposits and other foreign currency liabilities. If foreign exchange rates had been 10 percent higher, with all other variables held constant, profit and equity would have been ₦4.07 billion (31 December 2019: ₦10.76 billion) higher, arising mainly as a result of higher increase in revaluation of loans and advances than the increase on borrowings, foreign currency deposits and other foreign currency liabilities.

Foreign exchange risk (USD)

The following analysis details the Group's sensitivity to a 10 percent increase and decrease in the value of the Naira against USD, as the Group is mainly exposed to USD. 10 percent is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The table below summarises the impact on profit or loss and equity for each category of USD financial instruments held as at 31 December 2020. It includes the Group's USD financial instruments carried at Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) rate at ₦385.80/$.

GROUP	31 DEC 2020			31 DEC 2019		
In thousands of Naira	Carrying amount	10% decrease in the value of Naira against USD	10% increase in the value of Naira against USD	Carrying amount	10% decrease in the value of Naira against USD	10% increase in the value of Naira against USD
Financial assets						
Cash and cash equivalents	**129,796,555**	**12,979,656**	**(12,979,656)**	114,017,852	11,401,785	(11,401,785)
Derivative assets held for risk management	**1,884,398**	**188,440**	**(188,440)**	11,666,095	1,166,610	(1,166,610)
Loans and advances to customers	**375,854,890**	**37,585,489**	**(37,585,489)**	400,444,088	40,044,409	(40,044,409)
Investment securities	**145,550,320**	**14,555,032**	**(14,555,032)**	109,044,846	10,904,485	(10,904,485)
Other assets	**7,156,129**	**715,613**	**(715,613)**	17,205,242	1,720,524	(1,720,524)
Impact on financial assets	**660,242,292**	**66,024,230**	**(66,024,230)**	652,378,123	65,237,813	(65,237,813)
Financial liabilities						
Deposits from banks	**119,365,158**	**11,936,516**	**(11,936,516)**	90,060,925	9,006,093	(9,006,093)
Deposits from customers	**346,979,758**	**34,697,976**	**(34,697,976)**	268,515,475	26,851,548	(26,851,548)
Borrowings	**144,824,941**	**14,482,494**	**(14,482,494)**	114,271,490	11,427,149	(11,427,149)
Debt securities issued	**42,669,248**	**4,266,925**	**(4,266,925)**	19,934,052	1,993,405	(1,993,405)
Derivative liabilities held for risk management	**1,871,869**	**187,187**	**(187,187)**	7,563,600	756,360	(756,360)
Provision	**2,019,055**	**201,906**	**(201,906)**	1,821,391	182,139	(182,139)
Other liabilities	**30,158,187**	**3,015,819**	**(3,015,819)**	36,307,889	3,630,789	(3,630,789)
Impact on financial liabilities	**687,888,216**	**68,788,823**	**(68,788,823)**	538,474,822	53,847,483	(53,847,483)
Total increase/(decrease)	**(27,645,924)**	**(2,764,593)**	**2,764,593**	113,903,301	11,390,330	(11,390,330)

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for the year ended 31 December 2020 (continued)

Foreign exchange risk (GBP)

The following analysis details the Group's sensitivity to a 10 percent increase and decrease in the value of the Naira against GBP, as the Group is mainly exposed to GBP. 10 percent is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The table below summarises the impact on profit or loss and equity for each category of GBP financial instruments held as at 31 December 2020. It includes the Group's GBP financial instruments at carrying amounts.

GROUP	31 DEC 2020			31 DEC 2019		
In thousands of Naira	Carrying amount	10% decrease in the value of Naira against GBP	10% increase in the value of Naira against GBP	Carrying amount	10% decrease in the value of Naira against GBP	10% increase in the value of Naira against GBP
Financial assets						
Cash and cash equivalents	**8,932,173**	**893,217**	**(893,217)**	7,789,315	778,932	(778,932)
Loans and advances to customers	**58,051**	**5,805**	**(5,805)**	51	5	(5)
Other assets	**29,423**	**2,942**	**(2,942)**	32,281	3,228	(3,228)
Impact on financial assets	**9,019,647**	**901,964**	**(901,964)**	7,821,647	782,165	(782,165)
Financial liabilities						
Deposits from customers	**4,162,453**	**416,245**	**(416,245)**	3,319,298	331,930	(331,930)
Other liabilities	**499,673**	**49,967**	**(49,967)**	990,963	99,096	(99,096)
Impact on financial liabilities	**4,662,126**	**466,212**	**(466,212)**	4,310,261	431,026	(431,026)
Total increase/(decrease)	**4,357,521**	**435,752**	**(435,752)**	3,511,386	351,139	(351,139)

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for the year ended 31 December 2020 (continued)

Foreign exchange risk (EUR)

The following analysis details the Group's sensitivity to a 10 percent increase and decrease in the value of the Naira against EUR, as the Group is mainly exposed to EUR. 10 percent is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The table below summarises the impact on profit or loss and equity for each category of EUR financial instruments held as at 31 December 2020. It includes the Group's EUR financial instruments at carrying amounts.

GROUP	31 DEC 2020			31 DEC 2019		
In thousands of Naira	Carrying amount	10% decrease in the value of Naira against EUR	10% increase in the value of Naira against EUR	Carrying amount	10% decrease in the value of Naira against EUR	10% increase in the value of Naira against EUR
Financial assets						
Cash and cash equivalents	29,652,314	2,965,231	(2,965,231)	23,664,199	2,366,420	(2,366,420)
Loans and advances to customers	609,417	60,942	(60,942)	382,248	38,225	(38,225)
Other assets	7,965	797	(797)	12,154	1,215	(1,215)
Impact on financial assets	30,269,696	3,026,970	(3,026,970)	24,058,601	2,405,860	(2,405,860)
Financial liabilities						
Deposits from customers	5,186,485	518,649	(518,649)	4,204,639	420,464	(420,464)
Other liabilities	3,234,397	323,440	(323,440)	5,505,886	550,589	(550,589)
Impact on financial liabilities	8,420,882	842,089	(842,089)	9,710,525	971,053	(971,053)
Total increase/ (decrease)	21,848,814	2,184,881	(2,184,881)	14,348,076	1,434,807	(1,434,807)

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for the year ended 31 December 2020 (continued)

(e) Operational risk management

FCMB defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems and/or from external events. Our operational risk processes capture the following major types of losses/exposures:

- Fraud (internal and external).
- Fines, penalties or expenses incurred as a result of settlement delays and regulatory infractions.
- Losses arising from litigation processes including out-of-court settlements.
- Un-reconciled cash (teller, vault, ATM) shortages written-off in the course of the period.
- Losses incurred as a result of damages to physical assets.
- Losses incurred as a result of disruption to business or system failure - system malfunction, downtime and/or disruption.

The Group's appetite for operational risk losses is set by the Board Risk, Audit and Finance Committee and reviewed on an annual basis, and this sets the tone for operational risk management practices in the course of the period. The appetite is set in terms of the maximum amount of operational risk losses the Group expects to incur given risk-reward considerations for the period.

All business and process owners across the Group proactively identifies threats/risks across their respective functions, activities, processes and systems using the process risk assessment, and risk and control self-assessment (RCSA). The Risk Management Division validates the results from the assessments for reasonability, completeness and recommends appropriate mitigating controls to reduce or eliminate inherent process risks. The Group conducts RCSA twice in a year and there is regular update of the risk register, triggered by change(s) to processes, activities, systems or other factors such as introduction of new product/service or the occurrence of risk events.

The results of the process risk assessments and completed RCSAs are further subjected to analysis by the Risk Management Department in order to understand the major threats to the achievement of corporate objectives and their root causes. The outcomes of such assessments, apart from being escalated to the Executive Management and Board, are useful for improving the control environment. They are a risk-based form of addressing major issues that cut across all functions in the Group, thereby increasing effectiveness and efficiency of resolution. The Group also conducts risk assessment for all new products and services, including any major changes to existing products, services and processes.

Key risk indicators (KRIs) are used to track and measure as well as monitor operational risk exposures across all activities, processes and systems. KRIs are defined for significant risks that require active monitoring and control. This process enables the Group to identify and resolve risk issues and control failure points before they crystallise into losses. Thresholds are set for each risk indicator and used as the basis for reporting risk exposures to the respective risk committees, including the Operational Risk Committee and the Board Risk, Audit and Finance Committee.

Operational risk losses are periodically collated and analysed by the Risk Management Division. The analysed loss experience enables the Group to determine causal factors and put in place new controls/processes to prevent the re-occurrence of adverse events. In addition, the loss collation and analysis process provides the Group with the basis for justifying the cost of new/improving controls and assessing their effectiveness. The Group's loss experience is escalated to the Board Risk, Audit and Finance Committee supported by clearly defined action plans to remediate the root causes leading to the losses. Periodic operational risk meetings are held across all functions to boost risk awareness and entrench risk management culture in the Group. This meeting also affords risk owners to enhance their knowledge of risk management, identify control gaps and proffer remedial actions.

Operational risk management processes have been linked to performance management through the use of a risk and control index (RCI) that represents a key component of employee performance appraisals. This initiative has helped to drive the desired behaviour in employees, ensuring that there is a concerted effort by all employees to manage operational risks across the Group.

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for the year ended 31 December 2020 (continued)

Independent assurance of the adequacy and effectiveness of the operational risk management process is provided by the Group Internal Audit (GIA) function on an annual basis. The assessment report is presented to the Board Risk, Audit and Finance Committee as part of the annual review process.

The Group uses a combination of provision and insurance to mitigate residual risks arising from operational risk events. A number of insurance policies have been undertaken by the Group to minimise losses in the event of an operational risk incident while provision is also made for expected operational risk losses in order to minimise variations in the financial performance of the Group.

Capital is reserved for unexpected operational risk losses based on Basel II Basic Indicator Approach, as advised by the Central Bank of Nigeria. Enhanced operational risk practices will enable the Group adopt the more advanced approaches for operational risk capital computation in the near future - the Revised Standardised Approach.

The implemented operational risk management structures provide the Group with the capacity to continuously improve its processes and controls, thereby minimising losses and protecting shareholder value.

Operational risk loss experience

The Group continues to manage its various operational risk exposures in order to be within the Board approved risk appetite. It also ensures that all operational risk losses are recognised immediately in the financial year.

In line with the provisions of the Basel II Accord, operational risk within credit and market risks is duly recognised for effective management. Boundary events are considered when capturing operational risk events in the loss database, which implies that only incidents considered to have operational risk undertone in other risk areas are considered.

Existing controls have been strengthened to address the identified lapses and the Group continues to collaborate with other stakeholders, including regulators to curb the spate of fraud, including cyber risk exposures, which has escalated in recent times across the industry because of remote operations, increased automation and migration of customers to alternate channels

In response to the observed trend, and emerging risks, the Group took the following measures to curb the spate of operational risk events:

- Establishment of a fraud monitoring desk.
- Implementation of an operational risk management software and automation of the operational risk management process.
- Implementation of an enterprise fraud monitoring solution.
- Implementation of an automated fraud alert system that monitors suspicious inflow (transactions from other banks) and outflow transactions from various e-channel platforms based on fraud trends.
- Monthly operational risk/fraud awareness tips sent to customers and periodic fraud awareness training for staff.
- Proactive implementation of fraud prevention rules on transacting applications based on global and local fraud trends, and in line with the Group's risk appetite.
- Activities around the major areas of vulnerabilities are reviewed in order to strengthen the controls in these areas.
- A second level (two-factor) authentication is being extended to critical internal and alternate channel applications.

Information/cyber security management has received increased attention in the Group. The information security office (ISO) has been restructured to improve security monitoring and incident response. Also, the Group has developed a cyber security strategy and approved the implementation of security tools including the security operations centre (SOC). Implementation of the cybersecurity strategy has reached an advanced stage with requisite skills upgrade within the Information Security Office and the appointment of a Chief Information security Officer (CISO).

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for the year ended 31 December 2020 (continued)

Operational risk management function in FCMB extends to the management of legal, reputational and strategic risks.

Strategic risk: the risk of incurring an economic loss as a result of adverse impact of internal and external factors on the Group's earnings and/or ability to achieve its strategic objectives. It is the current or prospective risk to earnings and capital arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. It is also the risk associated with future business plans and strategies, including plans for entering new business lines, expanding existing services and enhancing infrastructure.

The Group is exposed to strategic risks in its business planning activities and strategic execution risk in all key operations impacted by the Group's strategy. The crystallisation of this risk could occur as a result of wrong strategic/business decisions (e.g., poorly planned and executed decisions regarding mergers, divestures, acquisitions, etc.), inadequate corporate strategy, improper analysis that can impact the implementation of key decisions, inability to respond promptly to business opportunities, lack of responsiveness to industry changes, improper communication of the Group's strategic objectives, inability to recruit personnel with skills and experience required to execute strategy and lack of complete and accurate information. These could all directly or indirectly erode the Group's earnings.

FCMB addresses strategic risk through its strategic risk management framework, providing guidance for the management of the Group's strategic risks. It describes the processes, systems and controls established by the Group to identify, assess, monitor, control and report strategic risk. The Group also has a three year rolling corporate strategy plan, which is reviewed annually and closely monitored to ensure that strategic plans are properly aligned with the Group's operating model. The Group scans the environment for any economic, regulatory, legal and political changes that might affect its strategy.

Reputational risk: The potential loss due to damage or erosion of goodwill as a result of failed risk management, weak corporate governance practices, environmental, social and ethical performance, poor customer relationship management practices, non-compliance with regulatory and statutory requirements, weak financial performance or any other factor that affects stakeholders' perception of the Group.

Reputational risks to the Group could crystallise as a result of operating in a highly regulated environment with significant vulnerability to regulatory actions that may adversely impact the Group's reputation. FCMB recognises the following as its sources of reputational risk, among others:

- Poor corporate governance: conflict of interest, executive compensation, influence on Board members, insider related lending.
- Compliance breaches: violation of regulations and laws, aiding and abetting illegal activities, tax structures or fraud, fraudulent disclosures.
- Poor employee relations: discrimination/harassment, poor employment conditions and welfare.
- Poor financial performance: missed projection and earnings surprise, significant earnings volatility, financial irregularities, etc.
- Social, environmental and ethical: bribes/kick-backs, facilitating corruption, community/environmental neglect.
- Control failures: significant operational risk failures.
- Communication/crisis management: adverse stakeholder relations (media, investors, regulators, customers, trade unions, etc.);
- Poor customer relationship management: mis-selling, unfair/deceptive practices (e.g., high pricing, hidden transaction costs, illegal charges, over-charging, etc.), mishandling of complaints, privacy/confidentiality breaches.

Reputational risk can materialise as a result of adverse opinions of stakeholders, operating losses, litigation, sanctions or fines imposed by regulators, failure of directors, management and staff to adhere to ethical code of conduct, failure to deliver quality service to customers, failure to address issues of public concern, labour unrest and failure to adhere to good employment practices. Consequently, the Group could suffer loss due to decline in customer

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for the year ended 31 December 2020 (continued)

base and loss of market share as well as deterioration of brand value.

The reputational risk management framework outlines how reputation risk is to be identified, assessed, mitigated and monitored. The Business and Operational Risk Management Department monitors the major drivers of this risk. The Group also has formal policies (whistle blower policies, confidentiality policies, performance management framework and policies, code of business ethics, service delivery model, CRM strategy/service charter, etc.) and procedures to control exposure to its recognised reputational risk drivers. In addition, the Group has developed a self-assessment process to mitigate identified reputational loss events. Events in relation to customer query are tracked to ensure they are treated within the established service level agreement and issues are escalated where necessary. The Group consciously seeks to understand stakeholders' expectations and perception by conducting survey, which it uses to design and execute appropriate management responses.

Legal risk: is the possible consequence that flows from actions attributable to the Group's businesses and could be described as the risk of the unexpected application of a law or regulation, usually resulting in a loss. The Group has a Legal Department that primarily liases with all functions to ensure legal risk is managed in the Group. The Operational Risk Management function ensures the development and maintenance of a legal risk management policy, publicising the knowledge of legal risks with a view to creating awareness and understanding among all levels of staff within the Group, carrying out quarterly legal risk assessment, ensuring that defined controls are risk focused and recommending risk policies to Legal Risk Management where there are control lapses.

Business continuity management

The Group has been certified compliant to the ISO 22301 business continuity management system international standard, providing evidence of the Group's readiness and resilience against adverse incidents that could deter the achievement of business objectives. The business continuity management system is fully operational in the Group with more capabilities established in the areas of disaster recovery and periodic testing of the business continuity plan. The business continuity plans are reviewed and approved by the board annually and the business continuity management system is certified by TCIC Global LTD to ensure compliance with ISO 22301 standards.

Operational risk awareness

The Group intensified its operational risk awareness campaign in the course of the period through several mechanisms including electronic newsletters, risk meetings/workshops, operational risk diaries, continuous training and education of staff and customers. This is to embed risk management across the entire organisation and significantly improve the risk management culture and buy-in amongst all employees.

Operational risk practices

The subsidiary companies continue to improve on their operational risk management activities and reporting, thereby enhancing the enterprise risk management practices in the Group.

(f) Capital management

The Central Bank of Nigeria requires the banking subsidiary with international authorisation to hold a minimum regulatory capital of ₦50 billion and maintain a capital adequacy ratio (total regulatory capital to risk weighted assets) of 15%. Capital adequacy ratio (CAR) as a measure of the ratio of capital to risk weighted assets (RWA).

The Risk Management Committee (RMC) has delegated mandate of ensuring that capital levels (capital adequacy ratio) remain adequate and appropriate for the level of risks undertaken in the normal course of business. The committee is responsible for implementing the capital strategy of the Group, which includes:

- Ensuring the Group fully complies with minimum regulatory capital adequacy requirements and remains a going concern.

- Ensuring the Bank is adequately capitalised – that the Bank has enough capital to support its level of risk exposures.

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for the year ended 31 December 2020 (continued)

- Ensuring disciplined and selective asset growth (based on desired obligor risk profile).
- Maintaining expected losses (EL) within defined limits as a direct consequence of selective and disciplined asset growth.
- Ensuring risks taken by the respective business lines are within approved limits and allocated capital.
- Ensuring business lines generate adequate risk adjusted returns on allocated capital.
- Driving business units and overall Group performance through the application of economic capital budgeting.

The Group's regulatory capital can be segmented into two tiers:

- Tier 1 capital includes share capital, retained earnings and reserves created by appropriations to earnings. Book value of goodwill (where applicable) is deducted in arriving at tier 1 capital. Deferred tax and regulatory risk reserve (RRR) are also deducted from capital but the RRR is recognised as balance sheet item (exposures are risk-weighted net of the provisions in the RRR).
- Tier 2 capital includes preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to a maximum of 1.25% of risk assets, and hybrid instruments – convertible bonds, debt security qualifies for the tier 2 capital having met the conditions specified by CBN.

As directed by the CBN, the Bank adopts the following approaches for the computation of capital adequacy ratio under Pillar 1:

- Standardised approach for credit risk
- Standardised approach for market risk
- Basic indicator approach for operational risk

In line with the CBN guideline for the standardised approach, the risk weighted assets (RWA) for credit risks are derived using the CBN specified risk weights (RW) for the different asset classes.

The Bank also complies with the Pillar 2 requirement, which requires it to do an assessment of internal capital required to cover all material risk exposures, including the credit, market and operational risks addressed under Pillar 1. This process known as internal capital adequacy assessment process (ICAAP) was completed for the 2016 financial year and submitted to the Central Bank of Nigeria (CBN) by April, 2017. The ICAAP reveals that the Bank has sufficient capital under normal business conditions but would require additional capital under severe stress testing scenarios, triggered by events leading to significant non-performing loans and resultant provisioning. Apart from the possibility of having savings from the operating expenses and the raising of additional tier 1 capital, the Bank will continue to intensify effort in the following areas:

- Proactive loan monitoring and portfolio review of risk assets.
- Proactive identification of loans showing signs of defaults to put them on remedial management.
- Intense recovery of bad loans.
- Implementation of the portfolio plan, including gradual deleveraging and diversification of the loan book.
- Implementation of the Bank's revised lending framework and risk acceptance criteria (RAC).
- Investment of funds in safer, alternative earning assets.
- Optimise capital – risk adjusted pricing and return on capital/performance management.
- Investment in product innovation.
- Delivery of quality and superior service to customers. This will improve patronage and referral.
- Optimisation of alternate channel opportunities.
- Expansion of payment and settlement opportunities in Transaction Banking.

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for the year ended 31 December 2020 (continued)

- Cost management – optimal staffing and management of capital expenditure.
- Control and monitoring of cost to income ratio.
- Growing of stable low cost deposits.
- Continuous tracking and trapping of retail banking opportunities with corporate customers.

Internal capital adequacy assessment process (ICAAP)

The Banking subsidiary observes the following procedures in the internal capital adequacy assessment process (ICAAP):

(i) Computation of capital adequacy ratio (CAR) and capital requirement under Pillar 1.

(ii) Material risk identification and assessment (MRIA) process.

(iii) Stress testing and scenario analysis.

(iv) Internal capital assessment.

(v) ICAAP review and approval.

(i) Computation of capital adequacy ratio (CAR) and capital requirement under Pillar 1

The Banking subsidiary computed the capital adequacy ratio and capital requirement to cover Pillar 1 risks using the following methodologies:

- Credit risk – standardised approach.
- Market risk – standardised approach.
- Operational risk – basic indicator approach.

(ii) Material risk identification and assessment (MRIA) process

One of the key purposes of the ICAAP is to embed the principles of risk and capital management in the Bank's business activities. The MRIA process identifies the key risk exposures of the Bank, determines management's assessment of the residual risk exposures and the corresponding capital requirements. The steps below are essential to completing this risk assessment.

Risk identification

A catalogue of material risks relevant to the Bank are identified through a combination of the following activities:

(a) Review of the Bank's operating environment – a forward and backward looking analysis of the Bank's operating environment and business activities was conducted in order to identify various threats in the business and operating environment, including regulatory changes and implication on the business;

(b) Identification of the sources of risk, through a review of the products, services, business areas and activities that could generate the risks within the Bank;

c) Review of available data from the business, internal control, risk and internal audit functions to assist with the material risk identification assessment (MRIA) process. The following are examples of some key data considered in completing the MRIA:

- Most recent risk and control self-assessment (RCSA) results.
- Near misses, incidents and frauds reports.
- Internal audit findings.

(d) Material risk assessment workshop: a material risk identification and assessment (MRIA) workshop was conducted to identify and assess the major risk exposures of the Bank – other than credit, market and operational risks. The workshop included key stakeholders representing the major functions and departments of the Bank (for enterprise risk management) or the related business units (for specific/functional risk management). This workshop leveraged on different experiences and perspectives of the participants in the risk identification and assessment process. To ensure its effectiveness, the following guidelines were followed:

- The number of attendees were diverse but restricted;
- All relevant business process expertise and experience was represented;
- Sufficient time was allowed for the deliberation;

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

- The workshop started with an introduction by Risk Management on ICAAP and highlight of the purpose of the workshop;
- People were encouraged to express identified threats in their own words. This is to ensure they are not constrained to any risk management jargon and therefore limited in their expression.

The risks identified were reviewed and assessed at the workshop to determine the residual risk and capital requirement.

Risk assessment

The activities carried out are as follows:

(a) An assessment of the identified risks is conducted considering existing documentation, experience and expert judgement;

(b) The inherent likelihood of occurrence and impact of the risk is determined;

(c) The controls designed to mitigate the risks are reviewed in order to determine the residual risk exposure of the Bank.

Although coordinated by Risk Management, the initial assessment above is done in conjunction with key stakeholders across the business, before a more elaborate workshop is held with Management and key business and process owners. The risk assessment for the materials risks culminated in the computation of capital for each risk exposure, with the methodology also presented and validated at the workshop.

Usually, more than one material risk assessment workshop is held in order to complete and finalise review of the risk exposures, data and methodology used for the computation. This also becomes necessary in order to determine and agree the action plans to address observed lapses and gaps. The ICAAP documentation for the MRIA include:

- Definition and sources of the risk;
- Manifestation of the risk and how it could impact the Bank;
- Current mitigation techniques of the risks; and
- Capital required for the residual risk exposure.

The ICAAP is also forward looking, ensuring that the capital plan considers the Bank's strategic business plan and stress scenarios.

(iii) Stress testing and scenario analysis

Extreme but plausible scenario was run on the business projections and related total capital (ICAAP) required under normal condition in order to compute the capital required under stress condition and determine the need for any additional capital. This exercise was conducted by a group of people across the Group to ensure that they were relevant and robust enough.

We ensured that:

- the assumptions about the level of adverse shock scenarios and their duration were severe but plausible.
- the model used was risk sensitive to view the outcome based on changes to the different parameters or risk factors

The exercise was conducted on the base case projections to assess the adequacy of FCMB's capital levels, capital buffer and capital ratios. The stress testing exercise determines the potential volatility of capital requirements with respect to the five year financial projections. The base case capital projections and stressed capital can vary based on changes to key assumptions or risk factors. The conservative approach has been adopted to ensure that the outcome of the exercise is reasonable and representative of a likely outcome in a stressed condition/situation.

The following sensitivities were considered before coming up with a plausible scenario, the macro-economic stress, which considers some of them:

- Reduction in net interest margin
- Increased operational costs
- Increased credit losses
- Sector concentration risk
- Liquidity stress

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

(iv) Assessment of internal capital

The Banking subsidiary's internal capital (which is the capital required to cover material risk exposures) as determined by the internal capital assessment process (ICAAP) was compared to the capital available under normal and stress condition to determine the capital planning buffer (CPB) required by the Bank and the amount of shortfall to be provided.

(v) ICAAP review and approval

Although the Executive Management of the Banking subsidiary and other key stakeholders play key role in the preparation of the Group's ICAAP, the Board of Directors (BOD) has overall responsibility for the ICAAP. Therefore, it is involved in the review of the ICAAP and the final approval of the document lies with it. Subsequent to the final review and approval of the Board of Directors, the ICAAP document is forwarded to the Central Bank of Nigeria (CBN), preparatory to its Supervisory Review and Evaluation Process (SREP).

The table below shows the break-down of the Commercial and Retail Banking Business Segment and the Banking subsidiary's regulatory capital as at 31 December 2020 and 31 December 2019:

Tier 1 capital includes share capital, share premium, retained earnings and reserves created by appropriations to earnings less the book value of goodwill (where applicable), deferred tax and under-impairment (regulatory risk reserve - RRR), losses for the current financial period, investment in own shares (treasury stock), including cross holding of related companies' equity, 50% of investments in unconsolidated banking and financial subsidiary/ associate companies, excess exposure(s) over single obligor without CBN approval, exposures to own financial holding company, unsecured lending to subsidiaries within the same group.

Tier 2 capital includes preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, hybrid instruments – convertible bonds, hybrid (debt/equity) capital instruments, eligible subordinated term debt, other comprehensive income and fair reserves. This will be limited to a maximum of one-third (1/3) of tier 1 capital after regulatory deductions.

Debt securities issued qualify under tier 2 capital have met the following Central Bank of Nigeria conditions - they are unsecured, subordinated and fully paid-up, they are not redeemable at the initiative of the holder or without the prior consent of the Central Bank of Nigeria, the debt has an original maturity of at least five years; where there is no set maturity, repayment shall be subject to at least five years' prior notice.

Investments in unconsolidated banking and financial subsidiary/associate companies are deducted from tier 1 and 2 capitals to arrive at total regulatory capital. 50% of investments in unconsolidated banking and financial subsidiary/associate companies from tier 1 and 2 respectively.

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

	COMMERCIAL AND RETAIL BANKING BUSINESS SEGMENT				BANKING SUBSIDIARY			
	31 DEC 2020	31 DEC 2020	31 DEC 2019	31 DEC 2019	31 DEC 2020	31 DEC 2020	31 DEC 2019	31 DEC 2019
In thousands of Naira	Full impact of IFRS 9 transition	Adjusted impact of IFRS 9 transition	Full impact of IFRS 9 transition	Adjusted impact of IFRS 9 transition	Full impact of IFRS 9 transition	Adjusted impact of IFRS 9 transition	Full impact of IFRS 9 transition	Adjusted impact of IFRS 9 transition
Tier 1 capital								
Share capital	**5,650,000**	**5,650,000**	2,650,000	2,650,000	**5,000,000**	**5,000,000**	2,000,000	2,000,000
Share premium	**97,846,691**	**97,846,691**	100,846,691	100,846,691	**97,846,691**	**97,846,691**	100,846,691	100,846,691
Statutory reserves	**30,288,840**	**30,288,840**	27,902,051	27,902,051	**27,931,458**	**27,931,458**	25,724,159	25,724,159
AGSMEIS reserve	**2,747,999**	**2,747,999**	2,012,233	2,012,233	**2,747,999**	**2,747,999**	2,012,233	2,012,233
Retained earnings	**35,707,871**	**35,707,871**	23,868,869	23,868,869	**30,577,094**	**30,577,094**	19,009,676	19,009,676
Forbearance reserve	**1,960,712**	**1,960,712**	1,960,712	1,960,712	**1,960,712**	**1,960,712**	1,960,712	1,960,712
IFRS 9 transitional adjustment	**-**	**2,138,498**	-	4,276,996	**-**	**2,138,472**	-	4,276,944
Total qualifying tier 1 capital	**174,202,112**	**176,340,610**	159,240,556	163,517,553	**166,063,954**	**168,202,426**	151,553,471	155,830,415
Less regulatory deductions:								
Goodwill	**(5,993,863)**	**(5,993,863)**	(5,993,863)	(5,993,863)	**(5,993,863)**	**(5,993,863)**	(5,993,863)	(5,993,863)
Deferred tax assets	**(7,944,838)**	**(7,944,838)**	(7,944,838)	(7,944,838)	**(7,944,838)**	**(7,944,838)**	(7,944,838)	(7,944,838)
Software	**(4,915,815)**	**(4,915,815)**	(4,217,620)	(4,217,620)	**(4,714,569)**	**(4,714,569)**	(3,957,766)	(3,957,766)
Regulatory risk reserve	**(14,204,674)**	**-**	(14,204,674)	-	**(14,204,674)**	**-**	(14,204,674)	-
Adjusted total qualifying tier 1 capital	**141,142,922**	**157,486,094**	126,879,561	145,361,232	**133,206,010**	**149,549,156**	119,452,330	137,933,948
Tier 2 capital								
Translation reserve	**9,784,180**	**9,784,180**	8,247,655	8,247,655	**9,784,180.00**	**9,784,180.00**	8,247,655	8,247,655
Fair value reserve	**19,430,101**	**19,430,101**	11,134,403	11,134,403	**19,430,101**	**19,430,101**	11,134,403	11,134,403
Debt securities issued	**37,904,720**	**37,904,720**	26,765,479	26,765,479	**37,904,720**	**37,904,720**	26,765,479	26,765,479
Total qualifying tier 2 capital	**67,119,001**	**67,119,001**	46,147,537	46,147,537	**67,119,001**	**67,119,001**	46,147,537	46,147,537
Total qualifying tier 2 capital restricted to one-third (1/3) of tier 1 capital after regulatory deductions	**47,047,641**	**52,495,365**	42,293,187	48,453,744	**44,402,003**	**49,849,719**	39,817,443	45,977,983
Total regulatory capital	**188,190,563**	**209,981,459**	169,172,748	191,508,769	**177,608,013**	**199,398,875**	159,269,773	183,911,931
Total qualifying capital	**188,190,563**	**209,981,459**	169,172,748	191,508,769	**177,608,013**	**199,398,875**	159,269,773	183,911,931
Risk weighted assets								
Risk-weighted amount for credit risk	**940,838,532**	**955,043,206**	888,288,501	902,493,175	**916,579,040**	**930,783,714**	862,113,118	876,317,792
Risk-weighted amount for operational risk	**208,250,643**	**208,250,643**	198,288,735	198,288,735	**189,034,433**	**189,034,433**	181,386,117	181,386,117
Risk-weighted amount for market risk	**20,142,238**	**20,142,238**	14,355,682	14,355,682	**20,142,238**	**20,142,238**	14,355,682	14,355,682
	1,169,231,413	**1,183,436,087**	1,100,932,918	1,115,137,592	**1,125,755,711**	**1,139,960,385**	1,057,854,917	1,072,059,591
Total risk weighted assets	**16.1%**	**17.74%**	15.37%	17.17%	**15.78%**	**17.49%**	15.06%	17.16%

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Note on capital adequacy ratio

The Basel II capital adequacy ratios after adjusted impact of IFRS 9 transition were 17.74% and 17.49% for the Commercial and Retail Banking Business Segment and the Banking subsidiary respectively, as at 31 December 2020 (31 December 2019: 17.17% and 17.16%), with the Commercial and Retail Banking Business Segment and Banking subsidiary above the CBN minimum capital adequacy requirements of 15%.

