FCMB Group Plc
Audited Annual Report and Financial Statements
Year ended 31 December 2021

FCMB GROUP PLC
AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS - 31 DECEMBER 2021

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RC NO. 352393

18th February 2022

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF FCMB GROUP PLC FOR THE YEAR-ENDED DECEMBER 31, 2021.

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 December 31, 2021.

The essence of the review was to ascertain the level of the Board's compliance with corporate governance practices and involved the benchmarking of the performance of the Board against the provisions of the SCGG and the NCCG, as well as corporate governance best practices. 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.

Following a detailed review of Company's corporate and statutory documents, Minutes of Board and Committee meetings, 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 and that the activities of the Board and the Group significantly align with corporate governance best practices. The Board demonstrated strong commitment to the observance of highest ethical standards and transparency in the conduct of the Company's business and remained steadfast in setting the tone at the top in the implementation of applicable corporate governance practices at all levels of the Company.

We found from the Directors' Peer Assessment and Chairman's Leadership Assessment surveys administered on the individual Directors that the Directors performed well on the set governance indicators and remained committed to sustaining the growth of the Company's business.

We have proffered recommendations to address those areas that require improvement and are satisfied that the board would take due notice of these.

We are grateful for the opportunity to be of service and look forward to working with you in the future. 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

BOARD OF DIRECTORS, OFFICERS AND PROFESSIONAL ADVISORS FOR THE YEAR ENDED 31 DECEMBER 2021

Directors

1	Mr. Oladipupo Jadesimi (Chairman)	
2	Mr Ladi O. Balogun (Group Chief Executive)	
3	Mr Gbolahan Joshua (Chief Operating Officer)	Appointed September 2, 2021
4	Mr Peter Obaseki	Retired March 1, 2021
5	Mr Olufemi Badeji (Executive Director)	
6	Alhaji Mustapha Damcida (