The Central Bank of Nigeria issued a circular on 18 October 2018 relating to the treatment of IFRS expected credit loss for regulatory purposes. Banks were directed to use the balance in regulatory risk reserve as at 1 January 2018 to offset the impact of IFRS 9 expected credit loss amount as at transition date. Where the additional ECL provision is higher than the balance in regulatory risk reserve, the excess shall be amortised in line with the transitional arrangements.

Transitional arrangement of the ECL accounting provisions for regulatory capital purpose: for the purpose of transitional arrangement, using static approach requires banks to hold static the 'Adjusted Day One Impact' and amortise on a straightline basis over the four-year transition period by writing back to the tier 1 capital as indicated in the table below. The 'Adjusted Day One Impacts' for the Commercial and Retail Banking Business Segment and the Banking subsidiary respectively were ₦10.69 billion and ₦10.69 billion respectively.

Period	Provision to be written back	%	Commercial and Retail Banking Business Segment ₦'000	Banking Subsidiary ₦'000
Year 0 (1 January 2018)	4/5 of Adjusted Day One Impact	80%	8,553,992	8,553,889
Year 1 (31 December 2018)	3/5 of Adjusted Day One Impact	60%	6,415,494	6,415,417
Year 2 (31 December 2019)	2/5 of Adjusted Day One Impact	40%	4,276,996	4,276,944
Year 3 (31 December 2020)	1/5 of Adjusted Day One Impact	20%	2,138,498	2,138,472
Year 4 (31 December 2021)	Nil	0%	-	-

(g) Information/cyber security risk

In line with the requirements of section 3 of the CBN risk-based cyber security framework and guidelines for deposit money banks and payment service providers (Ref BSD/DIR/GEN/LAB/11/25), the Group has extended its ERM Framework, with respect to management of material risks, to cover cyber risk exposures of the Group, to ensure they are managed within the Board approved risk appetite. Therefore, the standard risk management process and options enumerated in the Group's ERM framework apply to cyber risks. In addition, cyber security risks management is guided by the provisions of the information/cyber security policies of the Group, as approved by the Board of Directors. The Chief Information Security Officer (CISO) is responsible for the implementation of the Board approved cyber security program, including day to day cyber security activities and mitigation of cyber risks. Risk Management division however continues to have oversight to ensure that such risks are identified and appropriately managed.

Information security steering committee (ISSC)

The Group established Information Security Steering Committee (ISSC) as a Senior Management committee responsible for the governance of the Group's information/cyber security program. The Committee reports to the Board Risk, Audit and Finance Committee.

The roles and responsibilities of the Information Security Steering Committee include (but not limited to):

- Establish lines of authority and responsibility for managing all information/cyber risks in line with the Board's overall direction.
- Ensure written policies and procedures for managing all information/cyber security risk exposures of the Group are developed, implemented and effectively communicated throughout the Group.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

- Review the Group's framework for managing information/cyber security risks and recommend improvements as may be required.
- Review the Group's cyber risk profile on a periodic basis and ensure risk exposures are managed within the Board approved appetite.
- Ensure the Group holds adequate regulatory and economic capital as cushion for unexpected information/cyber security losses through the internal capital adequacy assessment process (ICAAP).
- Provide feedback to the Board Risk, Audit and Finance Committee on the adequacy and effectiveness of the Group's information security framework and policies.
- Advise the Board on cyber risk appetite and tolerance, taking into consideration the Group's current financial situation, its future strategy and overall degree of risk aversion.

The ISSC meets quarterly or as may be required.

(h) COVID-19 measures and response

In response to the need to manage the consequences of COVID-19 pandemic, the Group introduced a wide range of mitigating measures to ensure stability of its operations and support for customers.

i Safety and business continuity management

The Emergency Management Team triggered the pandemic response plan in March 2020 in response to the increasing cases of corona virus infections. During the lock down, the Crisis Management Committee partnered with all stakeholders in critical functions to facilitate seamless delivery of services and operations. Daily activity reports were shared with the Executive Management Team for real-time decision making.

Internal and external communication was championed by the HR and Corporate Affairs Division. Safety measures were instituted at all locations in the Group and these included temperature checks, deep-cleaning of office locations, purchase of protective gear for frontline officers, enforcement of the use of masks and social distancing and installing hand sanitising machines in all office floors.

IT Command center was set up to tackle all IT Related issues and install a secure VPN that would facilitate remote working. There was online real-time monitoring and mitigation of cyber-attacks by Security Operations Center Analysts and vulnerability and penetration tests were carried out across all IT infrastructure.

ii Borrower relief measures

In March 2020, Central bank of Nigeria (CBN) released a circular as a measure to mitigate the impact of Covid-19 (C-19) on banks' customers and granted the following, among others, palliatives.

- Reduced interest rate on all CBN intervention funds from 9% to 5% for a year effective 1 March 2020 and also granted moratorium extension on intervention funds. Moratorium extension was granted to 17 accounts and new repayment schedules were agreed with CBN and customers.
- The CBN also granted deposit money banks (DMBs) to consider temporary and time limited restructuring of the tenor and loan terms for businesses and households most affected by the outbreak of Covid-19.

The CBN guided further that DMBs should submit qualifying names for their approval based on following criteria:

- Moratorium allowed was sector specific and between 6 months to 12 months depending on the severity of the impact on the sector. Tenor extension was also based this.
- Loans already classified lost were not allowed to be granted tenor extension.
- All Moratorium expires 31 March 2020, except where customer had an existing moratorium and the 12 months extension was additional.
- FCMB continue to review these accounts regularly to determine their status in line with approvals granted and where restructure terms are not being adhered to, accounts are classified in line with prudential guideline for those whose grace period have expired and are still finding it difficult to meet up with repayment.
- We have also considered the modification gain or loss for the year.

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

5 Use of estimates and judgements

The preparation of the consolidated and separate financial statements in conformity with IFRS requires Directors to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management discusses with the Group Audit Committee the development, selection and disclosure of the Group's critical accounting policies and their application and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are disclosed below.

These disclosures supplement the commentary on financial risk management (see Note 4).

Key sources of estimation uncertainty

(a) Impairment

(i) Impairment losses on loans and advances

Impairment of financial instruments 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 expected credit losses, see Note 3(k)(vii).

(b) Fair value

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

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

- **Level 1:** Quoted market price in an active market for an identical instrument.

- **Level 2:** Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for 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 instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair value using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arms length.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include certain over the counter structured derivatives, certain loans and security for which there is no active market and retained interests in securitisations. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

GROUP
31 DEC 2020

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
ASSETS					
Trading assets	23(a)	9,301,789	-	-	9,301,789
Derivative assets held for risk management	24(a)	-	1,884,398	-	1,884,398
Investment securities	26(c)(d)(e)	212,635,896	-	19,387,491	232,023,387
		222,164,104	1,884,398	19,387,491	243,435,993
LIABILITIES					
Trading liabilities	23(b)	8,361,951	-	-	8,361,951
Derivative liabilities held for risk management	24(b)	-	1,871,869	-	1,871,869
		8,361,951	1,871,869	-	10,233,820

GROUP
31 DEC 2019

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
ASSETS					
Trading assets	23(a)	51,087,200	-	-	51,087,200
Derivative assets held for risk management	24(a)	-	11,666,095	-	11,666,095
Assets pledged as collateral	27(a)	1,615,862	-	-	1,615,862
Investment securities	26(c)(d)(e)	96,889,188	-	17,236,560	114,125,748
		149,592,250	11,666,095	17,236,560	178,494,905
LIABILITIES					
Trading liabilities	23(b)	37,082,002	-	-	37,082,002
Derivative liabilities held for risk management	24(b)	-	7,563,600	-	7,563,600
		37,082,002	7,563,600	-	44,645,602

The carrying amount under Level 3 represents the fair value of unquoted equity investments. The movement has been disclosed in Note 26(e).

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Financial instruments not measured at fair value

The table below sets out the fair value of financial instruments not measured at fair value and analyses them by level in the fair value hierarchy into which each fair value measurement is categorised.

GROUP
31 DEC 2020

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
ASSETS						
Cash and cash equivalents	21	-	221,078,644	-	221,078,644	221,078,644
Restricted reserve deposits	22	-	311,746,155	-	311,746,155	311,746,155
Loans and advances to customers	25	-	741,961,690	-	741,961,690	822,772,612
Assets pledged as collateral	27	88,309,877	-	-	88,309,877	40,151,750
Investment securities	26(a)	156,270,097	-	-	156,270,097	174,642,182
Other financial assets (net)	32(a)	-	20,247,535	-	20,247,535	20,247,535
LIABILITIES						
Deposits from banks	33	-	119,365,158	-	119,365,158	119,365,158
Deposits from customers	34	-	669,845,963	-	669,845,963	1,257,130,907
Borrowings	35	-	114,271,490	-	114,271,490	159,718,037
On-lending facilities	36	-	59,980,946	-	59,980,946	60,366,840
Debt securities issued	37	86,364,165	-	-	86,364,165	101,531,205
Other financial liabilities	40(a)	-	103,750,649	-	103,750,649	103,750,649

GROUP
31 DEC 2019

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
ASSETS						
Cash and cash equivalents	21	-	216,773,449	-	216,773,449	223,545,838
Restricted reserve deposits	22	-	208,916,226	-	208,916,226	208,916,226
Loans and advances to customers	25	-	741,961,690	-	741,961,690	715,880,600
Assets pledged as collateral	27	88,309,877	-	-	88,309,877	87,596,080
Investment securities	26(a)	156,270,097	-	-	156,270,097	125,810,008
Other financial assets (net)	32(a)	-	26,281,435	-	26,281,435	26,281,435
LIABILITIES						
Deposits from banks	33	-	90,060,925	-	90,060,925	90,060,925
Deposits from customers	34	-	669,845,963	-	669,845,963	943,085,581
Borrowings	35	-	114,271,490	-	114,271,490	133,344,085
On-lending facilities	36	-	59,980,946	-	59,980,946	70,912,203
Debt securities issued	37	86,364,165	-	-	86,364,165	71,864,898
Other financial liabilities	40(a)	-	91,744,746	-	91,744,746	91,744,746

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Loans and advances to customers are net of charges for impairment. Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value has been estimated using the discounted cash flow techniques.

Deposits from banks and customers:
The estimated fair value of deposits from banks and customers not quoted in an active market is based on discounted cash flows applying the rates that are offered for deposits of similar maturities and terms.

Borrowings: the estimated fair value of borrowings represents the market value of the borrowings arrived at by recalculating the carrying amount of the borrowings using the estimated market rate for the borrowings.

On-lending facilities: the estimated fair value of on-lending facilities represents the market value of the on-lending facilities arrived at by recalculating the carrying amount of the on-lending facilities using the estimated market rate for the on-lending facilities.

The carrying amount of all other financial liabilities are reasonable approximations of their fair values which are repayable on demand.

(c) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the groupwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Deferred tax

The deferred tax assets and liabilities recognised by the Group is dependent on the availability of taxable profit in the foreseeable future to utilise the deferred tax. The Group reviews the carrying amount of the deferred tax at the end of each reporting period and recognises an amount such that it is probable that sufficient taxable profit will be available which the Group can use the benefit therefrom.

In determining the deferred tax assets recognised in the financial statements, the Group has applied judgement in estimating the deferred tax recoverable in the foreseeable future. This involves the estimation of future income and expenses, and the consideration of non-taxable income and disallowable expenses in order to arrive at the future taxable profit/loss.

Effective January 2022, the tax exemption granted on short term Federal Government of Nigeria securities [such as Treasury bills, promissory notes etc.] and non-Federal Government of Nigeria Bonds, and the interest earned by the holder of these instruments, under the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011, elapses. In determining the extent to which it is probable that future taxable profit will be available against which the unused tax losses of the Group can be utilised, the Group has applied judgement that the Federal Government of Nigeria (FGN) will likely extend the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011, beyond 2021, in order to stimulate continuous participation in the treasury bills market and to meet government funding needs. See note 31 for details on deferred tax.

(f) Assessment of impairment of goodwill

Goodwill was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 10%, 26.5% and 26.5% for FCMB Limited, FCMB Pensions Limited and CSL Stockbrokers Limited respectively (December 2019: 10%, 26.5% and 26.5% respectively) and a cash flow growth rate of 3.9%, 5% and 3% for FCMB Limited, FCMB Pensions Limited and CSL Stockbrokers Limited respectively (December 2019: 3.9%, 5% and 3% respectively) over a period of three years. For FCMB Pensions Limited and CSL Stockbrokers Limited, the discount rate was a post-tax measure derived using the capital asset pricing model (CAPM) approach and that reflects the inherent risks of the specific CGU. The discount rate for FCMB Limited was a pre-tax measure based on the rate of the Bank's year 2024 Naira bond issued in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

the increased risk of investing in equities generally and the systematic risk of the specific CGU. See note 30(e) for further details.

(g) Determination of regulatory risk reserves

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the expected loss model (IFRS 9). As a result of the differences in the methodology/provision regime, there will be variances in the impairment allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

(i) Provisions for loans recognised in profit or loss should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

- Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the retained reserve account to a "regulatory risk reserve".
- Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of profit or loss and other comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the retained earnings account

(ii) The non-distributable reserve (excluding regulatory risk reserve) should be classified under Tier 1 as part of the core capital.

The banking subsidiary has complied with the requirements of the guidelines as follows:

Prudential adjustments for the year ended 31 December 2020

In thousands of Naira	Note	31 DEC 2020
Impairment assessment under IFRS		
Loans & advances:		
Stage 1	25(c)	19,739,723
Stage 2	25(c)	9,078,158
Stage 3	25(c)	17,692,772
Total impairment allowances on loans		46,510,653
Other financial assets:		
Stage 1	32(c)	6,121,813
Stage 2	32(c)	2,602,522
Stage 3	32(c)	7,755,448
Provision	39	6,325,375
Investment securities at amortised cost	26(b)	2,273,426
Investment securities at FVOCI	26(c)	181,892
Cash and cash equivalents	21(a)	35,950
Total impairment allowances on other financial assets and provision		25,296,426
Total impairment allowances by the Banking subsidiary (a)		71,807,079
Total regulatory impairment based on prudential guidelines (b)		79,787,692
Required balance in regulatory risk reserves (c = b - a)		7,980,613
Balance, 1 January 2020		4,133,669
Transfer to regulatory risk reserve		3,846,944
Balance, 31 December 2020		7,980,613

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

Prudential adjustments for the year ended 31 December 2020

In thousands of Naira	Note	31 DEC 2020
Impairment assessment under IFRS		
Loans & advances:		
Stage 1	25(c)	16,790,859
Stage 2	25(c)	4,974,619
Stage 3	25(c)	14,840,066
Total impairment allowances on loans		36,605,544
Other financial assets:		
Stage 1	32(c)	9,095
Stage 2	32(c)	390,137
Stage 3	32(c)	18,527,039
Provision	39	5,319,410
Investment securities at amortised cost	26(b)	2,031,504
Investment securities at FVOCI	26(c)	44,552
Cash and cash equivalents	21(a)	3,927
Total impairment allowances on other financial assets and provision		26,325,664
Total impairment allowances by the Banking subsidiary (a)		62,931,208
Total regulatory impairment based on prudential guidelines (b)		67,064,877
Required balance in regulatory risk reserves (c = b - a)		4,133,669
Balance, 1 January 2019		-
Transfer from regulatory risk reserve		4,133,669
Balance, 31 December 2019		4,133,669

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

6 Operating segments

The Group has seven reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the Executive Management Committee reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Investment Banking - provides comprehensive banking services to highly structured large corporate organisations. The Group is also involved in capital raising activities for organisations both in money and capital markets as well as provides financial advisory services to organisations in raising funds.

Asset Management - administer and manages the pension fund assets and other investment porfolios for structured retiree savings account holders and other equity fund account holders.

SME Banking - provides banking services to Small and Medium Enterprises (SME) and commercial registered businesses with an annual turnover less than ₦2.5 billion.

Commercial Banking - provides banking services to Small and Medium Enterprises (SME) and commercial registered businesses with an annual turnover between ₦2.5 billion and ₦5 billion.

Corporate Banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products. The corporate banking business unit caters for the specific needs of companies and financial institutions with an annual turnover in excess of ₦5 billion.

Personal Banking - incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages. Retail banking business unit caters for needs of individuals.

Institutional Banking - government financing, financial institutions, multilateral agencies. The business unit caters for governments at the various levels and their agencies.

Treasury and Financial Markets – Treasury and financial markets group provides funding support to various business segments while ensuring the liquidity of the Bank is not compromised. The Group is also involved in currency trading incorporating financial instruments trading and structured financing.

Information regarding the results of each reporting segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

No single external customer accounts for 10% or more of the Group's revenue.

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

Information about operating segments:

(i) The business segment results are as follows:

In thousands of Naira	Investment Banking	Asset Management	SME Banking	Commercial Banking	Corporate Banking	Personal Banking	Institutional Banking	Treasury & Financial Markets	Total
External revenues:									
Net interest income	11,800,511	95,703	17,193,504	905,223	13,175,634	40,745,901	3,032,055	3,809,034	90,757,564
Net fee and commission income	3,132,420	4,191,276	3,806,404	316,649	1,534,011	6,255,370	230,503	88,520	19,555,154
Net trading income	16,673	-	-	-	-	1,397,248	-	5,703,753	7,117,674
Net income from financial instruments at FVTPL	-	-	-	-	-	-6,814	-	19,343	12,529
Other revenue	1,656,253	54,413	48,716	51,673	1,064,094	4,801,875	6,963	3,438,621	11,122,607
Inter-segment revenue	-		1,557,646	120,832	(2,521,751)	1,902,889	408,894	(1,468,510)	-
Total segment revenue	16,605,857	4,341,392	22,606,270	1,394,377	13,251,988	55,096,469	3,678,415	11,590,761	128,565,528
Other material non-cash items:									
Impairment losses on financial instruments	1,777,550	2,989	2,279,746	849,884	6,538,573	9,666,210	61,857	1,130,847	22,307,656
Depreciation and amortisation expenses	898,575	173,842	1,676,443	179,018	503,098	3,641,019	345,356	156,818	7,574,170
Reportable segment profit/ (loss) before income tax	4,595,103	1,954,297	1,308,150	(1,491,715)	(1,487,777)	8,230,158	(28,002)	8,831,502	21,911,716
Reportable segment assets	148,088,072	5,267,654	137,003,543	29,935,762	495,106,526	306,886,701	23,278,733	528,726,985	1,674,293,976
Reportable segment liabilities	124,781,929	1,301,101	436,150,039	40,676,399	270,950,914	587,203,370	101,806,944	246,699,067	1,809,569,762

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for the year ended 31 December 2020 (continued)

GROUP
31 DEC 2019

In thousands of Naira	Investment Banking	Asset Management	SME Banking	Commercial Banking	Corporate Banking	Personal Banking	Institutional Banking	Treasury & Financial Markets	Total
External revenues:									
Net interest income	3,287,002	245,067	21,932,650	1,627,532	8,771,867	35,322,485	4,196,946	592,836	75,976,385
Net fee and commission income	2,290,729	3,206,567	2,584,230	506,429	5,849,173	5,898,225	345,340	41,399	20,722,092
Net trading income	65,987	-	-	-	-	-	-	6,838,503	6,904,490
Net loss from other financial instruments at FVTPL	-	-	-	-	-	-	-	1,952,495	1,952,495.00
Other revenue	92,825	35,066	910,430	98,598	225,680	1,900,417	143,883	1,816,142	5,223,041
Inter-segment revenue	-	-	1,474,239	65,880	(1,744,885)	2,148,472	432,217	(2,375,923)	-
Total segment revenue	5,736,543	3,486,700	26,901,549	2,298,439	13,101,835	45,269,599	5,118,386	8,865,452	110,778,503
Other material non-cash items:									
Impairment losses on financial instruments	31,646	16,531	2,481,423	1,026,215	8,994,202	463,234	15,351	719,001	13,747,603
Depreciation and amortisation expenses	341,157	158,578	2,055,846	219,532	616,956	2,705,016	423,515	192,309	6,712,909
Reportable segment profit/(loss) before income tax	838,185	1,361,886	3,352,387	-1,454,620	(4,162,042)	12,294,344	96,148	7,804,109	20,130,397
Reportable segment assets	91,952,954	6,275,219	112,061,423	13,756,825	435,448,126	137,790,164	21,826,247	561,546,014	1,380,656,972
Reportable segment liabilities	88,666,306	3,045,498	291,280,557	23,168,249	181,595,907	388,413,031	74,369,637	361,834,107	1,412,373,292

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

(ii) Reconciliations of reportable segments revenues, profit or loss and assets and liabilities

	GROUP	
In thousands of Naira	31 DEC 2020	31 DEC 2019
Revenues		
Total revenue for reportable segments	**128,565,528**	110,778,503
Unallocated amounts	**-**	-
Elimination of inter-segment revenue	**-**	-
Total revenue	**127,983,827**	110,778,503
Profit or loss		
Total profit or loss for reportable segments	**21,911,716**	20,130,397
Unallocated amounts	**-**	-
Profit before income tax	**21,911,716**	20,130,397
Assets		
Total assets for reportable segments	**1,674,293,976**	1,380,656,972
Other unallocated amounts	**384,099,516**	287,848,823
Total assets	**2,058,393,492**	1,668,505,795
Liabilities		
Total liabilities for reportable segments	**1,809,569,762**	1,412,373,292
Other unallocated amounts	**21,703,530**	55,465,857
Total liabilities	**1,831,273,292**	1,467,839,148

Geographical areas

In presenting information on the basis of geographical areas, revenue is based on the customers' country of domicile and assets are based on the geographical location of the assets.

(iii) The Geographical information result for 31 December 2020 is as follows:

In thousands of Naira	NIGERIA	EUROPE	TOTAL
Revenues	125,349,489	3,216,039	128,565,528
Non-current assets (see note 6 (v) below)	69,280,984	1,187,979	70,468,963

(iv) The Geographical information result for 31 December 2019 is as follows:

In thousands of Naira	NIGERIA	EUROPE	TOTAL
Revenues	107,358,539	3,419,964	110,778,503
Non-current assets (see note 6 (v) below)	65,975,940	1,290,562	67,266,502

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

(v) Non-current assets includes property and equipment, intangible assets and deferred tax assets

(vi) Included in the Personal Banking reportable segment were group lending (mirco-lending) business performance. The group lending business recorded profit of ₦212.42 million for the year ended 31 December 2020, (31 December 2019: ₦299.50 million) and customer loans and advances of ₦2.3 billion (31 December 2019: ₦1.77 billion) and deposit from customer of ₦1.95 billion (31 December 2019: ₦1.31 billion).

7 Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the carrying amounts and fair values of the Group's financial assets and liabilities:

GROUP		31 DEC 2020			31 DEC 2019		
In thousands of Naira	Note	Carrying value	Fair value	Fair value hierarchy	Carrying value	Fair value	Fair value hierarchy
Assets							
Carried at FVTPL:							
Non-pledged Trading assets	23(a)	**9,301,789**	**9,301,789**	**1**	51,087,200	51,087,200	1
Derivative assets held for risk management	24(a)	**1,884,398**	**1,884,398**	**2**	11,666,095	11,666,095	2
Assets pledged as collateral	27(b)	**226,419**	**226,419**	**1**	1,615,862	1,615,862	1
Carried at FVOCI:							
Investment securities - debts	26(c)(d)	**212,554,430**	**212,554,430**	**1**	96,776,823	96,776,823	1
Investment securities - unquoted equity investments	26(e)	**19,387,491**	**19,387,491**	**3**	17,236,560	17,236,560	3
Assets pledged as collateral	27(a)	**148,838,337**	**148,838,337**	**1**	29,441,288	29,441,288	1
Carried at amortised cost:							
Cash and cash equivalents	21	**221,078,644**	**221,078,644**	**-**	223,545,838	223,545,838	-
Restricted reserve deposits	22	**311,746,155**	**311,746,155**	**-**	208,916,226	208,916,226	-
Loans and advances to customers (Gross)	25(a)	**869,283,265**	**741,961,690**	**2**	754,390,866	764,409,104	2
Investment securities	26(a)	**174,642,182**	**124,186,061**	**1**	125,810,008	126,284,893	1
Assets pledged as collateral	27(c)	**40,151,750**	**88,309,877**	**1**	87,596,080	88,309,877	1
Other financial assets	32(a)	**20,247,535**	**20,247,535**	**-**	26,823,584	26,823,584	-
Liabilities							
Carried at FVTPL:							
Trading liabilities	23(b)	**8,361,951**	**8,361,951**	**1**	37,082,002	37,082,002	1
Derivative liabilities held for risk management	24(b)	**1,871,869**	**1,871,869**	**2**	7,563,600	7,563,600	2
Carried at amortised cost:							
Deposits from banks	33	**119,365,158**	**119,365,158**	**-**	90,060,925	90,060,925	-
Deposits from customers	34	**1,257,130,907**	**960,203,438**	**-**	943,085,581	960,203,438	-
Borrowings	35	**159,718,037**	**114,271,490**	**-**	133,344,085	133,344,085	-
On-lending facilities	36	**60,366,840**	**70,912,203**	**2**	70,912,203	70,912,203	2
Debt securities issued	37	**101,531,205**	**86,364,165**	**1**	71,864,898	82,987,326	1
Other financial liabilities	40(a)	**103,750,649**	**103,750,649**	**-**	96,637,726	96,637,726	-

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral – dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

The fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

8 Interest and discount income

	GROUP		COMPANY	
In thousands of Naira	**2020**	**2019**	**2020**	**2019**
Cash and cash equivalents	**6,711,404**	8,817,864	**13,735**	25,306
Loans and advances to customers	**105,627,215**	94,172,371	**-**	-
Investment securities at amortised cost	**17,964,452**	16,416,334	**317,046**	293,516
Investment securities at FVOCI	**20,720,285**	18,040,655	**88,100**	108,786
Total interest income	**151,023,356**	137,447,224	**418,881**	427,608

9 Interest expense

	GROUP		COMPANY	
In thousands of Naira	**2020**	**2019**	**2020**	**2019**
Deposits from banks	**6,799,576**	2,646,462	**-**	-
Deposits from customers	**28,272,080**	38,598,485	**-**	-
	35,071,656	41,244,947	**-**	-
Borrowings	**12,243,895**	10,386,335	**-**	-
Debt securities issued	**11,603,169**	8,261,923	**-**	-
Onlending facitilies	**1,252,872**	1,302,976	**-**	-
Interest expense on lease liabilities	**94,200**	274,658	**-**	-
	60,265,792	61,470,839	**-**	-

The amounts reported above include interest income and expense, calculated using the effective interest method, that relate to the following financial assets and financial liabilities.

	GROUP		COMPANY	
In thousands of Naira	**2020**	**2019**	**2020**	**2019**
Financial assets measured at amortised cost	**130,303,071**	119,406,569	**330,781**	318,822
Financial assets measured at FVOCI	**20,720,285**	18,040,655	**88,100**	108,786
Total	**151,023,356**	137,447,224	**418,881**	427,608
Financial liabilities measured at amortised cost	**60,265,792**	61,470,839	**-**	-

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for the year ended 31 December 2020 (continued)

10(a) Net impairment loss on financial assets

	GROUP		COMPANY	
In thousands of Naira	2020	2019	2020	2019
Loan and advances (see note 25(c))	**16,655,318**	13,900,387	**-**	-
Other assets (see note 32(c))	**7,667,282**	4,244,108	**-**	22,235
Investment securities - amortised cost (see note 26(b))	**(43,831)**	116,843	**12,501**	27,060
Investment securities - fair value other comprehensive income (see note 26(c))	**137,340**	20,505	**-**	-
Cash and cash equivalents (see note 21(b))	**3,452**	14,522	**9,893**	-
Financial guarantee contracts and loan commitment issued (see note 39(a))	**105,587**	206,371	**-**	-
Recoveries on loans previously written off	**(2,217,492)**	(4,755,133)	**-**	-
	22,307,656	13,747,603	**22,394**	49,295

10(b) Impairment writeback on investment in subsidiaries

Writeback of impairment	**-**	-	**-**	(795,331)
	-	-	**-**	(795,331)

11 Disaggregation of fee and commission income by major type of services;

	GROUP		COMPANY	
In thousands of Naira	2020	2019	2020	2019
Credit related fees	**599,975**	651,532	**-**	-
Account Maintenance	**3,575,867**	3,721,843	**-**	-
Letters of credit commission	**522,888**	773,610	**-**	-
Asset Management Fees	**3,090,363**	2,925,166	**-**	-
Administration Fees	**71,764**	169,418	**-**	-
Commission on off-balance sheet transactions	**723,675**	643,289	**-**	-
Electronics fees and commissions	**8,611,848**	11,039,660	**-**	-
Service fees and commissions	**12,966,586**	9,798,162	**659,335**	-
Gross Fee and commission income	**30,162,966**	29,722,680	**659,335**	-
Electronics fees and commissions recoverable expenses				
Cheque books recoverable expenses	**(7,206,527)**	(7,561,707)	**-**	-
Other banks charges	**(36,253)**	(46,748)	**-**	-
Fee and commission expense	**(3,365,032)**	(1,392,133)	**(40)**	(4)
	(10,607,812)	(9,000,588)	**(40)**	(4)
Net fee and commission income	**19,555,154**	20,722,092	**659,295**	(4)

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

(a) Disaggregation of fee and commission income with the Group's reportable segments;

For the year ended 31 December 2020

In thousands of Naira	Investment Banking	Asset Management	SME Banking	Commercial Banking	Corporate Banking	Personal Banking	Institutional Banking	Treasury & Financial Markets	Total
Credit related fees	-		235,827	17,750	312,089	32,277	2,032	-	599,975
Account Maintenance	-		2,353,860	160,789	569,355	341,932	149,931	-	3,575,867
Letters of credit commission	-		174,601	75,356	271,730	469	732	-	522,888
Asset Management Fees	-	3,090,363	-	-	-	-	-	-	3,090,363
Administration Fees	-	71,764	-	-	-	-	-	-	71,764
Commission on off-balance sheet transactions	-	-	240,139	73,633	408,555	-	1,348	-	723,675
Electronics fees and commissions	-	-	761,949	11,247	98,807	7,643,076	96,769	-	8,611,848
Service fees and commissions	5,727,497	1,029,148	2,098,868	141,633	505,679	3,075,764	56,208	331,789	12,966,586
Gross Fee and commission income	5,727,497	4,191,275	5,865,244	480,408	2,166,215	11,093,518	307,020	331,789	30,162,966
Electronics fees and commissions recoverable expenses	(300)	-	(264,583)	(6,913)	(81,384)	(6,848,031)	(5,316)	-	(7,206,527)
Cheque books recoverable expenses	-	-	(13,563)	(1,282)	(5,430)	(15,368)	(109)	(501)	(36,253)
Other banks charges	(2,321,024)	(2,936)	(310,910)	(29,391)	(9,853)	(449,672)	(2,491)	(238,755)	(3,365,032)
Fee and commission expense	(2,321,324)	(2,936)	(589,056)	(37,586)	(96,667)	(7,313,071)	(7,916)	(239,256)	(10,607,812)
Net fee and commission income	3,406,173	4,188,339	5,276,188	442,822	2,069,548	3,780,447	299,104	92,533	19,555,154

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for the year ended 31 December 2020 (continued)

For the year ended 31 December 2019

In thousands of Naira	Investment Banking	Asset Management	SME Banking	Commercial Banking	Corporate Banking	Personal Banking	Institutional Banking	Treasury & Financial Markets	Total
Credit related fees	-	-	256,092	19,275	338,908	35,050	2,207	-	651,532
Account Maintenance	-	-	2,044,909	146,251	584,433	812,682	133,568	-	3,721,843
Letters of credit commission	-		258,322	81,899	431,613	695	1,081	-	773,610
Asset Management Fees	-	2,925,166	-	-	-	-	-	-	2,925,166
Administration Fees	-	169,418	-	-	-	-	-	-	169,418
Commission on off-balance sheet transactions	-	-	210,797	65,455	363,172	-	3,865	-	643,289
Electronics fees and commissions	-	-	765,958	14,418	126,662	10,008,572	124,050	-	11,039,660
Service fees and commissions	2,363,491	115,615	105,137	229,497	4,140,994	2,586,739	89,800	166,889	9,798,162
Gross Fee and commission income	2,363,491	3,210,199	3,641,215	556,795	5,985,782	13,443,738	354,571	166,889	29,722,680
Electronics fees and commissions recoverable expenses	(25)	-	(600,923)	(7,254)	(122,156)	(6,825,771)	(5,578)	-	(7,561,707)
Cheque books recoverable expenses	-	-	(17,490)	(1,653)	(554)	(14,014)	(140)	(12,897)	(46,748)
Other banks charges	(72,763)	(3,607)	(438,572)	(41,459)	(13,899)	(705,727)	(3,513)	(112,593)	(1,392,133)
Fee and commission expense	(72,788)	(3,607)	(1,056,985)	(50,366)	(136,609)	(7,545,512)	(9,231)	(125,490)	(9,000,588)
Net fee and commission income	2,290,703	3,206,592	2,584,230	506,429	5,849,173	5,898,226	345,340	41,399	20,722,092

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

(b) The fees and commission income reported above excludes amount included in determining effective interest rates on financial assets that are not carried at fair value through profit or loss.

(c) Performance obligations and revenue recognition policies;

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Retail and corporate banking service	The Group provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, credit card and servicing fees. Fees for ongoing account management are charged to the customer's account on a monthly basis. The Group sets the rates separately for retail and corporate banking customers in each jurisdiction on an annual basis. Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Group.	Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.
Investment banking service	The Group's investment banking segment provides various finance-related services, including loan administration and agency services, administration of a loan syndication, execution of client transactions with exchanges and securities underwriting. Fees for ongoing services are charged annually at the end of the calendar year to the customer's account. However, if a customer terminates the contract before 31 December, then on termination it is charged the fee for the services performed to date. Transaction-based fees for administration of a loan syndication, execution of transactions, and securities underwriting are charged when the transaction takes place.	Revenue from administrative agency services is recognised over time as the services are provided. The amounts to be collected from customers on 31 March are recognised as trade receivables. Revenue related to transactions is recognised at the point in time when the transaction takes place.
Asset management service	The Group provides asset management services. Fees for asset management services are calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on a monthly basis. In addition, the Group charges a non-refundable up-front fee when opening an account.	Revenue from asset management services is recognised over time as the services are provided. Non-refundable up-front fees give rise to material rights for future services and are recognised as revenue over the period for which a customer is expected to continue receiving asset management services.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

12 Net trading income

	GROUP		COMPANY	
In thousands of Naira	**2020**	**2019**	**2020**	**2019**
Foreign exchange trading income	**262,819**	296,891	**(69)**	(1,396)
FGN bonds trading income	**3,638,706**	363,024	**-**	-
Treasury bills trading income	**3,151,068**	6,177,192	**-**	-
Options and equities trading income	**65,081**	67,383	**-**	-
	7,117,674	6,904,490	**(69)**	(1,396)

13 Net income from financial instruments mandatorily measured at fair value through profit or loss

	GROUP		COMPANY	
In thousands of Naira	**2020**	**2019**	**2020**	**2019**
Net income arising on:				
Fair value gain on derivative financial instruments held for risk management	**12,529**	1,952,495	**-**	-
Impairment for investment securities avaliable for sale	**-**	-	**-**	-
	12,529	1,952,492	**-**	-

14(a) Other revenue

	GROUP		COMPANY	
In thousands of Naira	**2020**	**2019**	**2020**	**2019**
Dividends on equity investment securities in the subsidiaries(see note (a)(i))	**-**	-	2,046,470	2,969,084
Dividends on unquoted equity securities (see note (a)(ii))	**529,464**	526,855	**-**	-
Foreign exchange gains (see note (a)(iii))	**10,011,442**	3,549,033	**311,806**	48,613
	10,540,906	4,075,888	**2,358,276**	3,017,697

(i) The amount of ₦2.05 billion in the Company represents ₦51.3 million (2019: ₦733.1 million) from FCMB Pensions Limited, ₦1.3 billion (2019: ₦2 billion) from Credit Direct Limited, ₦657.7 million (2019: ₦160 million) from CSL Stockbrokers Limited and ₦37.4 million (2019: ₦76 million) from FCMB Trustees Limited .

(ii) This amount represent dividend received from unquoted equity securities held for strategic purposes and for which the Group has elected to present the fair value gain and loss in other comprehensive income.

(iii) Foreign currency revaluation gain represent gains realised from the revaluation of foreign currency-denominated assets and liabilities held in the non-trading books.

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

14(b) Other income

	GROUP		COMPANY	
In thousands of Naira	2020	2019	2020	2019
Gain on disposal of investment securities (see note (b)(ii))	-	1,323	-	-
Gain/(Loss) on sale of property and equipment	(993,603)	115,214	109	306
Other income (see note (b)(i))	1,575,304	1,030,616	763,640	57,734
	581,701	1,147,153	763,749	58,040
(i) Other income comprises:				
Rental income	-	215,038	54,780	-
Write back of provisions no longer required	-	420,119	-	-
Others	1,575,304	395,459	708,860	59,073
	1,575,304	1,030,616	763,640	59,073

(ii) Included in Others is ₦636 million received as a result of a liquidated Private Equity Fund representing return of capital invested.

15 Personnel expenses

	GROUP		COMPANY	
In thousands of Naira	2020	2019	2020	2019
Wages and salaries	23,065,671	22,970,542	294,452	230,187
Contributions to defined contribution plans (see note 38)	657,573	650,220	10,162	9,731
Other employee benefits (see note (a) below)	5,795,531	5,982,664	28,093	67,732
	29,518,775	29,603,426	332,707	307,650

(a) Other employee benefits

These are non-payroll staff cost, which includes medical expenses, club subscriptions and other staff related expenses not paid to staff.

16 Depreciation and amortisation

	GROUP		COMPANY	
In thousands of Naira	2020	2019	2020	2019
Amortisation of intangibles (see note 30)	1,779,564	1,423,702	-	-
Depreciation of property and equipment and right of use assets (see note 29(a))	5,794,606	5,289,207	26,185	12,817
	7,574,170	6,712,909	26,185	12,817

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

17 General and administrative expenses

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Communication, stationery and postage	**2,141,909**	1,936,869	**5,630**	3,935
Business travel expenses	**597,808**	1,371,371	**1,775**	7,629
Advert, promotion and corporate gifts	**2,760,227**	3,895,047	**11,677**	7,640
Business premises and equipment costs	**4,425,065**	4,142,758	**16,276**	16,605
Operating lease expenses (see note (a) below)	**582,680**	508,379	**6,439**	6,144
Directors' emoluments and expenses	**1,354,520**	1,218,534	**449,043**	379,196
IT expenses	**5,735,135**	5,122,195	**6,721**	5,197
Contract Services and training expenses	**7,104,128**	7,288,159	**-**	3,075
Vehicles maintenance expenses	**882,580**	1,629,450	**2,220**	3,450
Security expenses	**2,223,907**	2,262,025	**-**	80
Auditors' remuneration	**424,233**	403,622	**38,115**	38,115
Professional charges	**2,243,230**	2,114,165	**87,507**	24,011
	30,475,422	31,892,574	**625,403**	495,077

(a) An amount of ₦489.38 million have been presented as operating lease expense for the Group. This amount represent the straight line amortisation on short-term lease in which the Group has applied the recognition exemption.

18 Other operating expenses

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
NDIC Insurance Premium	**4,287,313**	3,865,740	**-**	-
AMCON Levy	**8,594,143**	7,842,332	**-**	-
Insurance expenses	**583,137**	586,256	**9,032**	5,163
Others (see note (a) below)	**3,313,196**	(3,602,734)	**106,375**	(187,219)
	16,777,789	8,691,594	**115,407**	(182,056)

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

(a) Others comprises:

	GROUP		COMPANY	
In thousands of Naira	2020	2019	2020	2019
AGM, meetings and shareholders expenses	423,143	546,735	48,841	79,299
Donation and sponsorship expenses	709,471	299,349	-	-
Entertainment expenses	224,170	444,418	895	4,296
Fraud and forgery expense	59,035	212,263	-	-
Regulatory charges	7,985	8,159	7,985	8,159
Other accounts written off	81,793	160,620	84	210
PENCOM Recovery Agent Fee	2,509	2,508	-	-
Pension Protection Fund Expenses	93,724	99,864	-	-
Provision for litigation (see note 39(a))	719,413	(6,457,163)	-	(303,630)
Industrial training fund levy	216,564	252,443	8,354	6,433
Nigeria Social Insurance Trust Fund expenses	175,196	216,621	4,269	3,501
Penalties (see note 48)	183,373	183,355	-	-
Miscellaneous expenses	416,820	428,094	35,947	14,513
	3,313,196	(3,602,734)	106,375	(187,219)

Others comprise provisions for litigation no longer required as at the year end.

19 Earnings per share

	GROUP		COMPANY	
In thousands of Naira	2020	2019	2020	2019
Basic and diluted earnings per share				
Profit attributable to equity holders	19,419,663	17,259,992	3,060,273	3,601,460
Weighted average number of ordinary shares in issue	19,802,710	19,802,710	19,802,710	19,802,710
	0.98	0.87	0.15	0.18

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

20 Tax expense

	GROUP		COMPANY	
In thousands of Naira	2020	2019	2020	2019
(i) Current tax expense:				
Minimum tax (see note 20(v))	433,746	1,040,558	5,384	8,159
(i) Income tax expense:				
National Information Technology Development Agency (NITDA) levy	159,136	200,176	10,316	4,693
Nigeria Police Trust Fund levy	898	1,043	154	181
Tertiary education tax	-	110,036	1,909	-
Capital gain tax	1,195	1,785	-	-
Corporate income tax (see note 20(v))	1,714,298	1,401,376	-	-
	1,875,527	1,714,416	12,379	4,874
Deferred tax expense:				
Origination of temporary differences	(8,011)	38,149	-	-
Reduction in tax rate	-	-	-	-
	(8,011)	38,149	-	-
Total Income Tax expense	1,867,516	1,752,565	12,379	4,874
Total Tax expense	2,301,262	2,793,123	17,763	13,033

	GROUP		COMPANY	
	2020			
In thousands of Naira	%		%	
(iii) Reconciliation of effective tax rate				
Profit before tax		21,911,716		3,078,036
Income tax using the domestic corporation tax rate	30.0%	6,573,515	30.0%	923,411
National Information Technology Development Agency (NITDA) levy	0.7%	159,136	0.3%	10,316
Nigeria Police Trust Fund levy	0.0%	898	0.0%	154
Non-deductible expenses	0.0%	-	0.0%	-
Tax exempt income	(22.2%)	(4,869,137)	(30.0%)	(923,411)
Minimum tax	2.0%	433,746	0.2%	5,384
Unrecognised current year tax losses	0.0%	-	0.0%	-
Capital gain tax	0.0%	1,195	0.0%	-
Tertiary education tax	0.0%	1,909.00	0.1%	1,909
Impact of excess dividend tax	0.0%	-	0.0%	-
Total tax expense	10.5%	2,301,262	0.6%	17,763

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

	GROUP		COMPANY	
		2019		
In thousands of Naira	%		%	
(iii) Reconciliation of effective tax rate				
Profit before tax		20,130,397		3,614,493
Income tax using the domestic corporation tax rate	30.0%	6,039,119	30.0%	1,084,348
National Information Technology Development Agency (NITDA) levy	1.0%	200,176	0.1%	4,693
Nigeria Police Trust Fund levy	0.0%	1,043	0.0%	181
Non-deductible expenses	30.6%	6,156,655	3.8%	138,758
Tax exempt income	(70.3%)	(14,156,656)	(102.8%)	(3,715,277)
Minimum tax	5.2%	1,040,558	0.0%	-
Unrecognised current year tax losses	16.9%	3,400,407	69.2%	2,500,330
Capital gain tax	0.0%	1,785	0.0%	-
Tertiary education tax	0.5%	110,036	0.0%	-
Impact of excess dividend tax	0.0%	-	0.0%	-
Total tax expense	13.9%	2,793,123	0.4%	13,033

(iv) The Banking subsidiary was assessed based on the minimum tax legislation for the year ended 31 December 2019 because of a tax exemption granted via Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 as contained in a gazette issued by the President of the Federal Republic of Nigeria, which took effect from 2 January 2012.

The Order exempts all interests earned on Bonds (Federal, state, local and corporate bodies including supra-national) and other short-term securities such as Treasury Bills and Promissory Notes from being subjected to tax imposed under the Companies Income Tax Act. The Order is valid for a period of 10 years from the effective date of the Order, except for Bonds issued by the Federal Government, which will continue to enjoy the exemption.

A significant portion of the Banking subsidiary's income derives from short-term securities and government bonds, and as a result, the Bank's current income tax assessment for the year under review yields a tax credit in its favour. Consequently, the Banking subsidiary has applied the provisions of the Companies Income Tax Act that mandates a minimum tax assessment, where a tax payer does not have any tax liability arising from its tax assessment.

The Group has not recognised income tax on the Other Comprehensive Income (OCI) because the gain in the Group's OCI is as a result of net unrealised fair value gains on Government securities. The Group has also not recognised deferred tax on these gains as they will not be taxable when they are realised and as such do not represent temporary differences. Realised gains on Nigerian government securities, stocks and share are also exempt from Capital Gains Tax in line with section 30 of the CGT Act.

Nigeria Police Trust Fund Levy: On 24 June 2019, the Nigerian President signed the Nigeria Police Trust Fund (Establishment) Bill ("Police Trust Fund Act" or "the Act") into law. The Act establishes the Nigeria Police Trust Fund (Trust Fund) to provide funds for, inter alia, the training and welfare of personnel of the Nigeria Police Force. The levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year) of companies operating a business in Nigeria.

The Group utilised the services of the following tax consultants during the year under review:

NAME OF PROFESSIONAL
Pedabo Associates Ltd.

FRC NUMBER
FRC/2013/ICAN/00000000908

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

20 Tax expense

	GROUP		COMPANY	
In thousands of Naira	2020	2019	2020	2019
Current income tax liability				
At 1 January	**4,743,683**	5,038,371	**84,386**	178,455
Tax paid	**(2,419,807)**	(2,434,334)	**(52,581)**	(107,102)
Tax refund (see note (a) below)	**(130,461)**	(615,328)	**-**	-
Dividend tax (see note 19(i))	**-**	-	**-**	-
Minimum tax (see note 20(i))	**433,746**	1,040,558	**5,384**	8,159
Capital gain tax (see note 20(i))	**1,195**	1,785	**-**	-
National Information Technology Development Agency (NITDA) levy (see note 20(i))	**159,136**	200,176	**10,316**	4,693
Nigeria Police Trust Fund levy (see note 20(i))	**898**	1,043	**154**	181
Tertiary education tax (see note 20(i))	**-**	110,036	**1,909**	-
Income tax expense (see note 20(i))	**1,714,298**	1,401,376	**-**	-
	4,502,688	4,743,683	**49,568**	84,386
Current	**4,502,688**	4,743,683	**49,568**	84,386
Non-current	**-**	-	**-**	-
	4,502,688	4,743,683	**49,568**	84,386

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

21 Cash and cash equivalents

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Cash	**88,198,554**	57,492,442	**-**	-
Current balances with banks within Nigeria	**2,121,253**	2,609,126	**163,561**	8,968
Current balances with banks outside Nigeria (see note (c) below)	**102,533,239**	35,832,039	**-**	-
Placements with local banks	**2,519,244**	4,685,253	**665,073**	10,514
Placements with foreign banks	**1,928,490**	84,104,265	**-**	-
Unrestricted balances with Central bank	**23,813,814**	38,855,211	**-**	-
	221,114,594	223,578,336	**828,634**	19,482
Less impairment allowances (note (a) below)	**(35,950)**	(32,498)	**(9,893)**	-
	221,078,644	223,545,838	**818,741**	19,482
		-		-
Current	**221,078,644**	223,545,838	**818,741**	19,482
Non-current	**-**	-	**-**	-
	221,078,644	223,545,838	**818,741**	19,482
(a) Impairment allowance				
Balance at 1 January	**32,498**	17,976	**-**	-
12-month ECL (see note 10)	**-**	-	**-**	-
Net remeasurement of loss allowance (see note 10)	**3,452**	14,522	**9,893**	-
Closing balance	**35,950**	32,498	**9,893**	-

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

(c) Balances with banks outside Nigeria include ₦22.13 billion (31 December 2019: ₦22.03 billion), which represents the Naira value of foreign currency amounts held by the Banking Subsidiary on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see Note 40(a)).

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

22 Restricted reserve deposits

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Restricted mandatory reserve deposits with central banks (see note (a) below)	**289,135,691**	156,834,481	**-**	-
Special Cash Reserve Requirement (see note (b) below)	**22,610,464**	25,110,464	**-**	-
LDR Cash Reserve (see note (c) below)	**-**	26,971,281	**-**	-
	311,746,155	208,916,226	**-**	-
Current	**-**	-	**-**	-
Non-current	**311,746,155**	208,916,226	**-**	-
	311,746,155	208,916,226	**-**	-

(a) Restricted mandatory reserve deposits are not available for use in the Banking subsidiary's and Group's day-to-day operations. Mandatory reserve deposits are non interest-bearing and are computed as a fixed percentage of the Banking subsidiary's qualifying deposit liabilities. For the purposes of the Statement of cashflow, these balances are excluded from cash and cash equivalents.

(b) Special Cash Reserve Requirement represents a 5% special intervention reserve held with the Central Bank of Nigeria as a regulatory requirement.

(c) LDR Cash Reserve represents restricted reserve for failure of the banking subsidiary to meet the Loan to Deposit Ratio of 65% as at 31 December 2020.

23(a) Non-pledged trading assets

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Federal Government of Nigeria Bonds - fair value through profit or loss (FVTPL)	**6,946,808**	4,305,761	**-**	-
Treasury Bills - fair value through profit or loss (FVTPL)	**2,354,981**	46,617,979	**-**	-
Equity securities	**-**	163,460	**-**	-
	9,301,789	51,087,200	**-**	-
Current	**9,301,789**	51,087,200	**-**	-
Non-current	**-**	-	**-**	-
	9,301,789	51,087,200	**-**	-

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

(b) Trading liabilities

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Short sold positions - Federal Government of Nigeria Bonds - fair value through profit or loss (FVTPL)	**6,790,173**	33,364	**-**	-
Short sold positions - Treasury bills - fair value through profit or loss (FVTPL)	**1,571,778**	37,048,638	**-**	-
	8,361,951	37,082,002	**-**	-
Current	**8,361,951**	37,082,002	**-**	-
Non-current	**-**	-	**-**	-
	8,361,951	37,082,002	**-**	-

24 Derivative assets and liabilities held for risk management Instrument type

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
(a) Assets: - Non-deliverable forwards transactions	**1,884,398**	981,524	**-**	-
- Total return swap transactions	**-**	10,684,571	**-**	-
	1,884,398	11,666,095	**-**	-
Current	**1,884,398**	11,666,095	**-**	-
Non-current	**-**	-	**-**	-
	1,884,398	11,666,095	**-**	-
(b) Liabilities - Non-deliverable forwards transactions	**1,871,869**	955,769	**-**	-
- Total return swap transactions	**-**	6,607,831	**-**	-
	1,871,869	7,563,600	**-**	-
Current	**1,871,869**	7,563,600	**-**	-
Non-current	**-**	-	**-**	-
	1,871,869	7,563,600	**-**	-

The Banking subsidiary enters into foreign exchange non- deliverable forward contracts and Total return swaps with counterparties. The counterparties provide foreign currency funds to the Banking subsidiary for the purpose of investing in Nigerian Treasury Bills and at the end of the arrangement, the total returns on the Nigerian treasury bills (which the counterparties purchased) is exchanged for a USD-LIBOR plus a spread. On initial recognition of the non-deliverable forwards, the Banking subsidiary estimates the fair value of derivatives transacted with the counterparties using the discounted mark-to-market technique. In many cases, all significant inputs into the valuation techniques are wholly observable (e.g with reference to similar transactions in the wholesale dealer market).

All derivative assets and liabilities are current.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

25 Loans and advances to customers

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
(a) Overdrafts	**32,289,228**	38,991,496	**-**	-
Term loans	**781,785,828**	660,081,663	**-**	-
On-lending facilities	**45,581,591**	37,374,415	**-**	-
Advances under finance lease (see note (b) below)	**9,626,618**	17,943,292	**-**	-
Gross loans and advances to customers at amortised costs	**869,283,265**	754,390,866	**-**	-
Less impairment loss allowance	**(46,510,653)**	(38,510,266)	**-**	-
Net loans and advances to customers	**822,772,612**	715,880,600	**-**	-
Current	**206,399,569**	339,510,404	**-**	-
Non-current	**616,373,043**	376,370,196	**-**	-
	822,772,612	715,880,600	**-**	-

GROUP	2020			2019		
In thousands of Naira	Gross amount	ECL allowance	Carrying Amount	Gross amount	ECL allowance	Carrying Amount
Retail customers:						
Mortgage lending	**1,450,953**	**(66,552)**	**1,384,401**	746,061	(93,785)	652,276
Personal loans	**129,862,413**	**(10,088,899)**	**119,773,514**	103,850,703	(7,165,465)	96,685,238
Credit cards	**4,673,728**	**(351,919)**	**4,321,809**	4,692,630	(717,410)	3,975,220
Corporate customers:						
Finance leases (see note (b) below)	**9,626,617**	**(1,145,072)**	**8,481,545**	17,943,292	(1,205,561)	16,737,731
Other secured lending	**723,669,554**	**(34,858,211)**	**688,811,343**	627,158,180	(29,328,045)	597,830,135
	869,283,265	**(46,510,653)**	**822,772,612**	754,390,866	(38,510,266)	715,880,600

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

In thousands of Naira	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
(b) Finance lease				
Loan and advances to customer at amortised cost include the following finance lease:				
Gross investment:				
Less than one year	**2,413,518**	16,928,328	**-**	-
Between one and five years	**10,000,934**	4,779,567	**-**	-
More than five years	**-**	2,731,316	**-**	-
	12,414,452	24,439,211	**-**	-
Unearned finance income	**(2,787,834)**	(6,495,919)	**-**	-
Net investment in finance leases	**9,626,618**	17,943,292	**-**	-
Less impairment allowance	**(410,399)**	(1,205,561)	**-**	-
	9,216,219	16,737,731	**-**	-
Net investment in finance leases				
Net investment in finance leases, receivables:				
Less than one year	**2,409,183**	11,949,683	**-**	-
Between one and five years	**7,217,434**	4,681,929	**-**	-
More than five years	**-**	1,311,680	**-**	-
	9,626,617	17,943,292	**-**	-

(c) Movement on ECL allowance loans and advances to customers at amortised cost

GROUP	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	**17,241,583**	**5,196,856**	**16,071,827**	**38,510,266**	17,626,723	3,678,610	26,986,118	48,291,451
Transfer to stage 1	**1,547,873**	**(684,770)**	**(863,103)**	**-**	1,551,949	(553,454)	(998,495)	-
Transfer to stage 2	**(411,920)**	**601,492**	**(189,572)**	**-**	-721,711	791,218	(69,507)	-
Transfer to stage 3	**(207,716)**	**(49,104)**	**256,820**	**-**	(104,982)	(3,249)	108,231	-
Net remeasurement of loss allowances (see note 10)	**681,518**	**3,687,809**	**12,285,991**	**16,655,318**	(1,110,396)	1,283,731	13,727,052	13,900,387
Write-offs	**-**	**-**	**(10,353,847)**	**(10,353,847)**	-	-	(23,683,036)	(23,683,036)
Translation difference	**888,385**	**325,875**	**484,656**	**1,698,916**	-	-	1,464	1,464
Closing balance	**19,739,723**	**9,078,158**	**17,692,772**	**46,510,653**	17,241,583	5,196,856	16,071,827	38,510,266

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
(d) Classification of loans by security type				
Secured against real estate	**121,246,377**	79,952,866	**-**	-
Secured by shares of quoted and unquoted companies	**26,154,207**	26,982,428	**-**	-
Cash Collateral, lien over fixed and floating assets	**482,973,556**	428,836,923	**-**	-
Otherwise secured	**72,483,635**	47,110,907	**-**	-
Unsecured	**166,425,490**	171,507,742	**-**	-
	869,283,265	754,390,866	**-**	-

(e) Information about the Group's credit analysis, market risks, and impairment losses for loans and advances is included in Note 4.

26 Investment securities

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Investment securities at amortised cost (see note (a))	**174,642,182**	125,810,008	**3,064,229**	2,791,693
Investment securities at FVOCI - debt instruments (see note (c) below)	**212,554,430**	96,776,823	**1,295,770**	1,008,048
Investment securities at FVOCI - quoted equity investments (see note (d) below)	**81,466**	112,365	**-**	-
Investment securities at FVOCI - unquoted equity investments (see note (e) below)	**19,387,491**	17,236,560	**-**	-
	406,665,569	239,935,756	**4,359,999**	3,799,741
(a) Investment securities at amortised cost				
Federal Government of Nigeria (FGN) Bonds - listed	**91,994,436**	78,340,543	**-**	-
State Government Bonds - unlisted	**4,281,315**	3,328,000	**-**	-
Treasury Bills	**-**	1,328,365	**-**	-
Corporate bonds - unlisted	**13,545,915**	5,173,031	**3,205,346**	2,920,309
Commercial Papers	**-**	56,389	**-**	-
Placements	**67,093,942**	39,755,837	**-**	-
	176,915,608	127,982,165	**3,205,346**	2,920,309
Less impairment allowances (see note (b) below)	**(2,273,426)**	(2,172,157)	**(141,117)**	(128,616)
	174,642,182	125,810,008	**3,064,229**	2,791,693

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

In thousands of Naira	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
(b) Impairment allowance				
Balance at 1 January	**2,172,157**	1,840,740	128,616	101,556
Transfer to 12-month ECL	**-**	-	-	-
Net remeasurement of loss allowance (see note 10)	**(43,831)**	116,843	12,501	27,060
Translation difference	**145,100**	214,574	-	-
Closing balance	**2,273,426**	2,172,157	141,117	128,616
(c) Investment securities at FVOCI				
Federal Government of Nigeria (FGN) Bonds - listed	**9,150,300**	8,333,992	-	-
Federal Government of Nigeria (FGN) Sukuk Bonds	**1,437,488**	-	-	-
Treasury bills - listed	**199,223,889**	86,375,331	-	-
Promissory note	**131,267**	122,909	-	-
Unclaimed dividend investment fund	**1,295,770**	1,008,048	1,295,770	1,008,048
Legacy Debt Fund	**893,710**	47,440	-	-
Legacy USD Bond Fund	**139,137**	120,608	-	-
Legacy Money Market Fund	**282,869**	768,495	-	-
	212,554,430	96,776,823	1,295,770	1,008,048
Impairment allowance				
Balance at 1 January	**44,552**	24,047	-	-
Net remeasurement of loss allowance (see note 10)	**137,340**	20,505	-	-
Closing balance	**181,892**	44,552	-	-

(i) The impairment of ₦137.34 million (31 December 2019: ₦20.51 million) arising from investment securities at FVOCI for the year was recognised in profit or loss, (see note 10) and other comprehensive income.

In thousands of Naira	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
(d) Investment securities at FVOCI - quoted equity investments				
Industrial and General Insurance Plc	**3,811**	3,811	-	-
Food Concepts	**2,400**	2,100	-	-
Legacy Equity Fund	**75,255**	106,454	-	-
	81,466	112,365	-	-

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
(e) Investment securities at FVOCI - unquoted equity investments				
Credit Reference Company Limited	**265,360**	197,119	**-**	-
Nigeria Inter-bank Settlement System Plc	**1,720,680**	1,640,321	**-**	-
Africa Finance Corporation	**14,093,016**	12,520,017	**-**	-
Africa Export-Import Bank, Cairo	**1,104,125**	1,809,543	**-**	-
Smartcard Nigeria Plc	**613,602**	266,498	**-**	-
FMDQ (OTC) Plc	**1,528,578**	775,000	**-**	-
Financial Derivative Ltd	**28,062**	28,062	**-**	-
Mutual Fund	**34,068**	-	**-**	-
	19,387,491	17,236,560	**-**	-

(f) The Group designated certain equity investments shown above in note (e) as equity securities at fair value through other comprehensive income. The fair value through other comprehensive income designation was made because the investments are expected to be held for the long-term for strategic purposes. None of these strategic investments was disposed during year ended 31 December 2019.

(g) Debt securities classified at amortised cost have interest rates of 7.00% to 17.25% (2019: 7.00% to 17.25%) and mature between 2019 and 2037 years. Debt securities at fair value through other comprehensive income have stated interest rates of 10.23% to 16.39% (2019: 10.23% to 16.39%) and mature between 2020 and 2037 years.

(h) Information about the Group's exposure to credit and market risks and fair value measurement is included in Note 4.

(i) Movement in investment securities
The movement in investment securities for the Group may be summarised as follows:

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

GROUP

	Unquoted equity securities at fair value through other comprehensive income	Debt securities at amortised cost	Debt securities at fair value through other comprehensive income	Quoted equity securities measured at fair value through profit or loss	Total
Balance at 1 January 2020	17,236,560	125,810,008	96,776,823	112,365	239,935,756
Exchange differences	-	272,536	-	-	272,536
Additions	34,125	65,260,864	119,651,083	-	184,946,072
Disposals	-	(7,951,434)	(4,140,231)	(71,639)	(12,163,304)
Gains from changes in fair value recognised in profit or loss	-	-	-	-	-
Gains from changes in fair value recognised in other comprehensive income	716,855	-	5,839,308	40,740	6,596,903
Foreign currency translation differences recognised in other comprehensive income	1,399,951	-	-	-	1,399,951
Amortised cost adjustments	-	(9,331,070)	-	-	(9,331,070)
Impairment allowance	-	(2,273,426)	-	-	(2,273,426)
Interest accrued (see note 8)	-	17,964,452	20,720,285	-	38,684,737
Coupon interest received	-	(15,109,748)	(26,292,838)	-	(41,402,586)
Balance at 31 December 2020	19,387,491	174,642,182	212,554,430	81,466	406,665,569

GROUP

	Unquoted equity securities at fair value through other comprehensive income	Debt securities at amortised cost	Debt securities at fair value through other comprehensive income	Quoted equity securities measured at fair value through profit or loss	Total
Balance at 1 January 2019	12,177,098	89,272,549	134,089,224	383,061	235,921,932
Exchange differences	-	45,761	-	-	45,761
Additions	11,868	60,741,102	17,656,401	39,056	78,448,427
Disposals	-	(20,052,276)	(52,802,857)	-	(72,855,133)
Gains from changes in fair value recognised in profit or loss	-	-	-	-	-
Gains from changes in fair value recognised in other comprehensive income	5,047,594	-	(2,263,237)	(309,752)	2,474,605
Item reclassified subsequently to profit or loss due to disposal	-	-	-	-	-
Net reclassification adjustments for realised gains	-	-	-	-	-
Amortised cost adjustments	-	(7,454,872)	-	-	(7,454,872)
Impairment allowance	-	(2,172,157)	-	-	(2,172,157)
Interest accrued (see note 8)	-	16,416,334	18,040,655	-	34,456,989
Coupon interest received	-	(10,986,433)	(17,943,363)	-	(28,929,796)
Balance at 31 December 2019	17,236,560	125,810,008	96,776,823	112,365	239,935,756

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

COMPANY

	Unquoted equity securities at fair value through other comprehensive income	Debt securities at amortised cost	Debt securities at fair value through other comprehensive income	Quoted equity securities measured at fair value through profit or loss	Total
Balance at 1 January 2020	-	2,791,693	1,008,048	-	3,799,741
Exchange differences	-	272,536	-	-	272,536
Additions	-	-	364,136	-	364,136
Disposals	-	-	(164,514)	-	(164,514)
Gains from changes in fair value recognised in profit or loss	-	-	-	-	-
Gains/(loss) from changes in fair value recognised in other comprehensive income	-	-	-	-	-
Item reclassified subsequently to profit or loss due to disposal	-	-	-	-	-
Net reclassification adjustments for realised gains	-	-	-	-	-
Amortised cost adjustments	-	-	-	-	-
Impairment allowance	-	-	-	-	-
Interest accrued (see note 8)	-	317,046	88,100	-	405,146
Coupon interest received	-	(317,046)	-	-	(317,046)
Balance at 31 December 2020	-	3,064,229	1,295,770	-	4,359,999

GROUP

	Unquoted equity securities at fair value through other comprehensive income	Debt securities at amortised cost	Debt securities at fair value through other comprehensive income	Quoted equity securities measured at fair value through profit or loss	Total
Balance at 1 January 2019	-	2,771,953	955,985	-	3,727,938
Exchange differences	-	19,740	-	-	19,740
Additions	-	-	267,765	-	267,765
Disposals	-	-	(220,000)	-	(220,000)
Gains from changes in fair value recognised in profit or loss	-	-	-	-	-
Gains/(loss) from changes in fair value recognised in other comprehensive income	-	-	4,298	-	4,298
Item reclassified subsequently to profit or loss due to disposal	-	-	-	-	-
Net reclassification adjustments for realised gains	-	-	-	-	-
Amortised cost adjustments	-	-	-	-	-
Impairment allowance	-	-	-	-	-
Interest accrued (see note 8)	-	293,516	108,786	-	402,302
Coupon interest received	-	(293,516)	(108,786)	-	(402,302)
Balance at 31 December 2019	-	2,791,693	1,008,048	-	3,799,741

(f) The Group made various investments into companies which operate strategic Banking systems in the Nigerian Market. These are required investments to continue to operate in the Nigerian Banking system.

(g) The cost of AFS investments was disclosed because it's fair value could not be reliably measured.

(h) All debt securities have fixed coupons.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

27 Assets pledged as collateral

The nature and carrying amounts of the non tradable financial assets pledged as collaterals are as follows:

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
(a) Investment Securities - FVOCI				
Treasury Bills - listed	**140,782,650**	29,441,288	**-**	-
Federal Government of Nigeria (FGN) Bonds - listed	**8,055,687**	-	**-**	-
	148,838,337	29,441,288	**-**	-
(b) Investment Securities - FVTPL				
Treasury Bills - listed	**226,419**	1,615,862	**-**	-
	226,419	1,615,862	**-**	-
(c) Investment Securities - Amortised cost				
Treasury Bills - listed	**-**	-	**-**	-
Federal Government of Nigeria (FGN) Bonds - listed	**40,151,750**	87,596,080	**-**	-
	40,151,750	87,596,080	**-**	-
	189,216,506	118,653,230	**-**	-
Current	**146,128,610**	67,449,859	**-**	-
Non-current	**43,087,896**	51,203,371	**-**	-
	189,216,506	118,653,230	**-**	-

As at the year end, the Group held no collateral, which it was permitted to sell or re-pledge in the absence of default by the owner of the collateral (31 December 2019: nil).

The assets pledged as collateral were given to the counter parties without transferring the ownership to them. These are held by the counterparty for the term of the transaction being collateralized. These represents pledged assets to these parties;

		GROUP		COMPANY	
In thousands of Naira		**2020**	2019	**2020**	2019
Counterparties	Reasons for pledged securities				
Nigeria Inter-bank Settlement Plc (NIBSS)	Cards, POS transactions settlements	**2,184,482**	2,184,482	**-**	-
Interswitch Nigeria Limited	Cards, POS transactions settlements	**5,518,000**	2,623,000	**-**	-
Federal Inland Revenue Service(FIRS)	Third parties collection transactions	**1,500,000**	1,500,000	**-**	-
Central Bank of Nigeria (CBN)	Third parties clearing instruments	**15,000,000**	15,000,000	**-**	-
Central Bank of Nigeria (CBN)	On-lending facilities to customers	**20,316,000**	20,316,000	**-**	-
Bank of Industry (BOI)	On-lending facilities to customers	**11,299,916**	10,094,096	**-**	-
System Specs/Remita	Remita Transfer Transactions	**300,000**	300,000	**-**	-
Standard Bank London	Borrowed funds repo transactions	**72,564,338**	15,567,736	**-**	-
E-transact	Cards, POS transactions settlements	**1,220,000**	1,220,000	**-**	-
Development Bank of Nigeria (DBN)	On-lending facilities to customers	**9,874,500**	9,874,500	**-**	-
Central Bank of Nigeria (CBN)	FMDQ OTC settlement transactions	**3,100,000**	3,100,000	**-**	-
Central Bank of Nigeria (CBN)	Interbank Funding under repurchase agreement	**45,339,270**	25,773,416	**-**	-
Citi Nominee	FMDQ OTC settlement transactions	**1,000,000**	11,100,000	**-**	-
		189,216,506	118,653,230	**-**	-

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

28 Investment in Subsidiaries

The nature and carrying amounts of the non tradable financial assets pledged as collaterals are as follows:

In thousands of Naira	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
(a) Investment in subsidiaries comprises:				
First City Monument Bank Limited (see note (i) below)	-	-	**115,422,326**	115,422,326
FCMB Capital Markets Limited (see note (ii) below)	-	-	**240,000**	240,000
CSL Stockbrokers Limited (CSLS) (see note (iii) below)	-	-	**3,053,777**	3,053,777
CSL Trustees Limited (see note (iv) below)	-	-	**220,000**	220,000
FCMB Microfinance Bank Limited (see note (v) below)	-	-	**150,000**	150,000
FCMB Pensions Limited (see note (vi) below)	-	-	**7,925,884**	7,748,392
Credit Direct Limited (see note (vii) below)	-	-	**366,210**	366,210
	-	-	**127,378,197**	127,200,705
Impairment			-	-
Carrying amount	-	-	**127,378,197**	127,200,705
Current	-	-	-	-
Non-current	-	-	**127,378,197**	127,200,705
	-	-	**127,378,197**	127,200,705
Specific allowances for impairment				
Balance at 1 January	-	-	-	795,331
Reversed during the year	-	-	-	(795,331)
Balance at 1 December	-	-	-	-

(b) Group entities

The subsidiary companies, country of incorporation, nature of business, percentage equity holding and period consolidated with the parent company are as detailed below:

Company Name	Country of incorporation	Nature of Business	Percentage of equity capital held (Direct holdings)	Financial year end
(1) First City Monument Bank Limited (see Note (i) below)	Nigeria	Banking	100%	31 Dec 2020
(2) FCMB Capital Markets Limited (see Note (ii) below)	Nigeria	Capital Market	100%	31 Dec 2020
(3) CSL Stockbrokers Limited (CSLS) (see Note (iii) below)	Nigeria	Stockbroking	100%	31 Dec 2020
(4) FCMB Trustees Limited (see Note (iv) below)	Nigeria	Trusteeship	100%	31 Dec 2020
(5) FCMB Microfinance Bank Limited (see Note (v) below)	Nigeria	Micro-lending	100%	31 Dec 2020
(6) FCMB Pensions Limited (see Note (vi) below)	Nigeria	Pension Fund Administrator	92.80%	31 Dec 2020
(7) Credit Direct Limited (see Note (vii) below)	Nigeria	Micro-lending	100%	31 Dec 2020

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

(i) This represents the cost of the Company's 100% equity holding in First City Monument Bank Limited. The Company was incorporated under the Companies and Allied Matters Act as a Private Limited Liability Company on 20 April 1982. It was licensed on 11 August, 1983 to carry on the business of Commercial Banking and Commercial Business on 1 September 1983. The Bank was converted into a Public Limited Liability Company and its shares listed on the Nigerian Stock Exchange on 21 December 2004. The Bank was however delisted from the Nigerian Stock Exchange on 21 June 2013 and registered as a Limited Liability Company on 4 September 2013 following the group restructuring.

(ii) This represents the cost of the Company's 100% equity holding in FCMB Capital Markets Limited. The Company was incorporated in April 4 2002.

(iii) This represents the cost of the Company's 100% equity holding in CSL Stockbrokers Limited. The Company was incorporated on January 24 1979 and commenced operations in May 1979.

(iv) This represents the cost of the Company's 100% equity holding in FCMB Trustees Limited. The Company was incorporated in November 24, 2010. The Company invested additional ₦180 million in FCMB Trustees Limited in September 2015 in order to recapitalise the business in line with the new SEC minimum capitalisation policy of ₦300 million for trustee businesses in Nigeria. The Company changed it's name from CSL Trustees Limited to FCMB Trustees Limited in February 2019.

(v) This represents the cost of the Company's 100% equity holding in FCMB Microfinance Bank Limited. The Company was incorporated on February 25, 2015 and started operations on January 1, 2017.

(vi) This represents the Company's 92.80% equity holding in FCMB Pensions Limited, a pension fund manager licensed to carry on the business of fund and pension management. The Company was incorporated in April 2005 and commenced operations in May 2005. FCMB Pensions Limited was a former associate company to the Group by virtue of the Group's initial 28.22% equity holding. However, the Group acquired additional 60%, 3.42% and 1.16% equity holding in November 2017, August 2018 and August 2020 repectively thereby raising the total equity holding to 92.80%. The Company changed it's name from Legacy Pension Managers Limited to FCMB Pensions Limited in November 2018.

(vii) This represents the Company's 100% equity holding in Credit Direct Limited. The Company was incorporated on June 13, 2006 and commenced operations in January 2007.

(viii) The investments are carried at cost less impairment.

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

29 Property and equipment
(a) This comprises:

GROUP

2020

In thousands of Naira	Leasehold land	Buildings	Right-of-use Assets - Buildings	Leasehold improvement	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost									
Balance at 1 January 2020	3,826,133	23,635,517	5,004,537	6,412,416	5,683,708	31,677,840	9,603,839	1,922,779	87,766,769
Additions during the year	4,001	365,713	2,106,481	5,615	219,410	4,546,153	187,973	2,160,462	9,595,808
Reclassifications	867,786	538,641	-	18,160	-	634,650	10,422	(2,069,659)	-
Reclassifications to building	-	339,135	-	(339,135)	-	-	-	-	-
Disposal during the year	(13,177)	(59,678)	(1,714,720)	-	(595,819)	(41,055)	(197,225)	-	(2,621,674)
Items written-off	-	-	-	-	-	-	-	(67)	(67)
Effect of movements in exchange rates	-	-	21,828	17,500	-	6,146	204	-	45,678
Balance at 31 December	4,684,743	24,819,328	5,418,126	6,114,556	5,307,299	36,823,734	9,605,213	2,013,515	94,786,514
Accumulated depreciation									
Balance at 1 January 2020	-	4,213,122	654,185	3,964,780	4,449,184	21,826,272	8,962,067	-	44,069,610
Depreciation for the year (see note 16)	-	504,952	867,971	151,360	608,977	3,385,161	276,185	-	5,794,606
Eliminated on Disposal	-	(214,389)	(6,379)	116,725	(729,434)	(172,623)	(293,234)	-	(1,299,334)
Effect of movements in exchange rates	-	-	7,878	5,506	-	5,542	242	-	19,168
Balance at 31 December	-	4,503,685	1,523,655	4,238,371	4,328,727	25,044,352	8,945,260	-	48,584,050

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

GROUP

2019

In thousands of Naira	Leasehold land	Buildings	Right-of-use Assets - Buildings	Leasehold improvement	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost									
Balance at 1 January 2019	3,831,551	23,314,536	-	4,540,954	5,486,309	27,010,406	9,220,866	3,197,574	76,602,196
Recognition of right-of-use assets on initial application of IFRS 16	-	-	4,304,255	-	-	-	-	-	4,304,255
Adjusted balance at 1 January 2019	3,831,551	23,314,536	4,304,255	4,540,954	5,486,309	27,010,406	9,220,866	3,197,574	80,906,451
Additions during the year	-	568,254	700,282	322,289	611,460	4,180,074	310,649	886,652	7,579,660
Reclassifications	-	-	-	1,589,675	-	532,968	14,674	(2,137,317)	-
Transfer from intangible assets (see note 30)	-	-	-	-	-	-	62,378	-	62,378
Disposal during the year	(5,418)	(247,273)	-	(43,140)	(414,061)	(47,229)	(4,785)	-	(761,906)
Items written-off	-	-	-	-	-	-	-	(24,130)	(24,130)
Effect of movements in exchange rates	-	-	-	2,638	-	1,621	57	-	4,316
Balance at 31 December	3,826,133	23,635,517	5,004,537	6,412,416	5,683,708	31,677,840	9,603,839	1,922,779	87,766,769
Accumulated depreciation									
Balance at 1 January 2019	-	3,754,994	-	3,922,386	4,177,429	18,741,256	8,724,377	-	39,320,442
Depreciation for the year (see note 16)	-	497,066	652,900	146,712	639,986	3,121,870	230,673	-	5,289,207
Eliminated on Disposal	-	(38,938)	-	(105,235)	(368,231)	(38,004)	6,983	-	(543,425)
Effect of movements in exchange rates	-	-	1,285	917	-	1,150	34	-	3,386
Balance at 31 December	-	4,213,122	654,185	3,964,780	4,449,184	21,826,272	8,962,067	-	44,069,610
Carrying amounts:									
Balance at 31 December 2020	4,684,743	20,315,643	3,894,471	1,876,185	978,572	11,779,382	659,953	2,013,515	46,202,464
Balance at 31 December 2019	3,826,133	19,422,395	4,350,352	2,447,636	1,234,524	9,851,568	641,772	1,922,779	43,697,159

(i) During the year, the Group reviewed the estimated useful life of its leasehold land as unlimited on the basis that it is reasonably certain that the lessors (state governments), will renew the lease upon expiration and that the substance of the lease is that the Group has ownership of the land, not a right to use the land for a predefined period. Consequently, the Group has discontinued depreciation of the leasehold land.

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2019: nil).

(ii) There were no restrictions on title of any property and equipment.

(iii) There were no property and equipment pledged as security for liabilities.

(iv) There were no contractual commitments for the acquisition of property and equipment.

(v) There were no impairment losses on any class of property and equipment during the year (31 December 2019: nil).

(vi) Property, plant and equipment includes right-of-use assets of ₦3.64 billion for 31 December 2020 (2019: ₦4.2 1billion) related to leased properties that do not meet the definition of investment property

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

COMPANY
2020

In thousands of Naira	Leasehold land	Buildings	Right-of-use Assets - Buildings	Leasehold improvement	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost									
Balance at 1 January 2020	-	-	-	5,181	101,393	18,489	7,604	-	132,667
Additions during the period	-	-	-	-	10,500	692	2,201	-	13,393
Disposal during the period	-	-	-	-	(20,000)	-	(787)	-	(20,787)
Balance at 31 December	-	-	-	5,181	91,893	19,181	9,018	-	125,273
Accumulated depreciation									
Balance at 1 January 2020	-	-	-	3,231	22,998	11,915	3,264	-	41,408
Depreciation for the year (see note 16)	-	-	-	518	21,615	2,297	1,754	-	26,184
Eliminated on Disposal	-	-	-	-	(20,000)	-	(632)	-	(20,632)
Balance at 31 December	-	-	-	3,749	24,613	14,212	4,386	-	46,960

COMPANY
2019

In thousands of Naira	Leasehold land	Buildings	Right-of-use Assets - Buildings	Leasehold improvement	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost									
Adjusted balance at 1 January 2019	-	-	-	5,181	58,448	14,549	4,552	-	82,730
Additions during the year	-	-	-	-	81,393	3,940	3,523	-	88,856
Disposal during the year	-	-	-	-	(38,448)	-	(471)	-	(38,919)
Balance at 31 December	-	-	-	5,181	101,393	18,489	7,604	-	132,667
Accumulated depreciation									
Balance at 1 January 2019	-	-	-	2,713	49,063	10,204	2,904	-	64,884
Depreciation for the year (see note 16)	-	-	-	518	9,758	1,710	831	-	12,817
Eliminated on Disposal	-	-	-	-	(35,823)	1	(471)	-	(36,293)
Balance at 31 December	-	-	-	3,231	22,998	11,915	3,264	-	41,408
Carrying amounts:									
Balance at 31 December 2020	-	-	-	1,432	67,280	4,969	4,632	-	78,313
Balance at 31 December 2019	-	-	-	1,950	78,395	6,574	4,340	-	91,259

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (31 December 2019: nil).

(ii) There were no restrictions on title of any property and equipment.

(iii) There were no property and equipment pledged as security for liabilities.

(iv) There were no contractual commitments for the acquisition of property and equipment.

(v) There were no impairment losses on any class of property and equipment during the period (31 December 2019: nil).

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

30 Intangible assets

In thousands of Naira	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
(a) Software				
Cost				
Balance at 1 January	**11,683,006**	9,950,451	**3,851**	3,851
Additions during the year	**1,492,340**	1,496,803	**-**	-
Work-in-progress - additions during the year	**864,342**	375,587	**-**	-
Capitalised during the year	**(20,435)**	-	**-**	-
Items written-off during the year	**-**	(83,982)	**-**	-
Transfer to property and equipment	**-**	(62,378)	**-**	-
Effect of movement in exchange rates	**36,459**	6,525	**-**	-
Balance at 31 December	**14,055,712**	11,683,006	**3,851**	3,851
Accumulated amortisation				
Balance at 1 January	**7,397,478**	5,968,646	**3,851**	3,851
Amortisation for the year (see note 16)	**1,779,564**	1,423,702	**-**	-
Effect of movement in exchange rates	**(104,013)**	5,130	**-**	-
Balance at 31 December	**9,073,029**	7,397,478	**3,851**	3,851
Carrying amount	**4,982,683**	4,285,528	**-**	-

In thousands of Naira	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
(b) Goodwill				
Balance at 1 January	**11,338,977**	11,338,977	**-**	-
Impairment charge	**-**	-	**-**	-
Balance at 31 December	**11,338,977**	11,338,977	**-**	-
	16,321,660	15,624,505	**-**	-
Current	**-**	-	**-**	-
Non-current	**16,321,660**	15,624,505	**-**	-
	16,321,660	15,624,505	**-**	-

(c) There were no capitalised borrowing costs related to any acquisition during the year (31 December 2019: nil).

(d) There was no impairment loss on the Group's software during the period (31 December 2019: nil).

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

(e) Goodwill is reviewed annually or more frequently for impairment when there are objective indicators that impairment may have occurred by comparing the carrying value to its recoverable amount. The recoverable amount has been calculated based on the value in use of the Cash Generating Units (CGUs), determined by discounting the future cashflows expected to be generated from the continuing use of the CGUs assets and the ultimate disposals. No impairment losses were recognised during the year (31 December 2019: nil) because the recoverable amounts of these CGUs were determined to be higher than the carrying amount by ₦1,136 billion.

The key assumptions used in the calculation of value in use were as follows. The values assigned to the key assumptions represent management's assessment of future trends in the relevant sectors of the bank and have been based on historical data from both external and internal sources.

	FCMB Pensions Limited		CSL Stockbrokers Limited		FCMB Limited	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Discount rate (see below)	26.50%	26.50%	26.50%	26.50%	10.00%	10.00%
Terminal value growth rate	5.00%	5.00%	3.00%	3.00%	3.90%	3.90%
Forecast profit before taxes (average of 3-5 years)	₦2.103 billion	₦2.001 billion	₦1.213 billion	₦1.112 billion	₦27.84 billion	₦31.15 billion

(f) For FCMB Pensions Limited and CSL Stockbrokers Limited, the discount rate was a post-tax measure derived using the capital asset pricing model (CAPM) approach and that reflects the inherent risks of the specific CGU. The discount rate for FCMB Limited was a pre-tax measure based on the rate of the Bank's year 2024 Naira bond issued in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Three years of cash flows were included in the discounted cash flow model. The terminal growth rate was derived from the average GDP growth rate of Nigeria from 1982 until 2020.

Forecast profit before taxes was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past four years and the estimated growth for the next three years.

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of either CGU to decline below the carrying amount.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

31 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

GROUP	Assets	Liabilities	Net	Assets	Liabilities	Net
		2020			2019	
Property and equipment	**1,075,387**	**(316,090)**	**759,296**	1,203,659	(474,125)	729,534
Allowances for loan losses	**2,470,369**	**-**	**2,470,369**	2,342,096	128,273	2,470,369
Tax loss carried forward	**4,399,083**	**-**	**4,399,083**	4,399,083	-	4,399,083
Net tax assets/(liabilities)	**7,944,839**	**(316,090)**	**7,628,749**	7,944,838	(345,852)	7,598,986

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Deferred tax assets				
Current	**-**	-	**-**	-
Non-current	**7,944,839**	7,944,838	**-**	-
	7,944,839	7,944,838	**-**	-

(b) Movements in temporary differences during the year ended 31 December 2020.

	GROUP			
	Balance at 1 January 2020	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2020
Property and equipment	**729,534**	**345,853**	**-**	**1,075,387**
Allowances for loan losses	**2,470,369**	**-**	**-**	**2,470,369**
Tax loss carried forward	**4,399,083**	**-**	**-**	**4,399,083**
	7,598,986	**345,853**	**-**	**7,944,839**

Movements in temporary differences during the year ended 31 December 2019

	GROUP			
	Balance at 1 January 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2019
Property and equipment	811,317	(81,783)	-	729,534
Allowances for loan losses	2,426,735	43,634	-	2,470,369
Tax loss carried forward	4,399,083	-	-	4,399,083
	7,637,135	(38,149)	-	7,598,986

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

(c) Unrecognised deferred tax assets

The amount of deductible temporary differences for which no deferred tax asset is recognised in the Company and Group is detailed below:

	GROUP			
	2020		2019	
In thousands of Naira	Gross amount	Tax Impact	Gross amount	Tax Impact
Tax losses	**85,467,694**	**25,640,308**	62,150,296	18,645,089
Allowance for loan losses and other losses	**11,441,723**	**3,661,351**	14,600,423	4,669,118
Property and equipment (unutilised capital allowance)	**31,216,922**	**9,365,077**	26,549,073	7,964,721
Other deductible temporary differences	**16,763,484**	**5,364,315**	8,318,622	2,495,587
	144,889,823	**44,031,051**	111,618,414	33,774,515

	COMPANY			
	2020		2019	
In thousands of Naira	Gross amount	Tax Impact	Gross amount	Tax Impact
Tax losses	**568,765**	**170,630**	2,500,330	750,099
Allowance for loan losses and other losses	**93,542**	**28,063**	150,850	45,255
Property and equipment (unutilised capital allowance)	**54,152**	**16,246**	125,971	37,791
	716,459	**214,938**	2,777,151	833,145

Deferred tax assets have not been recognised in respect of these items because it is not presently probable that future taxable profits will be available against which the Group can use the benefits therefrom.

(d) The tax losses for which no deferred tax asset was recognised, will never expire.

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

32 Other assets

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
(a) Other financial assets:				
E-settlement receivables	**18,795,196**	21,003,827	**-**	-
Agric SMEIS receivables	**2,012,212**	1,358,662	**-**	-
Related parties receivables (see note (d) below)	**-**	-	**2,044,194**	2,981,779
Insurance claims and fraud receivables (See note (e) below)	**3,067,092**	2,975,844	**-**	-
Judgement debt receivables (See note (f) below)	**3,922,514**	2,920,862	**-**	-
Accounts receivable- Clientele (See note (g) below)	**-**	9,445,730	**-**	-
Accounts receivable- Recovery and bonds	**-**	423,975	**-**	-
Accounts receivable- TSA refunds	**433,101**	433,101	**-**	-
Accounts receivables	**8,497,203**	7,693,358	**98,047**	5,987
	36,727,318	46,255,359	**2,142,241**	2,987,766
Less impairment allowances (note (c) below)	**(16,479,783)**	(19,431,775)	**(92,187)**	(92,187)
	20,247,535	26,823,584	**2,050,054**	2,895,579
(b) Other non-financial assets:				
Prepayments	**4,417,805**	4,277,852	**34,451**	13,054
Consumables	**593,516**	452,912	**-**	-
	5,011,321	4,730,764	**34,451**	13,054
	25,258,856	31,554,348	**2,084,505**	2,908,633
Current	**20,526,673**	30,117,928	**1,957,867**	2,908,633
Non-current	**4,732,183**	1,436,420	**126,638**	-
	25,258,856	31,554,348	**2,084,505**	2,908,633
(c) Movement in impairment on other financial assets				
Balance at 1 January	**19,431,775**	15,404,549	**92,187**	69,953
Net remeasurement of loss allowances (see note 10)	**7,667,282**	4,244,108	**-**	22,235
Write-offs	**(10,814,025)**	(218,251)	**-**	-
Translation difference	**194,751**	1,369	**-**	-
Balance at 31 December	**16,479,783**	19,431,775	**92,187**	92,187

(d) The amount represents receivables from related parties as a result of intercompany transactions, see note 45(f) for the analysis by the related parties.

(e) The amount represents refunds to customers pending the investigation report and recoveries from insurance. This amount has been fully provisioned.

(f) The amount includes Judgement debt receivables in respect of suit against the Banking subsidiary in United Kingdom as ordered by the court of which the sum of £3.34 million (₦1.82 billion) has been transferred to Zumax with recourse.The Banking subsidiary won the case as judgement was awarded in its favour and ordered Zumax to repay the Banking subsidiary the sum of £3.29 million released from the Court Funds Office pursuant to and on terms of the undertakings in the 13 November 2018 Order This amount has been fully provisioned pending recovery.

(g) This represents amount receivables from clientele subscription under investment linked notes, which has been concluded and cleared during the ended 31 December 2020.

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

33 Deposits from banks

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Deposits from banks	**119,365,158**	90,060,925	**-**	-
	119,365,158	90,060,925	**-**	-
Current	**119,365,158**	90,060,925	**-**	-
Non-current	**-**	-	**-**	-
	119,365,158	90,060,925	**-**	-
Deposits from banks comprise:				
Zenith Bank Plc, Nigeria (See note (a))	**-**	18,295,783	**-**	-
Titan Trust Bank Limited, Nigeria (See note (b))	**-**	1,460,422	**-**	-
FSDH Merchant Bank Limited, Nigeria (See note (c))	**-**	1,828,109	**-**	-
Wema Bank Plc, Nigeria (See note (d))	**20,197,786**	-	**-**	-
Titan Trust Bank Limited, Nigeria (See note (e) below)	**5,617,075**	-	**-**	-
Standard Bank, London (See note (f) below)	**28,431,270**	-	**-**	-
Keystone Bank Limited, Nigeria (See note (g) below)	**6,023,382**	-	**-**	-
FSDH Merchant Bank Limited, Nigeria (See note (h) below)	**2,003,150**	-	**-**	-
FBN Merchant Bank Limited, Nigeria (See note (i) below)	**4,012,196**	-	**-**	
Other foreign banks (See note (j))	**53,080,299**	68,476,611	**-**	-
	119,365,158	90,060,925	**-**	-

(a) The amount represents interbank takings from Zenith Bank Plc, Nigeria of ₦18.30 billion,(US$50.17 million) in December 2019 that matured on 24 January 2020 and has been repaid.

(b) The amount represents interbank takings from Titan Trust Bank Limited, Nigeria of ₦1.46 billion,(US$4.00 million) in December 2019 that matured on 8 January 2020 and has been repaid.

(c) The amount represents interbank takings from FSDH Merchant Limited, Nigeria of ₦1.83 billion,(US$5.01 million) in December 2019 that matured on 21 January 2020 and has been repaid.

(d) The amount of ₦20.20 billion,(US$50 million) (December 2019: Nil) represents overnight interbank takings from Wema Bank Limited, Nigeria maturing between 29 January 2021 and 19 February 2021.

e) The amount of ₦5.62 billion,(US$14.00 million) (December 2019: Nil) represents overnight interbank takings from Titan Trust Bank Limited, Nigeria maturing between 5 January 2021 and 22 January 2021.

(f) The amount of ₦28.43 billion,(US$70.86 million) (December 2019: Nil) represents overnight interbank takings from Standard Bank, London maturing between 7 January 2021 and 29 January 2021.

(g) The amount of ₦6.02 billion,(US$15.00 million) (December 2019: Nil) represents overnight interbank takings from Keystone Bank Limited, Nigeria maturing between 12 January 2021 and 14 January 2021.

(h) The amount of ₦2.00 billion,(US$5.00 million) (December 2019: Nil) represents overnight interbank takings from FSDH Merchant Bank Limited, Nigeria maturing on 28 January 2021.

(i) The amount of ₦4.01 billion,(US$10.00 million) (December 2019: Nil) represents overnight interbank takings from FBN Merchant Bank Limited, Nigeria maturing on 21 January 2021.

(j) The amount of ₦53.08 billion,(US$132.59 million) (December 2019: ₦68.48 billion, (US$187.76 million)) represents overnight interbank takings from other foreign banks by the FCMB UK limited.

(k) Deposits from banks only include financial instruments classified as liabilities at amortised cost.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

34 Deposits from customers

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Retail customers:				
Term deposits	**186,937,238**	205,954,369	**-**	-
Current deposits	**360,858,855**	294,443,969	**-**	-
Savings	**403,633,266**	244,530,608	**-**	-
	951,429,359	744,928,946	**-**	-
Corporate customers:				
Term deposits	**92,291,220**	78,924,058	**-**	-
Current deposits	**213,410,328**	119,232,577	**-**	-
	305,701,548	198,156,635	**-**	-
	1,257,130,907	943,085,581	**-**	-
Current	**1,204,826,502**	929,055,341	**-**	-
Non-current	**52,304,405**	14,030,240	**-**	-
	1,257,130,907	943,085,581	**-**	-

Corporate customers represents deposits from corporate bodies, government agencies while retail customers represents deposits from individuals, unregistered small and medium scale business ventures.

35 Borrowings

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Borrowings comprise:				
Netherlands Development Finance Company (FMO) (See note (b)(i) below)	**7,904**	1,015,102	**-**	-
Netherlands Development Finance Company (FMO) (See note (b)(ii) below)	**-**	1,015,102	**-**	-
European Investment Bank (EIB) (See note (b)(iii) below)	**6,525,414**	10,016,407	**-**	-
African Export-Import Bank (Afrexim) (See note (b)(iv) below)	**6,665,919**	14,214,640	**-**	-
Standard Bank, London (See note (b)(v))	**12,012,352**	11,262,603	**-**	-
African Export-Import Bank (Afrexim) (See note (b)(vi))	**10,049,937**	9,341,381	**-**	-
African Export-Import Bank (Afrexim) (See note (b)(vii))	**10,123,922**	9,193,281	**-**	-
BMCE Bank International Plc (See note (b)(viii) below)	**-**	731,242	**-**	-
Commercial Bank, Dubai/Monafri International Trading Company (See note (b)(ix))	**-**	3,635,463	**-**	-
Standard Chartered Bank/Monafri International Trading Company (See note (b)(x))	**-**	5,453,153	**-**	-

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for the year ended 31 December 2020 (continued)

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Standard Bank/Louis Dreyfuss (See note (b)(xi))	**-**	2,055,080	**-**	-
Standard Bank/Louis Dreyfuss (See note (b)(xii))	**-**	2,312,008	**-**	-
Standard Chartered Bank/Bunge SA (See note (b)(xiii))	**-**	2,873,054	**-**	-
Standard Chartered Bank/Bunge SA (See note (b)(xiv))	**-**	3,638,376	**-**	-
British Arab Commercial Bank (BACB) UK/Cargill (See note (b)(xv))	**-**	1,790,293	**-**	-
Standard Bank/Monafri International Trading Company (See note (b)(xvi))	**-**	1,789,318	**-**	-
British Arab Commercial Bank (BACB) UK/Glencore Agriculture BV (See note (b)(xvii))	**-**	1,790,663	**-**	-
Standard Chartered Bank/Louis Dreyfuss (See note (b)(xviii))	**-**	2,465,188	**-**	-
British Arab Commercial Bank (BACB) UK/Glencore Agriculture BV (See note (b)(xix))	**-**	1,779,744	**-**	-
BMCE Bank International Plc/Louis Dreyfuss (See note (b) (xx))	**-**	1,395,720	**-**	-
Citibank/Monafri International Trading Company (See note (b)(xxi))	**-**	3,627,305	**-**	-
Commerze/Monafri International Trading Company (See note (b)(xxii))	**-**	3,622,888	**-**	-
Standard Chartered Bank/Monafri International Trading Company (See note (b)(xxiii))	**-**	3,617,896	**-**	-
KGI Bank/Cargill (See note (b)(xxiv))	**-**	1,052,806	**-**	-
Zenith Bank UK/Bunge S.A (See note (b)(xxv))	**-**	7,213,096	**-**	-
Commercial Bank, Dubai/Monafri International Trading Company (See note (b)(xxvi))	**-**	1,258,776	**-**	-
British Arab Commercial Bank (BACB) UK/Louis Dreyfuss (See note (b)(xxvii))	**-**	1,792,725	**-**	-
Standard Bank/Louis Dreyfuss (See note (b)(xxviii))	**-**	4,318,180	**-**	-
International Finance Corporation (IFC) (See note (b)(xxix) below)	**20,299,847**	-	**-**	-
International Finance Corporation (IFC) (See note (b)(xxx) below)	**8,082,124**	-	**-**	-
International Finance Corporation (IFC) (See note (b)(xxxi) below)	**4,004,140**	-	**-**	-
African Export-Import Bank (Afrexim) (See note (b)(xxxii) below)	**28,647,386**	-	**-**	-
African Export-Import Bank (Afrexim)/Cargill (See note (b)(xxxiii) below)	**9,960,458**	-	**-**	-
Standard Chartered Bank/Monafri International Trading Company (See note (b)(xxxiv) below)	**6,064,236**	-	**-**	-
Standard Bank/Bunge SA (See note (b)(xxxv below)	**2,011,824**	-	**-**	-

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Standard Chartered Bank/Sky British (See note (b)(xxxvi) below)	**408,506**	-	**-**	-
Standard Chartered Bank/Sky British (See note (b)(xxxvii) below)	**1,667,512**	-	**-**	-
Standard Chartered Bank/Sky British (See note (b)(xxxviii) below)	**1,373,551**	-	**-**	-
Standard Chartered Bank/Sky British (See note (b)(xxxix) below)	**1,075,497**	-	**-**	-
Standard Chartered Bank/Sky British (See note (b)(xl) below)	**1,495,600**	-	**-**	-
British Arab Commercial Bank (BACB) UK/Louis Dreyfuss (See note (b)(xli) below)	**1,972,362**	-	**-**	-
BMCE Bank International Plc/Louis Dreyfuss (See note (b)(xlii) below)	**1,951,388**	-	**-**	-
KGI Bank/Cargill (See note (b)(xliii)	**1,901,203**	-	**-**	-
Standard Chartered Bank/Monafri International Trading Company (See note (b)(xliv) below)	**1,965,735**	-	**-**	-
BMCE Bank International Plc/Bunge (See note (b)(xlv) below)	**1,898,376**	-	**-**	-
ABSA Bank/Monafri International Trading Company (See note (b)(xlvi) below)	**4,659,748**	-	**-**	-
FCMB Asset Management (See note (b)(xxxx) below)	**14,893,096**	18,105,201	**-**	-
Micheal Ojo (See note (b)(xxxxi) below)	**-**	967,394	**-**	-
	159,718,037	133,344,085	**-**	-
Current	**153,137,112**	51,206,077	**-**	-
Non-current	**6,580,925**	82,138,008	**-**	-
	159,718,037	133,344,085	**-**	-

(b)

i) This represents a facility that has been repaid as at 30 June 2020 (31 December 2019: ₦1,015,102,000 (USD 25,000,000) granted by Netherlands Development Finance Company (FMO).

ii) This represents a facility that has been repaid as at 30 June 2020 (31 December 2019: ₦1,015,102,000 (USD 25,000,000) granted by Netherlands Development Finance Company (FMO).

iii) The amount of ₦8,499,863,334.94 (31 December 2019: ₦10,016,406,978 (USD 27,464,784.69) represents an unsecured facility granted byEuropean Investment Bank (EIB) repayable after a tenor of 8 years maturing 22 September 2022 with an interest rate of 1 months LIBOR + 4.00%.

iv) The amount of ₦8,558,839,719.26 (31 December 2019: ₦14,214,640,005.27 (USD 38,976,254.47) represents an unsecured facility granted by African Export-Import Bank (Afrexim) repayable after a tenor of 5 years maturing 14 September 2021 with an interest rate of 3 months LIBOR + 6.20%.

v) The amount of ₦11,584,636,670.88 (31 December 2019: ₦11,262,603,247.36 (USD 30,881,829.58) represents an unsecured facility granted by Standard Bank, London repayable after a tenor of 5 years maturing 21 October 2020 with an interest rate of 3.68%.

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

vi) The amount of ₦9,642,627,534.12 (31 December 2019: ₦9,341,381,022.31 (USD 25,613,877.22) represents an unsecured facility granted by African Export-Import Bank (Afrexim) repayable after a tenor of 2 years maturing 29 July 2021 with an interest rate of 6 months LIBOR + 3.5%.

vii) The amount of ₦9,782,298,875.17 (31 December 2019: ₦9,193,280,886.95 (USD 25,207,789.65) represents an unsecured facility granted by African Export-Import Bank (Afrexim) repayable after a tenor of 2 years maturing 04 November 2021 with an interest rate of 6 months LIBOR + 3.5%.

viii) This represents a facility that has been repaid as at 12 Mar 2020 (31 December 2019: ₦731,241,565.60 (USD 2,005,049.54) granted by BMCE Bank International Plc.

ix) This represents a facility that has been repaid as at 20 January 2020 (31 December 2019: ₦3,635,462,880.35 (USD 9,968,365.45) granted by Commercial Bank, Dubai

x) This represents a facility that has been repaid as at 20 January 2020 (31 December 2019: ₦5,453,152,667.27 (USD 14,952,434.88) granted by Standard Chartered Bank.

xi) This represents a facility that has been repaid as at 13 January 2020 (31 December 2019: ₦2,312,007,765.35 (USD 6,339,479.02) granted by Standard Bank.

xii) This represents a facility that has been repaid as at 13 January 2020 (31 December 2019: ₦2,055,080,342,99 (USD 5,634,987.66) granted by Standard Bank.

xiii) This represents a facility that has been repaid as at 03 April 2020 (31 December 2019: ₦2,873,054,460.52 (USD 7,877,855.77) granted by Standard Chartered Bank.

xiv) This represents a facility that has been repaid as at 13 January 2020 (31 December 2019: ₦3,638,375,578.16 (USD 9,976,353.17) granted by Standard Chartered Bank.

xv) This represents a facility that has been repaid as at 27 April 2020 (31 December 2019: ₦1,790,292,957.93(USD 4,908,947.08) granted by British Arab Commercial Bank (BACB) UK.

xvi) This represents a facility that has been repaid as at 04 May 2020 (31 December 2019: ₦1,789,318,215.58 (USD 4,906,273.65) granted by Standard Bank.

xvii) This represents a facility that has been repaid as at 05 May 2020 (31 December 2019: ₦1,790,663,283.83(USD 4,909,961.63) granted by British Arab Commercial Bank (BACB) UK.

xviii) This represents a facility that has been repaid as at 25 August 2020 (31 December 2019: ₦2,465,187,745.47 (USD 6,759,495.48) granted by Standard Chartered Bank.

xix) This represents a facility that has been repaid as at 17 June 2020 (31 December 2019: ₦1,779,744,498.91 (USD 4,880,021.94) granted by British Arab Commercial Bank (BACB) UK.

xx) This represents a facility that has been repaid as at 07 September 2020 (31 December 2019: ₦1,395,719,886.75 (USD 3,827,035.92) granted by BMCE Bank International Plc.

xxi) This represents a facility that has been repaid as at 04 February 2020 (31 December 2019: ₦3,627,304,609.48 (USD 9,945,996.71) granted by Citibank.

xxii) This represents a facility that has been repaid as at 12 February 2020 (31 December 2019: ₦3,622,888,287.44 (USD 9,933,885.39) granted by Commerze Bank, Dubai.

xxiii) This represents a facility that has been repaid as at 21 February 2020 (31 December 2019: ₦3,617,896,432.66 (USD 9,920,197.42) granted by Standard Chartered Bank.

xxiv) This represents a facility that has been repaid as at 28 August 2020 (31 December 2019: ₦1,052,805,559.10 (USD 2,886,772.69) granted by KGI Bank.

xxv) This represents a facility that has been repaid as at 11 March 2020 (31 December 2019: ₦7,213,095,876.98 (USD 19,778,162.87) granted by Zenith Bank, UK.

xxvi) This represents a facility that has been repaid as at 30 March 2020 (31 December 2019: ₦1,258,776,145.53 (USD 3,451,538.25) granted by Commercial Bank, Dubai.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

xxvii) This represents a facility that has been repaid as at 27 April 2020 (31 December 2019: ₦1,792,724,584.91 (USD 4,915,615.57) granted by British Arab Commercial Bank (BACB) UK.

xxviii) This represents a facility that has been repaid as at 27 March 2020 (31 December 2019: ₦4,318,180,207.65 (USD 11,840,361.94) granted by Standard Bank.

xxix) The amount of ₦19,328,581.989,72 (31 December 2019: Nil) $50,000,000 represents an unsecured facility granted by International Finance Corporation (IFC) repayable after a tenor of 1 year maturing 04 August 2021 with an interest rate of 6 months LIBOR + 4.50%.

xxx) The amount of ₦7,787,941,688.57 (31 December 2019: Nil) $20,000,000 represents an unsecured facility granted by CAIXA Bank/International Finance Corporation (IFC) repayable after a tenor of 3 months maturing 05 October 2020 with an interest rate of 3.90%.

xxxi) The amount of ₦9,688,397,500.66 (31 December 2019: Nil) $25,000,000 represents an unsecured facility granted by Citibank/International Finance Corporation (IFC) repayable after a tenor of 2 months maturing 19 October 2020 with an interest rate of 3.95%.

xxxii) The amount of ₦3,871,792,034.64 (31 December 2019: Nil) $10,000,000 represents an unsecured facility granted by Commerze Bank/International Finance Corporation (IFC) repayable after a tenor of 2 months maturing 26 October 2020 with an interest rate of 3.79%.

xxxiii) The amount of ₦27,588,259,280 (31 December 2019: Nil) $71,000,000 represents an unsecured facility granted by African Export-Import Bank (Afrexim) repayable after a tenor of 1 year maturing 02 April 2021 with an interest rate of 3 months LIBOR + 3.20%.

xxxiv) The amount of ₦9,462,086,818.23 (31 December 2019: Nil) represents a facility granted by African Export-Import Bank (Afrexim) maturing 01 February 2021.

xxxv) The amount of ₦3,830,605,753.87 (31 December 2019: Nil) represents a facility granted by Standard Chartered Bank maturing 20 November 2020.

xxxvi) The amount of ₦1,914,323,294.69 (31 December 2019: Nil) represents a facility granted by British Arab Commercial Bank (BACB) UK maturing 04 December 2020.

xxxvii) The amount of ₦2,708,501,850.78 (31 December 2019: Nil) represents a facility granted by Standard Chartered Bank maturing 23 December 2020.

xxxviii) The amount of ₦5,802,970,554.01 (31 December 2019: Nil) represents a facility granted by Standard Chartered Bank maturing 22 February 2021.

xxxix) The amount of ₦1,905,881,812.00 (31 December 2019: Nil) represents a facility granted by Standard Chartered Bank maturing 22 March 2021.

xl) The amount of ₦388,231,668.91 (31 December 2019: Nil) represents a facility granted by Standard Chartered Bank maturing 10 March 2021.

xli) The amount of ₦1,584,751,835.15 (31 December 2019: Nil) represents a facility granted by Standard Chartered Bank maturing 10 March 2021.

xlii) The amount of ₦1,305,384,819.13 (31 December 2019: Nil) represents a facility granted by Standard Chatered Bank maturing 05 March 2021.

xliii) The amount of ₦1,022,122,393.44 (31 December 2019: Nil) represents a facility granted by Standard Chartered Bank maturing 05 March 2021.

xliv) The amount of ₦1,421,372,280.88 (31 December 2019: Nil) represents a facility granted by Standard Chartered Bank maturing 10 March 2021.

xlv) The amount of ₦1,867,235,691.20 (31 December 2019: Nil) represents a facility granted by British Arab Commercial Bank (BACB) UK maturing 19 March 2021.

xlvi) The amount of ₦7,648,664,067.84 (31 December 2019: Nil) represents a facility granted by Standard Bank maturing 16 November 2020.

xlvii) The amount of ₦1,847,384,465.31 (31 December 2019: Nil) represents a facility granted by BMCE Bank International Plc maturing 22 March 2021.

The Group has not defaulted in the payment of principal or interest neither has the Group been in breach of any covenant relating to the liabilities during the period (31 December 2019: nil).

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for the year ended 31 December 2020 (continued)

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
(c) Movement in borrowings account during the year was as follows:				
Balance at 1 January	**133,344,085**	108,731,522	**-**	-
Additions during the year	**114,189,234**	152,422,400	**-**	-
Repayments during the year	**(99,012,958)**	(129,381,414)	**-**	-
Effects of movement in exchange rates	**11,197,676**	1,571,577	**-**	-
Balance at 31 December	**159,718,037**	133,344,085	**-**	-

36 On-lending facilities

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Bank of industry (BOI) (see note (a) below)				
Commercial Agriculture Credit Scheme (CACS) (see note (b) below)	**2,000,851**	3,406,886	**-**	-
Real Sector Support Facility (RSSF) (see note (c) below)	**6,230,748**	9,419,449	**-**	-
Power & Aviation Intervention Fund (see note (d) below)	**11,702,747**	27,206,949	**-**	-
Micro, Small and Medium Enterprises Development	**18,026,312**	18,961,490	**-**	-
Fund (MSMEDF) (see note (e) below)	**3,649,219**	61,975	**-**	-
Development Bank of Nigeria (DBN) (see note (f) below)	**18,756,963**	11,855,454	**-**	-
	60,366,840	70,912,203	**-**	-
Current	**17,331,769**	7,373,150	**-**	-
Non-current	**43,035,071**	63,539,053	**-**	-
	60,366,840	70,912,203	**-**	-

(a) Bank of Industry (BOI) Intervention

The Bank of Industry (BOI) - SME/Manufacturing Intervention Fund represents an intervention credit granted to the Bank for the purpose of refinancing/restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and Manufacturing Companies. The facility is secured by Nigerian Government Securities. The value of Government securities pledged as collateral is ₦10.10 billion for 30 September 2020 (31 December 2019: ₦10.10 billion), (see note 27 (c)). The maximum tenor for term loans under the programme is 15 years while the tenor for working capital is one year, renewable annually subject to a maximum tenor of five years. A management fee of 1% per annum is deductible at source in the first year, and quarterly in arrears thereafter, is paid by the Bank under the intervention programme and the Bank is under obligation to on-lend to customers at an all-In interest rate of 7% per annum. The Bank is the primary obligor to BOI and assumes the credit risk.

(b) Commercial Agriculture Credit Scheme (CACS)

The fund received under the Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme represents a credit line granted to the Bank for the purpose of providing concessionary funding to the agricultural sector. The facility has a tenor of 16 years with effect from 2009 and will expire in September 2025. The facility attracts an interest rate of 2% per annum and the Bank is under obligation to on-lend to the Bank's qualified customers at an all-in interest rate of not more than 9% per annum. Based on the structure of the facility, the Bank assumes the credit risk of all amounts lent to the Bank's customers. This facility is not secured.

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for the year ended 31 December 2020 (continued)

(c) **Real Sector Support Facility (RSSF)**

The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, productivity and job creation has established a ₦300 billion Real Sector Support Facility (RSSF). The facility is disbursed to large enterprises and startups with financing needs of ₦500 million up to a maximum of ₦10.0 billion. The activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The funds are received from the CBN at 3%, and disbursed at 9% to the beneficiary. The facility is secured by Nigerian Government Securities. The value of Government securities pledged as collateral is ₦20.32 billion for 31 December 2020 (31 December 2019: ₦20.32 billion). In response to the COVID-19 pandemic, the Central Bank of Nigeria granted concessions to cushion the impact of the pandemic by downward reduction in the rate from 9% to 5% effective on 1 March 2020 to elapse on 28 February 2021 and subsequently reverse to status quo. Also, granted a further moratorium of one year on all principal repayments.

(d) **Power and Aviation Intervention Fund**

The purpose of granting new loans and refinancing/restructuring existing loans to companies in the power and aviation industries is to support Federal Government's focus on the sectors. The facility is secured by Irrevocable Standing Payment Order (ISPO). The maximum tenor for term loans under the programme is 15 years while the tenor for working capital is one year, with option to renew the facility annually subject to a maximum tenor of five years. The facility attracts an interest rate of 1% per annum payable quarterly in arrears and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. This facility is not secured.

(e) **Micro, Small and Medium Enterprises Development Fund (MSMEDF)**

The Micro Small & Medium Scale Enterprises Development Fund (MSMEDF) is an intervention fund received from Central Bank of Nigeria, established to support the channeling of low interest funds to the Micro Small & Medium Scale Enterprises sub-sector of the Nigerian economy. The facility attracts an interest rate of 2% per annum and the Bank is obligated to on-lend to SMEs at 9% per annum. The maximum tenor is 5 years while the tenor for working capital is 1 year. This facility is not secured.

(f) **Development Bank of Nigeria (DBN)**

The Development Bank of Nigeria (DBN) is a ₦24 billion line of credit granted to the Bank for the purpose of providing on lending concessionary loans to MSMEs, including agricultural sector, manufacturing sector and gender loans. The facility has a maximum tenor of 10 years for term loans and a maximum tenor of 3 years for working capital requirements. The facility attracts an interest rate of between 9.76% - 11.76% per annum for loan tenors up to 3 year and above and the Bank is under obligation to on-lend to customers at an all-in interest spread of 6% per annum. This facility is secured by government securities valued ₦8.10 billion (2019: ₦8.10 billion).

(g) The onlending facilities granted at below the market rate were measured at fair value on initial recognition and subsequently at amortised cost. The fair value gain on initial recognition was recognised in the profit or loss.

h Movement in on-lending facilities during the year was as follows:

In thousands of Naira	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Balance at 1 January	**70,912,203**	57,889,225	**-**	-
Additions during the year	**21,611,275**	32,190,635	**-**	-
Repayments during the year	**(32,156,638)**	(19,167,657)	**-**	-
Balance at 31 December	**60,366,840**	70,912,203	**-**	-

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

37 Debt securities issued

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Debt securities at amortised cost:				
Bond issued (see note (a) below)	**31,567,865**	54,851,643	**-**	-
Note issued (see note (b) below)	**18,675,395**	17,013,255	**-**	-
Note issued (see note (c) below)	**20,088,893**	-	**-**	-
Note issued (see note (d) below)	**29,998,062**	-	**-**	-
Note issued (see note (e) below)	**1,200,990**	-	**-**	-
	101,531,205	71,864,898	**-**	-

(a) The amount of ₦57.04 billion (31 December 2019: ₦54.85 billion) represents the amortised cost of unsecured corporate bonds issued at par in different tranches. The coupon is paid semi-annually. See the table below for the tranches and their terms:

Tranche	Face value (₦'000)	Carrying amount (₦'000) 31 Dec 2020	Carrying amount (₦'000) 31 Dec 2019	Coupon rate	Issued date	Maturity date
Tranche 1 - ₦26 billion, 7 years	26,000,000	**26,334,396**	26,252,994	14.25%	07-Nov-2014	22-Nov-2021
Tranche 2 - ₦23.185 billion, 5 years	-	**-**	23,610,142	15.00%	06-Nov-2015	06-Nov-2020
Tranche 3 - ₦5.104 billion, 7 years	5,104,000	**5,021,131**	4,988,507	17.25%	09-Dec-2016	08-Dec-2023
Total	31,104,000	**31,355,527**	54,851,643			

The Group has not had any defaults of principal or interest or other breaches with respect to its debt securities at at the year ended 31 December 2020.

b) The amount of ₦18.68 billion (31 December 2019: ₦17.01 billion) represents the amortised cost of $46.65 million, 5years and 6months 9.5% Fixed Rate Unsecured Note Due 2025 issued at par on 31 December 2019. The Principal amount is repayable on 30 June 2025 while the coupon is paid semi-annually.

(c) The amount of ₦20.09 billion (31 December 2019: Nil) represents the amortised cost of $50 million, 5years 8.53% Flunctuating Rate Unsecured Note Due 2030 issued on 3 September 2020. The Principal amount is repayable on 20 quarterly instalmental effective from 20 September 2025 to 20 June 2030 while the coupon is paid quarterly.

(d) The amount of ₦30.00 billion (31 December 2019: Nil) represents the amortised cost of ₦30.00 billion, 7year 6.1% Fixed Rate Unsecured Note Due 2030 issued on 30 November 2020. The Principal amount is repayable in November 2030 while the coupon is paid semi-annually.

(e) The amount of ₦1.2 billion, ($3 million) (31 December 2019: Nil) represents the amortised cost of ₦1.2 billion,($3 million), 10years 6.0% Fixed Rate Unsecured Note Due 2030 issued on 31 December 2020. The Principal amount is repayable in December 2030 while the coupon is paid semi-annually.

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	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
(f) Movement in Debt securities issued during the year was as follows:				
Balance at 1 January	**71,864,898**	54,651,172	**-**	-
Accrued coupon interest for the year	**1,339,088**	8,259,917	**-**	-
Additions during the year	**79,313,842**	17,013,255	**-**	-
Repayments during the year	**(51,210,896)**	-	**-**	-
Coupon interest paid during the year	**(1,723,297)**	(8,059,446)	**-**	-
Effects of movement in exchange rates	**1,947,570**	-	**-**	-
Balance at 31 December	**101,531,205**	71,864,898	**-**	-

38 Retirement benefit obligations

Defined contribution scheme

The Group and its employees make a joint contribution, 18% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators. During the year, the Group complied with the Pension Reform Act 2014 and contributed 10% while employees contributed 8%. The payment made to the pension fund administrators are up to date.

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Total contributions to the scheme for the year were as follows:				
Balance at 1 January	**132,542**	80,207	**-**	-
Charged to profit or loss for the year (see note 15)	**657,573**	650,220	**10,162**	9,731
Employee contribution for the year	**526,058**	520,176	**8,130**	7,785
Total amounts remitted for the year	**(990,616)**	(1,118,061)	**(18,292)**	(17,516)
Balance at 31 December	**325,557**	132,542	**-**	-
Current	**325,557**	132,542	**-**	-
Non-current	**-**	-	**-**	-
	325,557	132,542	**-**	-

39 Provision

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Legal claims (see note (d))	**4,170,311**	3,272,748	**-**	-
Financial guarantee contracts and loan commitments issued (see note (b))	**1,530,012**	1,422,660	**-**	-
Deferred income (see note (c))	**625,052**	902,769	**-**	-
	6,325,375	5,598,177	**-**	-
Current	**-**	-	**-**	-
Non-current	**6,325,375**	5,598,177	**-**	-
	6,325,375	5,598,177	**-**	-

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for the year ended 31 December 2020 (continued)

(a) Movement in provision during the year

	2020				2019			
	Legal claims	Financial guarantee contracts and loan commitments issued	Deferred income	Total	Legal claims	Financial guarantee contracts and loan commitments issued	Deferred income	Total
GROUP								
Balance at 1 January	3,272,748	1,422,660	902,769	5,598,177	9,308,227	1,205,367	766,208	11,279,802
Transfer to 12-month ECL	-	-	-	-	-	10,922	-	10,922
Net remeasurement loss allowance (see note 10)	-	105,587	-	105,587	-	206,371	-	206,371
Provisions made during the year (see note 18(a))	719,413	-	-	719,413	-	-	-	-
Provisions write-back during the year (see note 18(a))	-	-	-	-	(6,153,533)	-	-	(6,153,533)
Amount utilised during the year	-	-	-	-	(20,012)	-	-	(20,012)
Additional amount recognised during the year	-	-	641,057	641,057	-	-	136,561	136,561
Amount recognised and amortised during the year	-	-	(918,774)	(918,774)	-	-	-	-
Effects of movement in exchange rates	178,150	1,765	-	179,915	138,066	-	-	138,066
Balance at 31 December	4,170,311	1,530,012	625,052	6,325,375	3,272,748	1,422,660	902,769	5,598,177
COMPANY								
Balance at 1 January	-	-	-	-	303,630	-	-	303,630
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Net remeasurement loss allowance (see note 10)	-	-	-	-	-	-	-	-
Provisions made during the year (see note 18(a))	-	-	-	-	-	-	-	-
Provisions write-back during the year (see note 18(a))	-	-	-	-	(303,630)	-	-	(303,630)
Amount utilised during the year	-	-	-	-	-	-	-	-
Additional amount recognised during the year	-	-	-	-	-	-	-	-
Amount recognised and amortised during the year	-	-	-	-	-	-	-	-
Effects of movement in exchange rates	-	-	-	-	-	-	-	-
Balance at 31 December	-	-	-	-	-	-	-	-

(b) The amount represents the sum of ECL provision of ₦1.25 billion (31 December 2019: ₦1.17 billion) on financial guarantee contracts and ₦274.85 million (31 December 2019: ₦248.87 million on undrawn loan commitments respectively in respect of financial guarantee contracts and loan commitment issued.

(c) Included in deferred income are fees on financial guarantee contracts, which represents the amount initially recognised less cumulative amortisation.

(d) Legal claims: This represents provision reserved for pending probable legal cases that may crystallise.

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for the year ended 31 December 2020 (continued)

40 Other liabilities

In thousands of Naira	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
(a) Other financial liabilities:				
Customers' deposit for letters of credit	**22,133,779**	22,029,380	**-**	-
Bank cheques/drafts	**4,408,673**	4,052,947	**-**	-
Negotiated letters of credits	**9,439,250**	18,078,526	**-**	-
E-settlement payables	**4,911,404**	9,092,527	**-**	-
Withholding tax and value added tax payables	**834,107**	1,209,289	**3,801**	8,214
Collections account balances (see note (c))	**38,165,949**	18,513,398	**-**	-
Unclaimed items	**7,169,671**	6,356,903	**-**	-
Undisbursed intervention funds (see note (d))	**5,728,312**	7,238,773	**-**	-
AMCON Sinking fund accounts payable (see note (e))	**1,140,140**	1,204,656	**-**	-
Pension Protection Fund	**-**	231,655	**-**	-
Accounts payable - others	**8,604,612**	7,629,674	**919,011**	754,686
Accounts payable - unclaimed dividend	**1,214,752**	921,429	**1,214,752**	921,429
Proceeds from public offers	**-**	78,569	**-**	-
	103,750,649	96,637,726	**2,137,564**	1,684,329
(b) Other non-financial liabilities:				
Rent received in advance (see note (f))	**23,070**	36,664	**-**	-
Accrued expenses	**5,174,335**	3,664,974	**305,268**	311,644
Lease liability (see note (g))	**2,509,561**	2,766,237	**-**	-
	7,706,966	6,467,875	**305,268**	311,644
	111,457,615	103,105,601	**2,442,832**	1,995,973

(c) Collections are balances held in trust on behalf of customers for various transactions. These include collection for remittances, payments, etc.

(d) This relates to onlending facilities undisbursed as customers are yet to meet conditions precedent to drawdown.

(e) This relates to AMCON sinking fund contribution for prior years as advised by Central Bank of Nigeria, based on the recalculation in line with the AMCON Amendment Act 2015. This amount is payable over a period of five years commencing in year 2019.

(f) This relates to outstanding rent paid in advances from sublet.

(g) The Group does not face any significant risk with regards to the lease liability. Also the Banking subsidiary's exposure to liquidity risk as a result of leases are monitored by the Banking subsidiary's enterprise risk management unit.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

41 Share capital

In thousands of Naira	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
(a) Authorised				
30 billion ordinary shares of 50k each (31 December 2019: 30 billion)	**15,000,000**	15,000,000	**15,000,000**	15,000,000
(b) Issued and fully paid				
19.8 billion ordinary shares of 50k each (31 December 2019: 19.8 billion)	**9,901,355**	9,901,355	**9,901,355**	9,901,355

42 Share premium and reserves

In thousands of Naira	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
(i) Share Premium				
Balance at 1 January	**115,392,414**	115,392,414	**115,392,414**	115,392,414
Issue of new shares	**-**	-	**-**	-
Balance at 31 December	**115,392,414**	115,392,414	**115,392,414**	115,392,414
(ii) Retained Earnings				
Balance at 1 January	**34,187,857**	28,962,144	**6,642,876**	5,813,796
Profit for the year attributable to equity holders	**19,419,663**	17,259,992	**3,060,273**	3,601,460
Appropriations:				
Transfer to reserves	**(3,118,855)**	(9,261,899)	**-**	-
Dividend paid	**(2,772,380)**	(2,772,380)	**(2,772,380)**	(2,772,380)
Acquisition of interest in NCI	**(233,848)**	-	**-**	-
Balance at 31 December	**47,482,438**	34,187,857	**6,930,770**	6,642,876
(iii) Other reserves				
Balance at 1 January	**40,952,603**	28,950,679	**2,817**	(1,481)
Other comprehensive income attributable to equity holders	**9,892,980**	2,740,025	**-**	4,298
Transfer from retained earnings	**(3,118,855)**	9,261,899	**-**	-
Balance at 31 December	**53,964,438**	40,952,603	**2,817**	2,817

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

(a) **Share premium:** is the excess paid by shareholders over the nominal value for their shares. Premiums from the issue of shares are reported in share premium.

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

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

(c) **Other reserves:** comprises of these reserves;

(i) Statutory reserve: Nigerian banking regulations require the Banking subsidiary to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The Banking subsidiarytransferred 15% of its 'profit after tax to statutory reserves as at period end (31 December 2019: 15%).

(ii) AGSMEIS/SSI reserve: The SSI reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but Banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. In the CBN Circular dated 5 April 2017, all DMBs are required to set aside and remit 5% of the annual profit after tax for equity investments.

(iii) Fair Value Reserve: The fair value reserves comprise:

- the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income and

- the cumulative net change in fair value of debt securities at fair value through other comprehensive income until the assets are derecognised or reclassified. The amount is reduced by the amount of loss allowance.

(iv) Regulatory risk reserve: The regulatory risk reserve warehouses the difference between the impairment of loans and advances under the Nigerian GAAP and Central Bank of Nigeria prudential guidelines and the expected loss model used in calculating the impairment balance under IFRS.

(v) Foreign currency translation reserve (FCTR): Records exchange movements on the Group's net investment in foreign subsidiaries.

(vi) Forbearance reserve: this is a non-distributable reserve which arose from forbearance granted by Central Bank of Nigeria being an additional appropriation of 15% of profit after tax to account for potential future provisions valid until 31 December 2020.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

43 Non-controlling Interest (NCI)

Disclosure of NCI in the Group's subsidiary

The following table summarises the information relating to the Group's subsidiaries, FCMB Pensions Limited and CSL Capital (UK) Limited.

	CSL CAPITAL (UK) LIMITED		FCMB PENSIONS LIMITED		GROUP	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
NCI Percentage	**25.00%**	-	**7.20%**	8.36%		
Total Assets	**1,169,306**	-	**4,764,365**	4,664,228	**5,933,671**	4,664,228
Total Liabilities	**657,803**	-	**1,268,824**	1,885,620	**1,926,627**	1,885,620
Net Assets	**511,504**	-	**3,495,541**	2,778,608	**4,007,045**	2,778,608
Net assets attributable to NCI	**127,876**	-	**251,679**	232,418	**379,555**	232,418
Movement in NCI						
Balance at 1 January	**-**	-	**232,418**	220,514	**232,418**	220,514
Dividend paid/declared	**-**	-	**(4,032)**	(66,916)	**(4,032)**	(66,916)
(Reduction)/Addition due to acquisition of shares by the Group	**(3,568)**	-	**(36,053)**	-	**(39,621)**	-
Share of post acquisition profit	**131,445**	-	**59,346**	77,282	**190,791**	77,282
Share of other comprehensive income	**-**	-	**-**	1,538	**-**	1,538
Total NCI at 31 December	**127,876**	-	**251,679**	232,418	**379,555**	232,418

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

44 Contingencies

(a) Legal Proceedings
The Group in its ordinary course of business is presently involved in 388 cases as a defendant (31 December 2019: 280) and 11 cases as a plaintiff (31 December 2019: 4). The total amount claimed in the 280 cases against the Banking subsidiary is estimated at ₦22.17 billlion (31 December 2019: ₦1.13 trillion ($51.64 million (₦18.83 billion), (£288.34 (₦118,112.71) and ₦1.11 trillion while the total amount claimed in the 11 cases instituted by the Banking subsidiary is ₦642.62 million (31 December 2019: ₦29.4 billion). The Directors of the Group are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Group and are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements. Based on the realistic reserves as recommended by solicitors in charge of these ongoing litigations, a provision has been made for the year ended 31 December 2020 of ₦4.28 billion (31 December 2019: ₦2.97 billion ($5 million (₦1.82 billion) and ₦1.15 billion). See note 39(a) for the provisions made in the books for claims.

Other contingent liabilities and commitments
In common with other banks, the Group conducts business involving acceptances and issuance of performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

Nature of instruments
An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts. Other contingent liabilities include transaction related customs and performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed year, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers. The following tables summarise the nominal principal amount of contingent liabilities and commitments with contingent risk.

Acceptances, bonds, guarantees and other obligations for the account of customers:

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Performance bonds and guarantees	**111,304,898**	121,502,991	**-**	-
Loan commitments	**9,560,707**	9,975,667	**-**	-
Clean line letters of credit	**102,137,841**	78,297,876	**-**	-
	223,003,446	209,776,534	**-**	-
Other commitments	**275,201**	163,931	**-**	-
	223,278,647	209,940,465	**-**	-
Current	**117,276,804**	93,325,569	**-**	-
Non-current	**106,001,843**	116,614,896	**-**	-
	223,278,647	209,940,465	**-**	-

Clean line letters of credit, which represent irrevocable assurances that the Banking subsidiary will make payments in the event that a customer cannot meet its obligations, carry the same credit risk as loans.

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

45 Group subsidiaries and related party transactions

(a) Parent and Uitimate controlling party
FCMB Group Plc is the ultimate parent company and its subsidiaries are as listed in note 45(b) below.

b) Subsidiaries
Transactions between FCMB Group Plc and its subsidiaries which are eliminated on consolidation are not separately disclosed in the consolidated financial statements. The Group's effective interests and investments in subsidiaries as at 31 December 2020 are shown below.

Entity	Form of holding	Effective holding	Nominal share capital held ₦'000	Country of incorporation	Nature of Business
(1) First City Monument Bank Limited	Direct	100.00%	115,422,326	Nigeria	Banking
(2) FCMB Capital Markets Limited	Direct	100.00%	240,000	Nigeria	Capital Market
(3) CSL Stockbrokers Limited (CSLS)	Direct	100.00%	3,053,777	Nigeria	Stockbroking
(4) FCMB Trustees Limited	Direct	100.00%	220,000	Nigeria	Trusteeship
(5) FCMB Microfinance Bank Limited	Direct	100.00%	150,000	Nigeria	Micro-lending
(6) FCMB Pensions Limited	Direct	92.80%	7,925,884	Nigeria	Pension Fund Manager
(7) Credit Direct Limited (CDL)	Direct	100.00%	366,210	Nigeria	Micro-lending
(8) FCMB (UK) Limited (FCMB UK)	Indirect	100.00%	7,791,147	United Kingdom	Banking
(9) FCMB Asset Management Limited	Indirect	100.00%	50,000	Nigeria	Asset Management
(10) FCMB Financing SPV Plc.	Indirect	100.00%	250	Nigeria	Capital Raising
(11) CSL Capital (UK) Limited	Indirect	75.00%	35,468	United Kingdom	Financial Advisory

(c) Significant restrictions
The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which its banking subsidiaries operate. The carrying amounts of banking subsidiaries' assets and liabilities are ₦2,057.21 billion and ₦1,840.29 billion respectively (31 December 2019: ₦1,666.75 billion and ₦1,476.17 billion respectively).

The Group does not have any subsidiary that has material non-controlling interest.

(d) Condensed Financial Information

(i) The condensed financial data of the consolidated entities as at 31 December 2020 were as follows:

Results of Operations

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCK-BROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Interest and discount income	418,881	138,875,480	37,954	255,639	76,787	179,738	81,726	11,509,569	151,435,774	(412,418)	151,023,356
Interest expense	-	(58,493,957)	-	-	(21,515)	(14,803)	-	(2,147,935)	(60,678,210)	412,418	(60,265,792)
Net interest income	418,881	80,381,523	37,954	255,639	55,272	164,935	81,726	9,361,634	90,757,564	-	90,757,564
Other income	3,781,251	29,503,882	596,007	2,935,008	140,508	16,042	3,172,194	499,035	40,643,927	(2,835,963)	37,807,964
Operating income	4,200,132	109,885,405	633,961	3,190,647	195,780	180,977	3,253,920	9,860,669	131,401,491	(2,835,963)	128,565,528
Operating expenses	(1,099,702)	(74,096,136)	(406,693)	(1,556,021)	(109,268)	(172,001)	(2,023,841)	(5,671,986)	(85,135,648)	789,492	(84,346,156)
Impairment losses on financial instruments	(22,394)	(20,697,224)	(58,476)	(8,971)	(4,933)	6,576	-	(1,522,237)	(22,307,656)	-	(22,307,656)
Profit before tax	3,078,036	15,092,045	168,792	1,625,655	81,579	15,552	1,230,079	2,666,446	23,958,187	(2,046,471)	21,911,716
Income tax expense	(17,763)	(581,565)	(21,697)	(353,105)	(4,601)	(8,153)	(405,832)	(908,546)	(2,301,262)	-	(2,301,262)
Profit after tax	3,060,273	14,510,483	147,095	1,272,550	76,978	7,399	824,247	1,757,900	21,656,925	(2,046,471)	19,610,454
Other comprehensive income	-	9,832,223	-	60,757	-	-	-	-	9,892,980	-	9,892,980
Total comprehensive income for the period	3,060,273	24,342,706	147,095	1,333,307	76,978	7,399	824,247	1,757,900	31,549,905	(2,046,471)	29,503,434

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

Financial Position

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCK-BROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Assets											
Cash and cash equivalents	818,741	216,998,208	146,653	3,486,389	783,426	309,484	1,672,384	1,974,228	226,189,513	(5,110,869)	221,078,644
Restricted reserve deposits	-	311,746,155	-	-	-	-	-	-	311,746,155	-	311,746,155
Non-pledged Trading assets	-	6,547,578	-	2,754,211	-	-	-	-	9,301,789	-	9,301,789
Derivative assets held for risk management	-	1,884,398	-	-	-	-	-	-	1,884,398	-	1,884,398
Loans and advances to customers	-	801,282,062	80,869	228,681	5,532	69,057	56,343	21,050,068	822,772,612	-	822,772,612
Assets pledged as collateral	-	189,216,506	-	-	-	-	-	-	189,216,506	-	189,216,506
Investment securities	4,359,999	402,683,820	1,357,398	406,435	501,737	9,000	554,207	-	409,872,596	(3,207,027)	406,665,569
Investment in subsidiaries	127,378,197	-	-	-	-	-	-	-	127,378,197	(127,378,197)	-
Property and equipment	78,313	41,294,329	32,868	447,279	24,637	15,561	1,756,072	2,553,405	46,202,464	-	46,202,464
Intangible assets	-	10,708,432	-	32,022	2,807	-	32,041	201,246	10,976,548	5,345,112	16,321,660
Deferred tax assets	-	7,944,839	-	-	-	-	-	-	7,944,839	-	7,944,839
Other assets	2,084,505	23,970,867	112,490	1,005,021	59,684	1,278	693,319	521,448	28,448,612	(3,189,756)	25,258,856
	134,719,755	2,014,277,194	1,730,278	8,360,038	1,377,823	404,380	4,764,366	26,300,395	2,191,934,229	(133,540,737)	2,058,393,492
Financed by:											
Trading liabilities	-	8,361,951	-	-	-	-	-	-	8,361,951	-	8,361,951
Derivative liabilities held for risk management	-	1,871,869	-	-	-	-	-	-	1,871,869	-	1,871,869
Deposits from banks	-	119,365,158	-	-	-	-	-	-	119,365,158	-	119,365,158
Deposits from customers	-	1,261,440,942	-	-	-	135,761	-	-	1,261,576,703	(4,445,796)	1,257,130,907
Borrowings	-	144,824,941	-	-	-	-	-	14,893,096	159,718,037	-	159,718,037
On-lending facilities	-	60,366,840	-	-	-	-	-	-	60,366,840	-	60,366,840
Debt securities issued	-	104,738,233	-	-	-	-	-	-	104,738,233	(3,207,028)	101,531,205
Retirement benefit obligations	-	1,508	-	-	-	-	316,029	8,020	325,557	-	325,557
Current income tax liabilities	49,568	2,746,576	31,622	321,560	7,360	6,805	421,793	917,404	4,502,688	-	4,502,688
Deferred tax liabilities	-	-	-	6,159	2,308	5,037	84,480	218,106	316,090	-	316,090
Provision	-	6,325,375	-	-	-	-	-	-	6,325,375	-	6,325,375
Other liabilities	2,442,832	104,821,895	234,154	4,116,491	877,498	24,101	446,522	2,348,960	115,312,453	(3,854,838)	111,457,615
Share capital	9,901,355	5,000,000	500,000	943,577	50,000	150,000	800,000	500,000	17,844,932	(7,943,577)	9,901,355
Share premium	115,392,414	97,846,690	-	1,057,250	170,000	-	404,142	-	214,870,496	(99,478,082)	115,392,414
Retained earnings	6,930,769	43,808,877	964,502	1,809,997	270,657	34,044	1,595,650	5,282,598	60,697,094	(12,166,944)	48,530,150
Other reserves	2,817	52,756,339	-	105,004	-	48,632	695,750	2,132,211	55,740,753	(2,824,027)	52,916,726
Non-controlling Interests	-	-	-	-	-	-	-	-	-	379,555	379,555
	134,719,755	2,014,277,194	1,730,278	8,360,038	1,377,823	404,380	4,764,366	26,300,395	2,191,934,229	(133,540,737)	2,058,393,492
Acceptances and guarantees	-	223,278,647							223,278,647	-	223,278,647

Condensed Financial Information -

(ii) The condensed financial data of the consolidated entities as at 31 December 2019 were as follows:

Results of Operations

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCK-BROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Interest and discount income	427,608	125,157,348	111,194	415,070	52,464	283,289	194,770	11,222,741	137,864,484	(417,260)	137,447,224
Interest expense	-	(59,716,268	-	-	(2,167)	(23,761)	-	(2,140,068)	(61,882,264)	411,425	(61,470,839)
Net interest income	427,608	65,441,080	111,194	415,070	50,297	259,528	194,770	9,082,673	75,982,220	(5,835)	75,976,385
Other income	3,074,337	29,469,234	474,267	1,081,073	115,288	37,571	3,126,345	566,556	37,944,671	(3,142,553)	34,802,118
Operating income	3,501,945	94,910,314	585,461	1,496,143	165,585	297,099	3,321,115	9,649,229	113,926,891	(3,148,388)	110,778,503
Operating expenses	(633,488)	(66,685,846)	(545,136)	(1,131,229)	(92,793)	(193,764)	(2,015,490)	(5,772,325)	(77,070,071)	169,568	(76,900,503)
Impairment losses on financial instruments	746,036	(13,406,124)	10,288	11,325	(16,531)	(9,273)	-	(287,992)	(12,952,271)	(795,332)	(13,747,603)
Profit before tax	3,614,493	14,818,344	50,613	376,239	56,261	94,062	1,305,625	3,588,912	23,904,549	(3,774,152)	20,130,397
Income tax expense	(13,033)	(1,175,936)	9,930	(105,244)	(12,282)	(28,913)	(381,704)	(1,087,807)	(2,794,989)	1,866	(2,793,123)
Profit after tax	3,601,460	13,642,408	60,543	270,995	43,979	65,149	923,921	2,501,105	21,109,560	(3,772,286)	17,337,274
Other comprehensive income	4,298	2,709,704	-	9,172	-	-	18,389	-	2,741,563	-	2,741,563
Total comprehensive income for the period	3,605,758	16,352,112	60,543	280,167	43,979	65,149	942,310	2,501,105	23,851,123	(3,772,286)	20,078,837

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Financial Position

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCK-BROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Assets											
Cash and cash equivalents	19,482	216,773,449	96,195	3,084,022	958,598	182,473	921,612	5,100,459	227,136,290	(3,590,452)	223,545,838
Restricted reserve deposits	-	208,916,226	-	-	-	-	-	-	208,916,226	-	208,916,226
Non-pledged Trading assets	-	50,923,740	57.00	163,403.00	-	-	-	-	51,087,200	-	51,087,200
Derivative assets held for risk management	-	11,666,095	-	-	-	-	-	-	11,666,095	-	11,666,095
Loans and advances to customers	-	692,974,097	98,595	26,125	10,238	464,937	55,076	22,251,532	715,880,600	-	715,880,600
Assets pledged as collateral	-	118,653,230	-	-	-	-	-	-	118,653,230	-	118,653,230
Investment securities	3,799,741	234,698,196	1,168,153	1,532,681	568,073	36,000	1,053,710	-	242,856,554	(2,920,798)	239,935,756
Investment in subsidiaries	127,200,705	-	-	-	-	-	-	-	127,200,705	(127,200,705)	-
Property and equipment	91,259	38,645,841	61,068	157,197	31,270	26,229	1,846,382	2,837,912	43,697,158	-	43,697,159
Intangible assets	-	9,951,629	-	27,887	2,689	-	37,334	259,853	10,279,392	5,345,113	15,624,505
Deferred tax assets	-	7,944,838	-	-	-	-	-	-	7,944,838	-	7,944,838
Other assets	2,908,633	30,306,288	134,472	747,756	40,123	12,018	750,114	555,039	35,454,443	(3,900,095)	31,554,348
	134,019,820	1,621,453,629	1,558,540	5,739,071	1,610,991	721,657	4,664,228	31,004,795	1,800,772,731	(132,266,936)	1,668,505,795
Financed by:											
Trading liabilities	-	37,082,002	-	-	-	-	-	-	37,082,002	-	37,082,002
Derivative liabilities held for risk management	-	7,563,600	-	-	-	-	-	-	7,563,600	-	7,563,600
Deposits from banks	-	90,060,925	-	-	-	-	-	-	90,060,925	-	90,060,925
Deposits from customers	-	946,293,701	-	-	-	382,332	-	-	946,676,033	(3,590,452)	943,085,581
Borrowings	-	114,271,490	-	-	-	-	-	19,072,595	133,344,085	-	133,344,085
On-lending facilities	-	70,912,203	-	-	-	-	-	-	70,912,203	-	70,912,203
Debt securities issued	-	74,785,695	-	-	-	-	-	-	74,785,695	(2,920,797)	71,864,898
Retirement benefit obligations	-	1,540	-	-	-	-	115,921	15,081	132,542	-	132,542
Current income tax liabilities	84,386	3,007,648	11,695	98,070	6,820	26,701	399,461	1,108,903	4,743,684	-	4,743,683
Deferred tax liabilities	-	-	-	32,691	5,726	4,848	84,481	218,106	345,852	-	345,852
Provision	-	5,323,435	-	-	714	4,204	-	269,824	5,598,177	-	5,598,177
Other liabilities	1,995,973	97,082,192	225,264	2,332,979	1,146,618	73,398	1,285,757	2,863,376	107,005,557	(3,899,956)	103,105,601
Share capital	9,901,355	2,000,000	500,000	943,577	50,000	150,000	800,000	500,000	14,844,932	(4,943,577)	9,901,355
Share premium	115,392,414	100,846,691	-	1,057,250	170,000	-	404,142	-	217,870,497	(102,478,083)	115,392,414
Retained earnings/(accumulated deficit)	6,642,875	19,009,676	821,581	1,230,257	231,113	34,492	827,403	4,928,019	33,725,416	462,441	34,187,857
Other reserves	2,817	53,212,831	-	44,247	-	45,682	747,063	2,028,891	56,081,531	(15,128,928)	40,952,603
Non-controlling Interests	-	-	-	-	-	-	-	-	-	232,418	232,418
	134,019,820	1,621,453,629	1,558,540	5,739,071	1,610,991	721,657	4,664,228	31,004,795	1,800,772,731	(132,266,936)	1,668,505,795
Acceptances and guarantees	-	209,940,465						-	209,940,465	-	209,940,465

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

(e) Transactions with key management personnel

Key management personnel compensation for the year comprises:

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Key management personnel compensation for the year comprised:				
Short-term employee benefits	565,788	524,753	303,460	238,313
Contributions to defined contribution plans	6,651	7,798	6,651	7,798
	572,439	532,551	310,111	246,111
Loans and advances	**2020**	2019	**2020**	2019
At start of the year	4,222,253	4,696,016	-	-
Granted during the year	506,231	1,006,985	-	-
Repayment during the year	(2,109,642)	(1,480,748)	-	-
At end of the year	2,618,842	4,222,253	-	-
Interest earned	221,732	301,310	-	-

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined contribution plan on their behalf. Loans to key management personnel include mortgage loans and other personal loans which are given under terms that are no more favorable than those given to other staff. Mortgage loans amounting to ₦581.18 million (31 December 2019: ₦581.18 million) are secured by the underlying assets. All personal loans are unsecured. The mortgage and secured loans granted are secured over property of the respective borrowers. Other balances are not secured and no guarantees have been obtained.

As at 31 December 2020, the balances with key management personnel are allocated to stage 1 of the ECL model and have a loss allowance of ₦22.01 million (31 December 2019:₦22.01 million).

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

(f) Loans and advances outstanding

Included in loans and advances is an amount of ₦2.62billion (31 December 2019:₦4.22billion) representing credit facilities to companies in which certain Directors have interests and key management personnel. The balances as at 31 December 2020 and 31 December 2019 were as follows:

In thousands of Naira

Name of company/Individual	Relationship	Name of Directors related to the companies	Facility type	31 Dec 2020	31 Dec 2019	Status	Security Status
Dynamic Industries Limited	Directors-Shareholders	Alhaji Mustapha Damcida	Term loan	**890,031**	754,732	Performing	Perfected
Primrose Property Investment Ltd.	Directors-Shareholders	Otunba M. O Balogun	Term loan	**147,785**	148,846	Performing	Perfected
FCMB Microfinance	Common Parent	-	Overdraft	**482,369**	177,551	Performing	Perfected
Traxi Continental Limited	Directors-Shareholders	Mr Ladi Balogun	Term loan	**-**	2,025,999	Performing	Perfected
Tricontinental Oil Services Limited	Directors-Shareholders	Prof. Oluwatoyin Ashiru	Term loan	**-**	65,647	Performing	Perfected
Outstanding loans of key management personnel	Directors/Principal officers	-	Term loan	**1,098,657**	1,049,478	Performing	Perfected
				2,618,842	4,222,253		
Other receivables:			**Type**				
Credit Direct Limited	Subsidiary		Dividend	**1,300,000**	2,000,000		
FCMB Pensions Ltd	Subsidiary		Dividend	**-**	733,084		
CSL Stockbrokers Limited	Subsidiary		Dividend	**492,246**	160,000		
CSL Stockbrokers Limited	Subsidiary		Receivable	**27,966**	15,545		
FCMB Capital Market Limited	Subsidiary		Receivable	**24,011**	10,151		
Traxi Continental Limited	Directors-Shareholders		Receivable	**62,999**	62,999		
FCMB Micro Finance Bank Limited	Subsidiary		Receivable	**671**	-		
FCMB Trustees Ltd	Subsidiary		Receivable	**2,216**	-		
First City Monument Bank limited	Subsidiary		Receivable	**86,072**	-		
Credit Direct Limited	Subsidiary		Receivable	**37,597**	-		
FCMB Pensions Limited	Subsidiary		Receivable	**10,416**	-		
				2,044,194	2,981,779		
Less Impairment allowances				**(92,187)**	(92,187)		
				1,952,007	2,889,592		

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

(g) Deposits outstanding

Included in deposit is an amount of ₦5.23 billion (31 December 2019: ₦8.07 billion) representing deposits from companies in which certain Directors have interests. The balances as at 31 December 2020 and 31 December 2019 were as follows:

In thousands of Naira

Name of company/Individual	Relationship	Type of deposit	31 Dec 2020	31 Dec 2019
ATSC International Limited	Shareholder	Current Account	**6,304**	440
Bluechip Holding Limited	Shareholder	Current Account	**651**	713
Bluechip Holding Limited	Shareholder	Time Deposit	**-**	544,190
Chapel Hill Advisory Partners	Shareholder	Current Account	**878**	1,134
Credit Direct Limited	Related Company	Current Account	**23,321**	36,207
Credit Direct Limited	Related Company	Time Deposit	**-**	-
CSL Stockbrokers Limited	Directors-Shareholders	Current Account	**61,561**	1,382,729
CSL Stockbrokers Limited	Directors-Shareholders	Time Deposit	**1,450,000**	50,000
CSL Trustees Limited	Directors-Shareholders	Current Account	**25,692**	87,850
CSL Trustees Limited	Directors-Shareholders	Time Deposit	**-**	153,394
Dynamic Industries Limited	Directors-Shareholders	Current Account	**57,815**	118,770
Dynamic Industries Limited	Directors-Shareholders	Time Deposit	**60,261**	66,956
FCMB Capital Markets Limited	Directors-Shareholders	Current Account	**146,788**	95,957
FCMB Group Plc	Directors-Shareholders	Current Account	**163,560**	11,163
FCMB Group Plc	Directors-Shareholders	Time Deposit	**-**	10,475
FCMB UK Limited	Subsidiary	Current Account	**441**	441
Financial Derivatives Company	Directors-Shareholders	Current Account	**-**	1,701,868
Financial Derivatives Company	Directors-Shareholders	Time Deposit	**-**	5
First City Asset Management Limited	Directors-Shareholders	Current Account	**259,412**	560,735
First City Asset Management Limited	Directors-Shareholders	Time Deposit	**1,440,844**	66,419
Gulvaris Capital Partners Limited	Directors-Shareholders	Current Account	**2,103**	3,156
Helios Investment Partners	Directors-Shareholders	Current Account	**659**	620
Lafarge Cement Wapco Nig Plc	Directors-Shareholders	Current Account	**2,451**	2,351
Lana Securities Limited	Shareholder	Current Account	**307**	305
Poly Products Nigeria Limited	Directors-Shareholders	Current Account	**52**	102
Primrose Development Company Limited	Shareholder	Current Account	**47,437**	27,917
Primrose Investments Limited	Shareholder	Current Account	**1,086,400**	333
Primrose Investments Limited	Shareholder	Time Deposit	**6**	701,820
Primrose Properties Investment Limited	Shareholder	Current Account	**40,615**	54,048
Primrose Properties Investment Limited	Shareholder	Time Deposit	**16,013**	14,588
S&B City Printers Limited	Directors-Shareholders	Current Account	**66,787**	34,356
S&B City Printers Limited	Directors-Shareholders	Time Deposit	**248**	48,892
First Concept Properties Ltd	Directors-Shareholders	Current Account	**269,285**	207,036
Traxi Continental Limited	Directors-Shareholders	Current Account	**-**	2,080,251
Tricontinental Oil Services Limited	Directors-Shareholders	Current Account	**57**	-
FCMB Microfinance	Directors-Shareholders	Current Account	**648**	-
			5,230,596	8,065,220

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

46 Employees and Directors
Employees

In thousands of Naira	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
(a) The average number of persons employed during the year by category:	Number	Number	Number	Number
Executive directors	21	21	3	3
Management	565	576	8	8
Non-management	3,024	3,296	4	5
	3,610	3,893	15	16

(b) Compensation for the above persons (excluding executive directors):

In thousands of Naira	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
Wages and salaries	23,065,671	22,970,542	294,452	230,187
Contributions to defined contribution plans	650,922	642,422	3,511	1,933
Non-payroll staff cost	5,795,531	5,982,664	28,093	67,732
	29,512,124	29,595,628	326,056	299,852

(c) The number of employees of the Group, including executive directors, who received emoluments in the following ranges were:	GROUP 2020 Number	GROUP 2019 Number	COMPANY 2020 Number	COMPANY 2019 Number
Less than ₦1,800,000.00	445	998	-	-
₦1,800,001 - ₦2,500,000	511	414	-	-
₦2,500,001 - ₦3,500,000	905	691	-	-
₦3,500,001 - ₦4,500,000	469	572	-	-
₦4,500,001 - ₦5,500,000	380	305	1	1
₦5,500,001 and above	900	913	14	15
	3,610	3,893	15	16

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

(d) Diversity in Employment

i) A total of 1,422 women were in the employment of the Group during the year ended 31 December 2020 (31 December 2019: 1,554) which represents 39% of the total workforce (31 December 2019: 40%).

ii) A total of 15 women were in the top management position as at the year ended 31 December 2020 (31 December 2019 :14), which represents 25% of the total workforce in this position (31 December 2019: 21%). There were two (2) women on the Board of the Company for the year ended 31 December 2020 (31 December 2019: 1).

iii) The analysis by grade is as shown below:

	GROUP			COMPANY		
	2020			2020		
Grade Level	Male	Female	Total	Male	Female	Total
Assistant General Manager (AGM)	26	8	34	2	-	2
Deputy General Manager (DGM)	12	2	14	1	-	1
General Manager (GM)	8	5	13	-	1	1
Total	46	15	61	3	1	4
Executive Director (ED)	10	2	12	2	-	2
Group Chief Executive/Chief Executive Officer (GCE/CEO)	8	-	8	1	-	1
Non - Executive Directors	16	8	24	4	2	6
Total	34	10	44	7	2	9

	GROUP			COMPANY		
	2019			2019		
Grade Level	Male	Female	Total	Male	Female	Total
Assistant General Manager (AGM)	28	7	35	2	-	2
Deputy General Manager (DGM)	13	2	15	1	-	1
General Manager (GM)	11	5	16	-	1	1
Total	52	14	66	3	1	4
Executive Director (ED)	11	2	13	2	-	2
Group Chief Executive/Chief Executive Officer (GCE/CEO)	8	-	8	1	-	1
Non - Executive Directors	17	6	23	6	1	7
Total	36	8	44	9	1	10

iv). The Group is committed to maintaining a positive work environment and to conducting business in a positive, professional manner and will ensure equal employment opportunity.

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

(e) Directors

The remuneration paid to the directors of the Group (excluding pension and certain allowances) was:

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Fees	195,900	199,759	87,750	94,250
Sitting allowances	108,300	101,758	33,000	24,500
Executive compensation	565,788	524,753	303,460	238,313
	869,988	826,270	424,210	357,063
Directors' other expenses	484,532	392,264	24,833	22,133
	1,354,520	1,218,534	449,043	379,196
The Directors' remuneration shown above includes:				
The Chairman	13,000	13,000	13,000	13,000
Highest paid director	101,185	101,185	101,185	101,185
The number of directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges were:	**2020**	2019	**2020**	2019
Below ₦1,000,000	3	5	-	-
₦1,000,001-₦5,000,000	2	2	-	-
₦5,000,001-₦10,000,000	12	9	-	-
₦10,000,001 and above	27	28	9	10
	44	44	9	10

47 Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents include:

	GROUP		COMPANY	
In thousands of Naira	**2020**	2019	**2020**	2019
Cash	88,198,554	57,492,442	-	-
Current balances within Nigeria	2,121,253	2,609,126	163,561	8,968
Current balances outside Nigeria	102,533,239	35,832,039	-	-
Placements with local banks	2,519,244	4,685,253	665,073	10,514
Placements with foreign banks	1,928,490	84,104,265	-	-
Unrestricted balances with Central bank	23,813,814	38,855,211	-	-
	221,114,594	223,578,336	828,634	19,482

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

48 Compliance With Banking and Other Regulations

During the year ended 31 December 2020, the Banking subsidiary contravened the following section of the provision of the Banks and Other Financial Institutions Act and relevant CBN circulars and was penalised as follows:

Section	Nature	No of times	Penalties ₦'000
Contravention of circular BSD/DIR/GEN/LAB/07/004-The Need For The CBN Prior Clearance Of Prospective Employees Of Banks	CBN Penalty IRO Clearance Of Prospective Employees	1	34,000
Contravention of memorandum 25(b) of the Foreign Exchange Manual	Involvement In The ImportationOf Textile Using FX Sourced From Nigerian FX Market	1	55,000
Contravention of memorandum 25(b) of the Foreign Exchange Manual	Additional Penalty Charges On FX Sourced From Nigerian FX Market In Textile Importation	1	55,000
Anti-Money Laundering and Combating of the Financing of Terrorism (AML/CFT) - Investigative Assignment on selected customers (Companies and BDCs of FCMB	(1). Failure to provide information/documents to examiners. (2). Movement of funds from export proceeds accounts of De United Foods Industries Ltd to settle company exposure to bank. (3). Failure to perform sufficient due diligence checks on majority of customers.	1	6,000
Federal Inland Revenue Service (FIRS) ACT 2007	Failure to process and remit Tax to FIRS as at when due in respect of Ladies Enterprises Nigeria Ltd.	1	138
Contravention of the provision of Memorandum 25 (5) (b) of the CBN Foreign Exchange Manual 2018	Review of Domiciliary account operations and related entities.	1	27,200
Violation of CBN circular BSD/DIR/GEN/LAB/07/011 dated April 10, 2014 on Timelines for Rendition of Statutory Returns through the FinA Application to the CBN and NDIC	Penalty imposed by CBN for late submission of Daily returns.	1	25

During the year ended 31 December 2020, the stockbroking subsidiary (CSL Stockbrokers Limited) paid penalties as detailed below:

Subsidiary	Nature	No of times	Penalties ₦'000
CSL Stockbrokers Limited	Penalty imposed by SEC for violation of SEC Rule 472 on Legacy Money Market Fund	1	184
CSL Stockbrokers Limited	Penalty imposed by FRCN for certification of audited financial statement with invalid/expired FRC Numbers	1	1,050
CSL Stockbrokers Limited	Penalty imposed by SEC for offering of unregistered units of USD Bond Fund	1	4,111
CSL Stockbrokers Limited	Penalty imposed by SEC for Issuance of unregistered units of Legacy Debt Fund	1	665

The penalties totalling ₦183.37 million were paid during the year (2019: ₦183.36 million).

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

49 Events after the Reporting Period

There were no significant events after the reporting period which could have a material effect on the financial position of the Company and Group as at 31 December 2020 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed (2019: none).

50 Reconciliation notes to consolidated and separate statement of cashflows

		GROUP		COMPANY	
In thousands of Naira	Notes	**2020**	2019	**2020**	2019
(i) Net gain/(loss) on debt securities at Fair value through profit or loss					
Gross trading income before fair value adjustments		**7,117,674**	5,347,974	**(69)**	(1,396)
Fair value gain on financial assets adjustments	12	**-**	1,556,516	**-**	-
Net trading income		**7,117,674**	6,904,490	**(69)**	(1,396)
(ii) Interest received					
Balance at end of the year (interest receivables, overdue interest and loan fees)	8	**60,849,206**	55,836,464	**-**	-
Accrued Interest income during the year		**151,023,356**	137,447,224	**418,881**	427,608
Amortised cost on financial assets adjustments during the year		**558,602**	(2,632,963)	**-**	-
Balance at start of the year (interest receivables, overdue interest and loan fees)		**(55,836,464)**	(57,362,018)	**-**	-
Interest received during the year		**156,594,700**	133,288,707	**418,881**	427,608
(iii) Interest paid		**6,079,953**	7,265,225	**-**	-
Balance at end of the year (interest payables, interest prepaid and deferred FCY charges)	9	**60,265,792**	61,470,839	**-**	-
Accrued Interest expense during the year		**(813,135)**	152,493	**-**	-
Amortised cost on financial liabilities adjustments		**(7,257,442)**	(5,540,677)	**-**	-
Balance at start of the year (interest payables, interest prepaid and deferred FCY charges)		**58,275,168**	63,347,880	**-**	-
(iv) VAT paid					
This relates to monthly remittances to the tax authorities with respect to vatable services		**571,272**	1,053,949	**41,362**	24,039

Notes to the consolidated and separate financial statements
for the year ended 31 December 2020 (continued)

In thousands of Naira	Notes	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
(v) Acquisition of investment securities and proceeds from sale and redemption of investment securities	26				
Balance at start of the year		**239,935,756**	235,921,932	**3,799,741**	3,727,938
Non cash related adjustments		**(3,335,106)**	(7,106,663)	**272,536**	24,038
Fair value gain on financial assets adjustments		**-**	-	**-**	-
Less reclassification of pledged assets			-	**-**	-
Add: Acquisition of investment securities during the year		**182,228,223**	83,975,620	**452,236**	267,765
Less: Proceeds from sale and redemption of investment securities	26	**(12,163,304)**	(72,855,133)	**(164,514)**	(220,000)
Balance at end of of the year		**406,665,569**	239,935,756	**4,359,999**	3,799,741
(vi) Effect of exchange rate fluctuations on cash and cash equivalents held					
Balance at end of of the year on net translated foreign balances at closing exchange rates		**69,568,383**	80,188,345	**6,588,054**	4,743,838
Balance at start of the year on net translated foreign balances at opening exchange rates		**(67,444,167)**	(77,998,411)	**(4,743,838)**	(4,722,706)
		2,124,216	2,189,934	**1,844,216**	21,132
(vii) Net decrease/(increase) in other liabilities	40				
Closing balance for the year	38	**111,457,615**	103,105,600	**2,442,832**	1,995,973
Total amounts remitted under retirement benefit obligations		**(990,616)**	(1,118,061)	**(18,292)**	(17,516)
Non cash related adjustments	40	**3,700,040**	(4,782,254)	**-**	-
Opening balance for the year		**(103,105,601)**	(116,216,647)	**(1,995,973)**	(1,203,898)
Net decrease in other liabilities		**11,061,438**	(19,011,362)	**428,568**	774,559
(viii) Net increase in provision	39				
Opening balance for the year	39	**(5,598,177)**	(11,583,432)	**-**	(303,630)
Provisions made during the year	39	**-**	6,457,163	**-**	303,630
Effects of movement in exchange rates	39	**-**	138,066	**-**	-
Closing balance for the year		**6,325,375**	5,598,177	**-**	-
Net increase in provision		**727,198**	609,974	**-**	-
(ix) Proceeds from sale of property and equipment	14(a)				
Gain/(loss) on sale of property and equipment	29	**(993,603)**	115,214	**109**	306
Cost eliminated on disposal during the year	29	**2,621,674**	761,906	**20,787**	38,919
Accumulated depreciation and impairment losses - eliminated on Disposal		**(1,299,334)**	(543,425)	**(20,632)**	(36,293)
Proceeds from sale of property and equipment		**328,737**	333,695	**264**	2,932

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

		GROUP		COMPANY	
In thousands of Naira	Notes	**2020**	2019	**2020**	2019
(x) Net interest income					
Interest income	8	**151,023,356**	137,447,224	**418,881**	427,608
Interest expense	9	**(60,265,792)**	(61,470,839)	**-**	-
		90,757,564	75,976,385	**418,881**	427,608
(xi) Net increase in restricted reserve deposits					
Opening balance for the year	22	**208,916,226**	146,497,087	**-**	-
Closing balance for the year	22	**(311,746,155)**	(208,916,226)	**-**	-
Net decrease/(increase) in restricted reserve deposits		**(102,829,929)**	(62,419,139)	**-**	-
(xii) Net decrease/(Increase) in derivative assets held held for risk management					
Opening balance for the year	24(a)	**11,666,095**	10,538	**-**	-
Fair value gain on financial assets adjustments		**-**	-	**-**	-
Closing balance for the year	24(a)	**(1,884,398)**	(11,666,095)	**-**	-
		9,781,697	(11,655,557)	**-**	-
(xiii) Net increase/(decrease) in non-pledged trading assets					
Opening balance for the year	23(a)	**51,087,200**	47,469,113	**-**	-
Fair value gain on financial assets adjustments		**-**	(503,931)	**-**	-
Closing balance for the year	23(a)	**(9,301,789)**	(51,087,200)	**-**	-
		41,785,411	(4,122,018)	**-**	-
(xiv) Net increase in loans and advances to customers					
Opening balance for the year	25	**754,390,866**	681,326,413	**-**	-
Non cash related adjustments		**(2,126,788)**	3,562,405	**-**	-
Closing balance for the year	25	**(869,283,265)**	(754,390,866)	**-**	-
		(117,019,187)	(69,502,048)	**-**	-
(xv) Net decrease in assets pledged as collateral					
Opening balance for the year	27	**118,653,230**	87,409,893	**-**	-
Non cash related adjustments		**6,041,552**	(4,427,967)	**-**	-
Closing balance for the year	27	**(189,216,506)**	(118,653,230)	**-**	-
		(64,521,724)	(35,671,304)	**-**	-
(xvi) Net decrease/(increase) in other assets					
Opening balance for the year	32	**31,554,348**	35,259,574	**2,908,633**	2,342,951
Non cash related adjustments		**5,011,321**	4,730,764	**34,451**	560,000
Closing balance for the year	32	**(25,258,856)**	(31,554,348)	**(2,084,505)**	(2,908,633)
		11,306,813	8,435,990	**858,579**	(5,682)

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

		GROUP		COMPANY	
In thousands of Naira	Notes	**2020**	2019	**2020**	2019
(xvii) Net (decrease)/increase in trading liabilities					
Closing balance for the year	23(b)	**8,361,951**	37,082,002	**-**	-
Fair value gain on financial assets adjustments		**-**	(1,978)	**-**	-
Opening balance for the year	23(b)	**(37,082,002)**	(32,474,632)	**-**	-
		(28,720,051)	4,605,392	**-**	-
(xviii) Net increase in deposits from banks					
Closing balance for the year	33	**119,365,158**	90,060,925	**-**	-
Opening balance for the year	33	**(90,060,925)**	(39,140,044)	**-**	-
		29,304,233	50,920,881	**-**	-
(xix) Net increase in deposits from customers					
Closing balance for the year	34	**1,257,130,907**	943,085,581	**-**	-
Opening balance for the year	34	**(943,085,581)**	(821,747,423)	**-**	-
		314,045,326	121,338,158	**-**	-
(xx) Net increase/(decrease) in on-lending facilities					
Closing balance for the year	36	**60,366,840**	70,912,203	**-**	-
Amortised cost on financial liabilities adjustments		**(131,207)**	(407,978)	**-**	-
Opening balance for the year	36	**(70,912,203)**	(57,889,225)	**-**	-
		(10,676,570)	12,615,000	**-**	-

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

In thousands of Naira	Notes	GROUP 2020	GROUP 2019	COMPANY 2020	COMPANY 2019
(xxi) Net increase/(decrease) in derivative liabilities held held for risk management					
Closing balance for the year	24(b)	**1,871,869**	7,563,600	**-**	-
Fair value gain on financial liabilities adjustments		**(12,529)**	(1,952,495)	**-**	-
Opening balance for the year	24(b)	**(7,563,600)**	(10,538)	**-**	-
		(5,704,260)	5,600,567	**-**	-
(xxii) Net increase in debt securities issued					
Opening balance for the year	37	**71,864,898**	54,651,172	**-**	-
Additions during the year		**79,313,842**	17,013,255	**-**	-
Accrued coupon interest for the year		**1,339,088**	7,588,100	**-**	-
Repayments during the year		**(51,210,896)**	-		
Coupon interest paid during the year		**(1,723,297)**	(8,059,446)	**-**	-
Amortised cost on financial liabilities adjustments		**-**	671,817	**-**	-
Translation difference		**1,947,570**	-	**-**	-
Closing balance for the year	37	**101,531,205**	71,864,898	**-**	-
(xxiii) Dividend received					
Dividend receivable as at beginning of year		**-**	-	**2,893,084**	2,333,084
Dividend accrued within the year		**529,464**	526,855	**2,046,470**	2,969,084
Dividend received within the year		**(529,464)**	(526,855)	**(254,224)**	(2,409,084)
Dividend receivable as at end of year		**-**	-	**1,792,246**	2,893,084
(xxiv) Investment in subsidiaries					
Opening balance for the year		**-**	-	**127,200,705**	127,200,705
Transfer from associate		**-**	-	**-**	-
Additional investment for the year		**-**	-	**177,492**	-
Closing balance for the year		**-**	-	**127,378,197**	127,200,705

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

51 Financial Reporting Council's Certification Requirement for Professionals Engaged in Financial Reporting Process

In line with Financial Reporting Council of Nigeria certification requirement for professionals engaged in the financial reporting process: external auditors, officers of reporting entities and other professional providing assurance to reporting entities, below is a list of professionals engaged in the financial reporting process relating to financial statements for the year ended 31 December 2020.

S/N	NAME OF PROFESSIONAL	FRC NUMBER	ROLE
1	PEDABO ASSOCIATES LTD	FRC/2013/ICAN/00000000908	Tax Consultant
2	I.R. AKINTOYE & CO.	FRC/2014/ICAN/00000007015	Tax Consultant
3	ADEGBONMIRE AND ASSOCIATES	FRC/2013/00000000001226	Property & Valuation Experts
4	AKUJURU ASSOCIATES	FRC/2014/00000004631	Property & Valuation Experts
5	ALAGBE & PARTNERS	FRC/2013/NIESV/00000004334	Property & Valuation Experts
6	ARIGBEDE & CO.	FRC/2014/00000004634	Property & Valuation Experts
7	AUSTIN CHINEGWU & CO.	FRC/2015/NIESV/00000012501	Property & Valuation Experts
8	BAMIGBOLA CONSULTING	FRC/2013/NIESV/00000000897	Property & Valuation Experts
9	BAYO ADEYEMO & ASSOCIATES	FRC/2013/NIESV/00000005193	Property & Valuation Experts
10	BAYO OYEDEJI & CO.	FRC/2013/NIESV/00000003983	Property & Valuation Experts
11	BEN EBOREIME & CO.	FRC/2013/NIESV/00000003232	Property & Valuation Experts
12	BIODUN OLAPADE & CO.	FRC/2013/NIESV/00000004303	Property & Valuation Experts
13	BOLA OLAWUYI CONSULTING	FRC/2014/NIESV/00000007657	Property & Valuation Experts
14	CHIKE MONEME & PARTNERS	FRC/2014/00000005796	Property & Valuation Experts
15	CHUMA EZEALIGO ASSOCIATES	FRC/2013/NIESV/00000004822	Property & Valuation Experts
16	DIPO FAKOREDE & CO.	FRC/2013/NIESV/00000000324	Property & Valuation Experts
17	DIYA FATIMILEHIN & CO.	FRC/2013/NIESV/00000000754; FRC/2013/NIESV/00000002773	Property & Valuation Experts
18	GAB OKONKWO & CO.	FRC/2013/NIESV/00000002220	Property & Valuation Experts
19	IMO EKANEM & CO.	FRC/2012/NIESV/00000000114	Property & Valuation Experts
20	J OKARO AND ASSOCIATES	FRC/2015/NIESV/00000002947	Property & Valuation Experts
21	JOE NWORAH & CO.	FRC/2015/NIESV/00000010760	Property & Valuation Experts
22	JOHN ZEDOMI & ASSOCIATES	FRC/2013/NIESV/00000002415	Property & Valuation Experts
23	JOSEPH ADEGBILE AND CO.	FRC/2013/NIESV/00000004005	Property & Valuation Experts
24	KNIGHT FRANK	FRC/2013/0000000000584	Property & Valuation Experts
25	LANSAR AGHAJI & CO.	FRC/2015/00000006074	Property & Valuation Experts
26	LOLA ADEYEMO & CO.	FRC/2015/NIESV/00000010805	Property & Valuation Experts
27	MGBEODURU SAM & CO.	FRC/2013/NIESV/00000003326	Property & Valuation Experts
28	NWOKOMA NWANKWO & COMPANY	FRC/2012/0000000000200	Property & Valuation Experts
29	O.S. BORONI ASSOCIATES	FRC/2013/NIESV/00000003393	Property & Valuation Experts
30	ODUDU & CO.	FRC/2012/0000000000124; FRC/2012/NIESV/00000000198	Property & Valuation Experts
31	OKEY OGBONNA & CO.	FRC/2013/NIESV/00000000964	Property & Valuation Experts

Notes to the consolidated and separate financial statements

for the year ended 31 December 2020 (continued)

S/N	NAME OF PROFESSIONAL	FRC NUMBER	ROLE
32	PAUL OSAJI & CO.	FRC/2013/00000001098	Property & Valuation Experts
33	PHIL NWACHUKWU & ASSOCIATES	FRC/2014/NIESV/00000009853	Property & Valuation Experts
34	RAWLINGS EHUMADU AND CO.	FRC/2013/NIESV/00000002351	Property & Valuation Experts
35	SAM NWOSU & CO.	FRC/2013/NIESV/00000002538	Property & Valuation Experts
36	UNIGWE & CO.	FRC/2012/000000000130	Property & Valuation Experts
37	VIC ONWUMERE & CO.	FRC/2015/NIESV/00000010974	Property & Valuation Experts
38	VICTOR OKPEVA & CO.	FRC/2013/NIESV/00000003029	Property & Valuation Experts
39	YEMI OLUGBILE & CO.	FRC/2013/0000000001227	Property & Valuation Experts
40	YINKA KAYODE & CO.	FRC/2013/0000000001197	Property & Valuation Experts
41	A. C. OTEGBULU & PARTNERS	FRC/NIESV/00000001582	Property & Valuation Experts
42	BIODUN ADEGOKE & CO	FRC/2015/NIESV/00000010747	Property & Valuation Experts
43	BOLA ONABADEJO & CO	FRC/2013/0000000001601; FRC/2015/NIESV/00000012433	Property & Valuation Experts
44	CHIKA EGWUATU & PARTNERS	FRC/2013/NIESV/00000000862; FRC/2013/NIESV/00000000857	Property & Valuation Experts
45	EMEKA OKORONKWO & ASSOCIATES	FRC/2013/NIESV/00000002548	Property & Valuation Experts
46	EMMA OFOEGBU AND PARTNERS	FRC/2014/NIESV/00000007527	Property & Valuation Experts
47	GBOYEGA AKERELE & PARTNERS	FRC/2012/00000000117	Property & Valuation Experts
48	GODWIN KALU & CO	FRC/2012/NIESV/00000000470	Property & Valuation Experts
49	J AJAYI PATUNOLA & CO.	FRC/2013/000000000679	Property & Valuation Experts
50	JUDE ONUOHA & CO	FRC/2012/NIESV/00000000477	Property & Valuation Experts
51	LEKAN DUNMOYE & PARTNERS	FRC/2013/0000000001142	Property & Valuation Experts
52	ODUDU & CO.	FRC/2012/000000000124; FRC/2012/NIESV/00000000198	Property & Valuation Experts
53	OMOBAYO ADEGOKE AND PARTNERS	FRC/2014/00000005787	Property & Valuation Experts
54	OSAS & OSEJI ESTATE SURVEYORS & VALUERS	FRC/2012/000000000522	Property & Valuation Experts
55	REMI OLOFA & CO.	FRC/2013/0000000001631	Property & Valuation Experts
56	SOLA BADMUS & CO	FRC/2012/NIESV/00000000256	Property & Valuation Experts
57	TOKUN & ASSOCIATES	FRC/2013/0000000001353	Property & Valuation Experts
58	YAYOK ASSOCIATES	FRN/2013/NIESV/000000000834	Property & Valuation Experts

OTHER NATIONAL DISCLOSURES

Value Added Statement

for the year ended 31 December 2020

	GROUP				COMPANY			
In thousands of Naira	**31 Dec 2020**	**%**	31 Dec 2019	%	**31 Dec 2020**	**%**	31 Dec 2019	%
Gross Income	**199,439,132**		181,249,930		**4,200,172**		3,501,949	
Interest Expense & Charges								
- Local	**1,558,666**		(54,507,278)		**(40)**		(4)	
- Foreign	**(72,432,270)**		(15,964,149)		**-**		-	
	128,565,528		110,778,503		**4,200,132**		3,501,945	
Impairment Losses	**(22,307,656)**		(13,747,603)		**(22,394)**		746,036	
	106,257,872		97,030,900		**4,177,738**		4,247,981	
Bought-In Material And Services								
- Local	**26,842,925**		(31,226,970)		**(740,810)**		(313,021)	
- Foreign	**(74,096,136)**		(9,357,198)		**-**		-	
Value Added	**59,004,661**	**100**	56,446,732	100	**3,436,928**	**100**	3,934,960	100
Distribution								
Employees								
Wages, salaries, pensions and other employee benefits	**29,518,775**	**50**	29,603,426	53	**332,707**	**9**	307,650	8
Government								
Taxation	**2,301,262**	**4**	2,793,123	5	**17,763**	**1**	13,033	-
The Future								
Replacement of property and equipment/intangible assets	**7,574,170**	**13**	6,712,909	12	**26,185**	**1**	12,817	-
Profit for the year (including statutory and regulatory risk reserves)	**19,419,663**	**33**	17,258,454	31	**3,060,273**	**89**	3,601,460	92
Non-controlling interest	**190,791**	**-**	78,820	-	**-**	**-**	-	-
Value Added	**59,004,661**	**100**	56,446,732	100	**3,436,928**	**100**	3,934,960	100

Five-Year Financial Summary - Group

	GROUP				
In thousands of Naira	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
ASSETS EMPLOYED					
Cash and cash equivalents	**221,078,644**	223,545,838	185,147,549	103,888,007	108,104,632
Restricted reserve deposits	**311,746,155**	208,916,226	146,497,087	109,638,559	139,460,914
Trading assets	**9,301,789**	51,087,200	47,469,113	23,936,031	9,154,198
Derivative assets held for risk management	**1,884,398**	11,666,095	10,538	345,784	1,018,912
Loans and advances to customers	**822,772,612**	715,880,600	633,034,962	649,796,726	659,937,237
Assets pledged as collateral	**189,216,506**	118,653,230	87,409,893	61,330,157	59,107,132
Investment securities	**406,665,569**	239,935,756	235,921,932	153,428,659	128,441,676
Investment in associates	**-**	-	-	-	846,512
Property and equipment	**46,202,464**	43,697,159	37,281,754	33,402,173	32,283,226
Intangible assets	**16,321,660**	15,624,505	15,320,782	14,920,960	9,672,530
Deferred tax assets	**7,944,839**	7,944,838	7,944,838	8,233,563	7,971,990
Other assets	**25,258,856**	31,554,348	35,259,574	27,604,320	16,779,119
	2,058,393,492	1,668,505,795	1,431,298,022	1,186,524,939	1,172,778,078
FINANCED BY					
Share capital	**9,901,355**	9,901,355	9,901,355	9,901,355	9,901,355
Share premium	**115,392,414**	115,392,414	115,392,414	115,392,414	115,392,414
Retained earnings	**47,482,438**	34,187,857	28,962,144	28,761,146	31,749,646
Other reserves	**53,964,438**	40,952,603	28,950,679	33,044,691	21,120,986
Non-controlling Interest	**379,555**	232,418	220,514	362,206	-
Trading liabilities	**8,361,951**	37,082,002	32,474,632	21,616,660	6,255,933
Derivative liabilities held for risk management	**1,871,869**	7,563,600	10,538	345,784	770,201
Deposits from banks	**119,365,158**	90,060,925	39,140,044	6,355,389	24,798,296
Deposits from customers	**1,257,130,907**	943,085,581	821,747,423	689,860,640	657,609,807
Borrowings	**159,718,037**	133,344,085	108,731,522	109,434,970	132,094,368
On-lending facilities	**60,366,840**	70,912,203	57,889,225	42,534,316	42,199,380
Debt securities issued	**101,531,205**	71,864,898	54,651,172	54,691,520	54,481,989
Retirement benefit obligations	**325,557**	132,542	80,207	70,364	17,603
Current income tax liabilities	**4,502,688**	4,743,683	5,038,371	3,860,163	2,859,562
Deferred tax liabilities	**316,090**	345,852	307,703	106,821	65,902
Provision	**6,325,375**	5,598,177	11,583,432	3,904,717	2,343,010.00
Other liabilities	**111,457,615**	103,105,601	116,216,647	66,281,783	71,117,626
	2,058,393,492	1,668,505,795	1,431,298,022	1,186,524,939	1,172,778,078
Acceptances and guarantees	**223,278,647**	209,940,465	234,930,713	167,211,168	159,383,506

In thousands of Naira	GROUP 12months Dec 2020	12months Dec 2019	12months Dec 2018	12months Dec 2017	12months Dec 2016
PROFIT OR LOSS ACCOUNT					
Gross earnings	**199,439,132**	181,249,930	175,368,948	169,881,972	176,351,973
Profit before tax	**21,911,716**	20,130,397	18,442,297	10,665,166	16,251,397
Tax	**(2,301,262)**	(2,793,123)	(3,470,769)	(2,052,188)	(1,912,515)
Profit after tax	**19,610,454**	17,337,274	14,971,528	8,612,978	14,338,882
Transfer to reserves	**19,610,454**	17,337,274	14,971,528	8,612,978	14,338,882
Earnings per share - basic and diluted (Naira)	**0.98**	0.87	0.75	0.43	0.72

SHAREHOLDER INFORMATION

Notice of Annual General Meeting

Notice is hereby given that the 8th Annual General Meeting of FCMB Group Plc (the Company) will be held at First City Plaza, 44 Marina, Lagos on Wednesday 21 April 2021 at 11.00 am to transact the following:

Ordinary Business

1. To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31 December 2020, the Auditor's Report thereon and the Audit Committee Report.

2. To declare a dividend.

3. To re-elect Directors that are retiring by rotation.

4. To authorise the Directors to fix the remuneration of the Auditors.

5. To disclose the remuneration of managers of the Company

6. To elect members of the Audit Committee..

Dated this 27th day of March 2021

By Order of the Board

Mrs. Olufunmilayo Adedibu
Company Secretary
FRC/2014/NBA/00000005887

Attendance By Proxy

In view of the directives on physical distancing and the restriction on maximum number of people at every gathering due to the COVID-19 pandemic, the meeting will hold by Proxies in accordance with section 254 of the Companies and Allied Matters Act 2020 and as approved by the Corporate Affairs Commission.

The underlisted persons have been nominated as Proxies:

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- Mr. Oladipupo Jadesimi
- Mrs. Olapeju Sofowora
- Mrs. Olufunmilayo Adedibu
- Sir Sunny Nwosu
- Chief Timothy Adesiyan
- Mr Boniface Okezie
- Mr Gbenga Idowu
- Mrs Bisi Bakare

Shareholders and other stakeholders can follow the proceedings of the AGM as the meeting will be streamed live online. The link for the streaming can be accessed on the Company's website at www.fcmb.com/agm.

For further Enquiries, please contact:
InvestorRelationsUnit@fcmb.com Or
ShareholdersDividendsAndOtherAdminQueries@fcmb.com

Notice of Annual General Meeting

NOTES:

Proxy

Only a member (shareholder) of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. All valid instruments of proxy should be completed and deposited at the office of the Company's Registrars, CardinalStone Registrars Limited, 335/337 Herbert Macaulay Way, Sabo Yaba, Lagos; Or via email to registrars@cardinalstone.com not later than 48 hours before the time fixed for the meeting.

Shareholders are encouraged to send duly executed proxy form(s) appointing any of the listed Proxies and indicating how they wish to vote on each of the Resolutions noted therein. Payment of stamp duties for all instruments of proxy shall be at the company's expense.

Closure of Register

The register of members will be closed from 9 April 2021 to 13 April 2021 (both days inclusive).

Dividend Payment

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend will be credited on Wednesday 21 April 2021 to mandated accounts of members so entitled, whose names appear in the register of members at the close of business on 8 April 2021.

Audit Committee

In accordance with Section 404 (6) of the Companies and Allied Matters Act 2020, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nominations should be in writing and reach the Company Secretary not less than 21 days before the Annual General Meeting.

The Companies and Allied Matters Act 2020 provides that all members of the Audit Committee shall be financially literate.

The Code of Corporate Governance issued by the Securities and Exchange Commission also stipulates that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. Thus, a detailed curriculum vitae confirming the nominee's adequate qualification should be submitted with each nomination.

Rights of Shareholders to Ask Questions

Shareholders and other holders of the Company's securities reserve the right to ask questions not only at the meeting, but also in writing prior to the meeting, and such questions should be submitted to the Company on or before 14 April 2021.

Proxy Form and Resolutions

FCMB GROUP PLC (RC 1079631)
8TH ANNUAL GENERAL MEETING to be held at First City Plaza, 44 Marina, Lagos on Wednesday 21 April 2021 at 11.00 am.

I/We ____
being a member/members of FCMB Group Plc hereby appoint

* ____

____
(PLEASE USE BLOCK CAPITALS)

or failing him, the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of FCMB Group Plc, which will be held at First City Plaza, 44 Marina, Lagos on Wednesday 21 April 2021 at 11.00 am or at any adjournment thereof.

Dated this ______________________________________

day of______________________________________2021

Shareholder's Signature

____

NOTES:

1. A member (shareholder) entitled to attend and vote at the Annual General Meeting is allowed by law to vote by proxy and the above proxy form has been prepared to enable you to exercise your right to vote at the meeting.

2. Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy but, if you wish, you may insert in the blank space (marked*) the name of any person out of the nominated Proxies, who will attend the meeting and vote on your behalf.

3. Please sign and post the proxy form so as to reach The Registrar, CardinalStone Registrars Limited, 335/337 Herbert Macaulay Way, Sabo Yaba, Lagos, not later than 48 hours before the time appointed for the meeting and ensure that the proxy form is dated and signed.

4. If executed by a corporate body, the proxy form should be sealed with the Common Seal or under the hand of an officer or attorney duly authorised in that behalf.

	RESOLUTIONS	FOR	AGAINST	ABSTAIN
1.	To receive and consider the Report of the Directors. and the Audited Financial Statements for the year ended 31 December 2020, the Auditor's Report thereon and the Audit Committee Report.			
2.	To declare a dividend.			
3.	To re-elect Directors that are retiring by rotation: i. Alhaji Mustapha Damcida			
	ii. Mrs. Olapeju Sofowora			
	iii. Mrs, 'Tokunboh Ishmael			
4.	To authorise the Directors to fix the remuneration of the Auditors.			
5.	To disclose the remuneration of managers of the Company.			
6.	To elect members of the Audit Committee.			

ADMISSION CARD

FCMB GROUP PLC
8th Annual General Meeting

PLEASE ADMIT ONLY THE SHAREHOLDER'S DULY APPOINTED PROXY TO THE 8TH ANNUAL GENERAL MEETING BEING HELD AT FIRST CITY PLAZA, 44 MARINA, LAGOS ON WEDNESDAY 21 APRIL 2021 AT 11.00 AM.

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRARS.

NAME OF SHAREHOLDER/PROXY

____

SIGNATURE ______________________________________

ADDRESS ____

____

____

____

Mandate for E-Dividend Payment

PLEASE RETURN TO: CardinalStone Registrars, 335/337 Herbert Macaulay Way, Sabo, Yaba, Lagos, Nigeria
P.O. Box 9117, Marina, Lagos, Nigeria.

It is our pleasure to inform you that the Securities and Exchange Commission (SEC) has directed that dividend(s) due to a shareholder should be paid by DIRECT CREDIT into the shareholder's mandated bank account. Consequently, we hereby request you provide the following information to enable us to process the direct payment of your dividend (when declared) into your bank account.

(PLEASE COMPLETE ALL SECTIONS IN CAPITAL LETTERS)

Shareholder's Account Number |	Date of Birth (DD/MM/YYYY) |
Surname/Company's Name |	
Other Names (for Individual Shareholders) |	
City/Town |	State |
Email Address |	
Mobile (GSM) Phone |	
Bank Name |	
Account Name |	
Branch Address |	
Bank Account Number |	
Bank Sort Code |	

I/We hereby request that all dividend(s) due to me/our holding(s) in FCMB be paid by direct credit to my/our bank account given above.

Shareholder's Signature or Thumbprint

Company Seal/Incorporation Number
(for Corporate Shareholders)

Shareholder's Signature or Thumbprint

Authorised Signature & Stamp of Bankers

Electronic Delivery Mandate Form

Dear Sir/Madam,

To enable you to receive your shareholder communications promptly, FCMB has introduced the electronic delivery of its Annual Report and Accounts, proxy forms and other statutory documents to shareholders.

With this service, instead of receiving a hard copy of our annual reports and other corporate documents, you can elect to receive a soft copy of the Annual Report, proxy form, etc., either as a link to a downloadable version of the report that will be sent to your email address or on a compact disc (CD), which will be posted to you.

Please complete this form to register your preference and return the completed form to:

The Registrar,
CardinalStone Registrars Limited,
335/337 Herbert Macaulay Way, Sabo
Yaba, Lagos
or any of the Registrar's offices nationwide.

Mrs. Olufunmilayo Adedibu
Company Secretary

I____

of____

HEREBY AGREE TO THE ELECTRONIC DELIVERY OF FCMB GROUP PLC'S ANNUAL REPORTS, PROXY FORMS, PROSPECTUSES, NEWSLETTERS AND STATUTORY DOCUMENTS TO ME THROUGH:

Please tick only one option:

- An electronic copy via compact disc (CD) sent to my postal address, or
- I will download from the web address forwarded to my email address stated below
- Continue receiving the report in hard copy to my postal address

My email address:

____

How often would you like to receive them?

- Annually
- Semi-annually

Description of Service

By enrolling in the electronic delivery service, you have agreed to receive all future announcements/ shareholder communications, as stated below, by email. These communications can be made available to you either semi-annually or annually.

Annual reports, proxy forms, prospectuses and newsletters are examples of the shareholder communications that can be made available to you electronically. Enrolment to our electronic delivery service will be effective for all your holdings in FCMB Group Plc on an ongoing basis, unless you change or cancel your enrolment.

This initiative is in line with our determination to help protect and sustain our planet's environment and the consolidated SEC Rule 128 (6) of September 2011 which states that "A Registrar of a public company may dispatch Annual Reports and Notices of Meetings to shareholders by electronic means".

Name (surname first)

____

____

Signature

____

Date ____

+234(0) 1 279 8800
www.fcmbgroup.com

BRANCHES AND ACCOUNT OPENING INFORMATION

List of Branches

FCMB Branch
FCMB Pension Managers Outlet in an FCMB Branch
Standalone FCMB Pension Managers Outlet
FCMB Pension Managers Outlet in a UBA building

BRANCH ADDRESS	
ABIA	
1	90 Asa Road, Aba, Abia
2	10 Brass Road Branch, Aba, Abia
3	161 Faulks Road, Aba, Abia
4	5 Library Avenue, Umuahia, Abia
5	10 Akanu Ibiam Road, Umuahia, Abia
ABUJA	
6	Plot 112, Aminu Kano Crescent, opposite Shaif Plaza, Wuse 2, Abuja
7	1 Yola Street, Area 7, Garki, Abuja
8	6 Ogbomosho Street, Area 8, Garki, Abuja
9	Plot 750, Aminu Kano Way, Wuse, Abuja
10	1 Council Secretariat Avenue, Bwari, Abuja
11	1st Avenue, Crest Plaza, Gwarimpa, Abuja
12	Federal Secretariat Complex, Phase 3, Abuja
13	Plot 252, Herbert Macauly Way, Central Business District, Abuja
14	30 Gana Street, Maitama, Abuja
15	Plot 1,640, Ladoke Akintola Boulevard, Garki II, Abuja
16	St Jude Plaza, Opposite Gudu Market, Abuja
17	Plot 136B, Gado Nasko Road, Kubwa, Abuja
18	Plot 33A, Sauka Extension, Kuje Town Centre, Abuja
19	White House Basement, National Assembly Complex, Three Arms Zone, Abuja
20	Plot 108, Adetokunbo Ademola Cadastral Zone A08, Wuse 2 District, Abuja
21	Plot 532, IBB Way Zone 4, Wuse, Abuja
22	75 Yakubu Gowon Crescent, Asokoro, Abuja
23	203A Phase One Specialist Hospital Road, Gwagwalada, Abuja
24	Mallam Shehu Plaza, Plot 35, IT Igbani Street, off Obafemi Awolowo Way, Jabi, Abuja
25	4 Mediterranean Street, Imani Estate, Maitama, Abuja
26	Plot 207 Zakara Maimalari Street, Cadastral Zone AO, Central Business District, Abuja
27	14 Port Harcourt Crescent, off Gimbiya Street, Area 11, Garki, Abuja
ADAMAWA	
28	20 Atiku Abubakar Way, Jimeta, Yola, Adamawa
AKWA IBOM	
29	Grace Bill by Marina Junction, Eket, Akwa Ibom

BRANCH ADDRESS	
30	5 Harley Drive, Ikot Ekpene, Akwa Ibom
31	143 Abak Road, Uyo, Akwa Ibom
32	105 Oron Road, Uyo, Akwa Ibom
ANAMBRA	
33	84 Nnamdi Azikiwe Avenue, Awka, Anambra
34	38 Zik Avenue, Awka, Anambra State
35	10 Awka Road, Ekwulobia, Anambra
36	15 Oraifite Road, Nnewi, Anambra
37	Electrical Market, Obosi, Onitsha, Anambra
38	4 Hospital Road, along Ekwulobia-Oko Road, Ekwulobia, Anambra
39	40 Ugah Street, Bridgehead, Onitsha, Anambra
40	9A New Market Road, Onitsha, Anambra
41	53 New Market Road, Onitsha, Anambra
BAUCHI	
42	4 Jamaare Road, Azare, Bauchi
43	Isa Yuguda House, 19/23 Jos Road, Bauchi
44	FCMB, Commercial Road, By State Library, Bauchi
45	Former Women Development Center, GRA, Bauchi
BAYELSA	
46	181 Mbiama Road, Yenagoa, Bayelsa
47	76 Mbiama/Yenagoa Road, By Chief Obele Street Junction, Ovom-Yenagoa, Bayelsa
BENUE	
48	20B, New Otukpo Road, Opp. OG Winners Plaza, Wurukum, Makurdi (FCMB), Benue
BORNO	
49	3 Baga Road, before the railway crossing, Maiduguri, Borno
CROSS RIVER	
50	14 Calabar Road, Calabar, Cross River
51	7 Calabar Road, Ikom, Cross River
52	New Secretariat Complex, Murtala Mohammed Highway, Calabar, Cross River
DELTA	
53	370 Nnebisi Road, Asaba, Delta
54	461 Nnebisi Road, Asaba, Delta
55	68 Effurun/Sapele Road, Warri, Delta
56	30 Ughelli/Warri Road, Ughelli, Delta
57	52 Airport Road, Warri, Delta
58	37 Okumagba Avenue, by Okere Roundabout, Warri, Delta

List of Branches

FCMB Branch
FCMB Pension Managers Outlet in an FCMB Branch
Standalone FCMB Pension Managers Outlet
FCMB Pension Managers Outlet in a UBA building

Branch Address	
59	16 Anwai Road, Asaba, Delta
EBONYI	
60	36B Sam Egwu Way, Abakaliki, Ebonyi
EDO	
61	112 Mission Road, Benin City, Edo
62	183 Uselu-Ugbowo Road, Benin City, Edo
63	62 Jattu Road, Auchi (UBA Building), Edo
64	84 Akpakpava Road, Benin City, Edo
EKITI	
65	New Secretariat Road, Ado Ekiti, Ekiti
ENUGU	
66	71 Enugu Road, Agbani Town, Enugu
67	12A Market Road, Enugu, Enugu
68	41 Garden Avenue, Enugu, Enugu
69	7B University Road, Nsukka, Enugu
70	4 Presidential Avenue, Nkpokiti Junction, Enugu, Enugu
GOMBE	
71	Ashaka Cement Factory Complex, Ashaka, Gombe
72	11 Biu Link Road, Opposite Central Market, Gombe
73	Adamu Fura house, BIU Road, adjacent to Eco Bank, Gombe
IMO	
74	5B Mbaise Road, Owerri, Imo
75	5 LN Obioha Road, Orlu, Imo
76	81 Wetheral Road, Owerri, Imo
77	40 Wetheral Road, Owerri, Imo
JIGAWA	
78	12A-13A Kiyawa Road, Dutse, Jigawa
KADUNA	
79	1A Ahmadu Bello Way, Kaduna
80	40 Ali Akilu Road, Kaduna
81	Beside Kachia Police Station, Kachia, Kaduna
82	1/2A Kachia Road, Kaduna
83	26/27 Constitution Road, Kaduna
84	26 Kachia Road, Sabon Tasha, Kaduna
85	6 Yakubu Gowon Way, Kaduna
86	Block F3, Kaduna-Gusau Road, Zaria, Kaduna
87	40, Ali Akilu Road, Abdulahi Yaro House, Kaduna North

Branch Address	
KANO	
88	40 Murtala Mohammed Way, Kano
89	17/18 Bello Road, Kano
90	7 Bompai Road, Kano
91	58E Ibrahim Taiwo Road, Fegge, Kano
92	15, Bank Road, Kano
93	9c Muritala Mohammed Road, Kano
94	145 Murtala Mohammed Way, Kano
KATSINA	
95	132 IBB Way, Kano/Katsina Road, by Yantomaki Road, Katsina
KEBBI	
96	Plot 20, Emir Haruna Road, Birnin Kebbi, Kebbi
97	4 Emir Haruna Road, Beside Nitel Office, Birnin Kebbi, Kebbi
KOGI	
98	Along Idah-Ajaokuta Road, opposite General Post Office, Anyigba, Kogi
99	16 Aliyu Obaje Road, Okene/Kabba Road, opposite Stella Obasanjo Library, Lokoja, Kogi
100	Suit 5 Grand Quest Plaza, Lokoja, Kogi
KWARA	
101	120 Abdulazeez Atta Road, Surulere, Ilorin, Kwara
102	79B Ibrahim Taiwo Road, Ilorin, Kwara
103	33 Murtala Mohammed Way, Ilorin, Kwara
LAGOS	
104	1 Davies Street, UNTL Building off Marina Street, Lagos Island, Lagos
105	11 Ijaiye Street, Oke Arin, Lagos
106	117 Okota Road, Okota, Isolo, Lagos
107	11B Adeola Odeku Street, Victoria Island, Lagos
108	12 Macarthy Street, Onikan, Lagos
109	12 Oroyinyin Street, Idumota, Lagos Island, Lagos
110	91, Ladipo Street, Matori, Mushin, Lagos
111	13 Alfred Rewane Road, Ikoyi, Lagos
112	148A Olojo Drive, Ojo, Lagos
113	16 Warehouse Road, Apapa, Lagos
114	178 Ikorodu Road, Onipanu, Lagos
115	18/20 Mobolaji Bank Anthony Way, Ikeja, Lagos
116	2 Joseph Street, off Marina Street, Lagos Island, Lagos

List of Branches

FCMB Branch
FCMB Pension Managers Outlet in an FCMB Branch
Standalone FCMB Pension Managers Outlet
FCMB Pension Managers Outlet in a UBA building

	Branch Address
117	218 Egbeda-Idimu Road, Idimu, Lagos
118	22 Idoluwo Street, Idumota, Lagos
119	23 Ogba Ijaiye Road, opposite WAEC Office, Ogba, Lagos
120	23/25 Murtala Mohammed International Airport Road, Ikeja, Lagos
121	253 Agege Motor Road, Mushin, Lagos
122	25B Ilupeju Bypass, off Coker Junction, Ilupeju, Lagos
123	28 Creek Road, Apapa, Lagos
124	29 Oba Akran Avenue, Ikeja, Lagos
125	33 Adeniran Ogunsanya Street, Surulere, Lagos
126	33 Osolo Way, Ajao Estate, Lagos
127	36 Allen Avenue, Ikeja, Lagos
128	38 Adeola Hopewell Street, Victoria Island, Lagos
129	42 Diya Street, Ifako Gbagada, Lagos
130	43 Ojuelegba Road, Surulere, Lagos
131	44 Marina Street, Lagos Island, Lagos
132	48 Isaac John Street, Ikeja G.R.A., Lagos
133	545/547 Ketu, Ikorodu Road, Lagos
134	63/64 Igbokushu Village, opposite Jakande Estate, Lekki, Lagos
135	68 Awolowo Road, Ikoyi, Lagos
136	7 Lagos Road, Ikorodu, Lagos
137	757 Lagos-Abeokuta Expressway, Salolo Alagbole, Lagos
138	80 Kudirat Abiola Way, Oregun, Ikeja, Lagos
139	90 Awolowo Road, Ikoyi, Lagos
140	481 Agege Motor Road, Oshodi, Lagos
141	Above Plaza, BBA Trade Fair Complex, Lagos
142	74/76, Broad Street, adjacent to Methodist Church of the Trinity by Tinubu Square, Lagos
443	Block 11, Suite 3–8, Agric Market, Odun Ade Bus Stop, Orile Coker, Lagos
144	Daddy Doherty House, 34 Idumagbo Avenue, Lagos
145	Eleganza Plaza, 1 Wharf Road, Apapa, Lagos
146	Founders Place, 2 Sanusi Fafunwa Street, Victoria Island, Lagos
147	Km 18, Lekki-Epe Expressway, before Chevron Roundabout, Lekki, Lagos
148	Km 23, Berger Bus Stop, Lekki-Epe Expressway, Ajah, Lagos
149	Leventis Building, 2–4 Iddo Road, Iddo, Lagos
150	M1 Point Motorways Complex, Ikeja, Lagos

	Branch Address
151	MMA Zulu Terminal, Domestic Airport, Ikeja, Lagos
152	Obosi Plaza, A-line, Alaba International Market, Alaba, Lagos
153	Old Abeokuta Express Road, Oko-Oba, Agege, Lagos
154	Olusegun Obasanjo Hall, Aspamda, Trade Fair Complex, Badagry Expressway, Lagos
155	Plot 1,572, 4th Avenue, Festac Town, Lagos
156	Plot 111 Ogudu GRA, Ojota Road, Ogudu, Lagos
157	Plot 123, Amuwo Odofin Road, Festac Link Bridge, Amuwo-Odofin, Lagos
158	Plot 719A, Adetokunbo Ademola Street, Victoria Island, Lagos
159	Plot B, Block E12E, Admiralty Way, Lekki, Lagos
160	Primateck Plaza, Shasha Roundabout, Akowonjo, Lagos
161	Primrose Tower, 17A Tinubu Street, Lagos
162	S Line, Old Garage, Alaba Electrical Section, Alaba International Market, Alaba, Lagos
163	Shop 529–531, Iponri Shopping Complex, Iponri, Surulere, Lagos
164	Slok House, 10 Randle Road, Apapa, Lagos
165	The Hive Mall, Plot 16, T.F. Kuboye Road, off New Market Road, Oniru, Lagos
NASARAWA	
166	43 Sani Abacha Way (Jos Road), Lafia, Nasarawa
167	75 Abdu Zanga Way, Tsohon Tasha, Keffi, Nasarawa
168	Plot 35779, Mararaba Gurku, Karu, Nasarawa
NIGER	
169	3 Paiko Road, opposite CBN, Minna, Niger
170	18 Suleiman Barau Road, Suleja, Niger
171	83 Broadcasting Road, Minna, Niger
OGUN	
172	1 Ilaro Street, Agbara Industrial Estate, Agbara, Ogun
173	141 Akarigbo Street, Sagamu, Ogun
174	168 Folagbade Street, Ijebu-Ode, Ogun
175	21 Lalubu Street, Oke-Ilewo Abeokuta, Ogun
176	52 Ejirin Road, Impepe, Ijebu-Ode, Ogun
177	54 Ojodu-Akute Road, Alagbole Bus Stop, Akute, Ogun
178	57, Idi-Iroko Road, Sango Ota, Ogun
179	Km 48, Lagos-Ibadan Expressway, Redeem Camp, Ogun

List of Branches

FCMB Branch
FCMB Pension Managers Outlet in an FCMB Branch
Standalone FCMB Pension Managers Outlet
FCMB Pension Managers Outlet in a UBA building

	Branch Address
180	Permanent Site, Olabisi Onabanjo University, Ago-Iwoye, Ogun
ONDO	
181	5 Bishop Fagun Road, Alagbaka, Akure, Ondo
182	1 Olukayode House, Oshinle, Akure, Ondo
183	Plot 1E, 5B GRA Igbokoda, Ilaje, Ondo
184	15 Yaba Street, Ondo
OSUN	
185	F16 Ereguru Street, Ilesha, Osun
186	Km 3, Gbongan/Ibadan Road, Osogbo, Osun
187	No 3, Akarabata Layout, Along Lagere Road, Osogbo, Osun
188	B11 Treasure Plaza, Beside Wema Bank, Igbona Market, Osogbo, Osun
OYO	
189	Felele roundabout Idi Odo Molete, Ibadan, Oyo
190	1C Sabo Garage, Ojoo/Ibadan Express Road, Ojoo, Ibadan, Oyo
191	23/25 Lebanon Street, Dugbe, Ibadan, Oyo
192	30 Oyo Road, opposite UI Post Office, Ibadan, Oyo
193	55 Iwo Road, Ibadan, Oyo
194	57 Agbeni Market Road, Agbeni, Ibadan, Oyo
195	Plot 3, University of Ibadan/Secretariat Road, Bodija Extension, Bodija, Ibadan, Oyo
196	University College Hospital, opposite Total Filling Station, Ibadan, Oyo
PLATEAU	
197	4 Beach Road, opposite Plateau State Board of Internal Revenue Office, Jos, Plateau
198	British American Tobacco Junction, Bukuru Bypass, Jos, Plateau
199	7 Murtala Mohammed Way, Jos, Plateau

	Branch Address
RIVERS	
200	117 Trans Amadi Industrial Layout, Port Harcourt, Rivers
201	19 Ikwerre Road, Mile 1, Diobu, Port Harcourt, Rivers
202	2/3 Rumuokoro Street, Rumuomasi, Port Harcourt, Rivers
203	26 Zaakpon/Poly Road, Bori, Port Harcourt, Rivers
204	282A GRA Bus Stop, Aba Road, Port Harcourt, Rivers
205	290 Old Aba Road, Oyigbo, Rivers
206	457 Ikwerre Road, Port Harcourt, Rivers
207	46A Abuloma Road, Port Harcourt, Rivers
208	642 Ikwerre Road, Rumuokoro, Port Harcourt, Rivers
209	7B Azikwe Road, Port Harcourt, Rivers
210	80 Olu Obasanjo Road, Port Harcourt, Rivers
211	81 Aggrey Road, Port Harcourt, Rivers
212	85 Aba Road, by Garrison Junction, Port Harcourt, Rivers
213	9 Port Harcourt-Aba Expressway, Port Harcourt, Rivers
214	Plot 466/467, Trans Amadi Industrial L/Out, Port Harcourt, Rivers
215	26 Aba Road, UAC Building, Port Harcourt, Rivers
SOKOTO	
216	27 Sani Abacha Way (Old Kano Road), Sokoto
TARABA	
217	73 Hammaruwa Way, Jalingo, Taraba
YOBE	
218	29/32 Bukar Abba Ibrahim Way, Damaturu, Yobe
ZAMFARA	
219	Plot 103, Sani Abacha Way, Gusau, Zamfara

Personal Account Application Form

This form should be completed in CAPITAL LETTERS.

Affix Passport Photograph Here

Category of Account: (Please tick as appropriate)

Joint Account ☐ Fixed Investment Account ☐ Savings Account ☐

Account Type: (Please tick as appropriate)

Current Account ☐ Fixed Deposit Account ☐ Savings Account ☐

Domiciliary Account £ ☐ € ☐ $ ☐ Others ☐

BRANCH ACCOUNT NO. (For official use only)

BANK VERIFICATION ID NO.

1. PERSONAL INFORMATION

Title First Name

Surname Other Names

Marital Status (Please tick) Single ☐ Married ☐ Other (Please specify) Gender: Male ☐ Female ☐

Date of Birth (DD/MM/YYYY) / / Country of Birth

Mother's Maiden Name

Nationality 2nd Nationality

Country of Residence

Permit Issue Date (DD/MM/YYYY) / / Permit Expiry Date (DD/MM/YYYY) / /

L.G.A. State of Origin

Tax Identification No. (TIN) Resident Permit No.

Purpose of Account Religion (Optional)

2. CHILD'S DETAILS

Full Name Other Names

Surname Date of Birth (DD/MM/YYYY) / / Gender: Male ☐ Female ☐

3A. CONTACT DETAILS

House Number Street Name

Nearest Bus Stop/Landmark

City/Town L.G.A.

State

Mailing Address

Phone Number (1) + Country Code Phone Number (2) + Country Code

Email Address

Personal Account Application Form (Continued)

3B. FOREIGN ADDRESS (IF ANY)

House Number ☐ Street Name ☐

City/Town ☐ Postcode ☐

State ☐ Country ☐

Type of Visa ☐ Phone Number + ☐

Country Code Country Code

4. VALID MEANS OF IDENTIFICATION

National ID Card ☐ National Driver's Licence ☐ International Passport ☐ INEC Voters Card ☐

Others (Please specify) ☐

ID No. ☐ ID Issue Date (DD/MM/YYYY) ☐/☐/☐

ID Expiry Date (DD/MM/YYYY) ☐/☐/☐

Country of Issuance ☐

5. ACCOUNT SERVICE(S) REQUIRED (Please tick applicable option below)

Card Preferences: Verve Card ☐ MasterCard ☐ Visa Card ☐ Others (Please specify) ☐

Electronic Banking Preferences: FCMBOnline ☐ FCMBMobile ☐ ATM ☐ POS ☐

Other Electronic Channels (Fees may apply) (Specify) ☐

Transaction Alert Preferences: Email Alert (Free) ☐ SMS Alert (Fee applies) ☐

Statement Preferences: Email ☐ Collection at Branch ☐

Statement Frequency: Monthly ☐ Quarterly ☐ Bi-Annually ☐ Annually ☐

Cheque Book Requisition: (Fee applies) Open Cheque ☐ Crossed Cheque ☐ 25 Leaves ☐ 50 Leaves ☐ 100 Leaves ☐

Cheque Confirmation: Would you like to pre-confirm your cheques? Yes ☐ No ☐

Cheque Confirmation Threshold: If yes, please specify the threshold ☐

6. EMPLOYMENT DETAILS

Employed ☐ Self-Employed ☐ Unemployed ☐ Retired ☐ Student ☐ Other (Please specify) ☐

Date of Employment (If employed) (DD/MM/YYYY) ☐/☐/☐

Annual Salary/Expected Annual Income: (a) Less than ₦50,000 ☐ (b) ₦51,000 – ₦250,000 ☐

(c) ₦251,000 – ₦500,000 ☐ (d) ₦501,000 – Less than ₦1 million ☐ (e) ₦1 million – Less than ₦5 million ☐

(f) ₦5 million – Less than ₦10 million ☐ (g) ₦10 million – Less than ₦20 million ☐ (h) Above ₦20 million ☐

Employer's Name ☐

House Number ☐ Street Name ☐

Nearest Bus Stop/Landmark ☐

City/Town ☐ L.G.A. ☐

State ☐

Type of Business/Occupation ☐

Office Phone No. 1 + ☐ Office Phone No. 2 + ☐

Country Code Country Code

Personal Account Application Form (Continued)

7. DETAILS OF NEXT OF KIN

First Name ____ Other Names ____

Surname ____

Date of Birth (DD/MM/YYYY) __/__/____ Gender: Male ☐ Female ☐ Title (Specify) ____

Relationship ____

Phone Number (1) + ____ Phone Number (2) + ____
Country Code Country Code

Email Address ____

House Number ____ Street Name ____

Nearest Bus Stop/Landmark ____

City/Town ____

State ____

8. ADDITIONAL DETAILS

I Name of Beneficial Owner(s) (if any) ____

II Spouse's Name (if applicable) ____

III Spouse's Date of Birth (DD/MM/YYYY) __/__/____

Spouse's Occupation ____

IV Source of Funds to the Account 1. ____
2. ____

V Expected Annual Income from Other Sources ____

VI Name of Associated Business(es) (if any) 1. ____
2. ____
3. ____

VII Type of Business ____

VIII Business Address ____

IX How did you hear about us? TV ☐ Radio ☐ Press ☐ Online ☐ Word of Mouth ☐

Other (please specify) ____

9. ACCOUNT(S) HELD WITH OTHER BANKS

S/N	NAME AND ADDRESS OF BANK/BRANCH	ACCOUNT NAME	ACCOUNT NUMBER	STATUS ACTIVE/DORMANT
1.				
2.				
3.				
4.				

Personal Account Application Form (Continued)

10. TERMS AND CONDITIONS

I/We hereby certify that the information given on this form is correct and that I/We have read, understood and agree with the Account opening terms and conditions governing the selected account(s)

Principal Account Holder's Signature

Mandate/Special Instructions
(Minimum Confirmation Amount/Signature Mandate)

JOINT ACCOUNT HOLDER (PLEASE COMPLETE ALL SECTIONS IN CAPITAL LETTERS)

Name(s) ______________________________

Contact Address ______________________________

____

Mobile ______________ Date of Birth ______________

Email Address ______________________________

Gender: Male ☐ Female ☐

Joint Account Holder's Signature

Please Affix your Passport Photograph Here

Joint Account Holder

11. DECLARATION:

I hereby apply for the opening of account(s) with First City Monument Bank Limited. I understand that the information given herein and the documents supplied are the basis for opening such account(s) and I therefore warrant that such information is correct.

I further undertake to indemnify the bank of any loss suffered as a result of any false information or error in the information provided to the Bank.

1. Name ______________________ Signature ______________________ Date ______________

1. Name ______________________ Signature ______________________ Date ______________

12. JURAT (this should be adopted where the applicant is not literate or is blind and the form is read to him/her by a third party)

I agree to abide by the content of the agreement and acknowledge that it has been truly and audibly read over and explained to me by an interpreter.

Mark of Customer/ Thumbprint

Magistrate/ Commissioner for Oaths

Date ☐☐/☐☐/☐☐☐☐

Name of Interpreter

Address of Interpreter

Phone Number

Language of Interpretation

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www.fcmbgroupplc.com

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www.sandbcityprinters.com

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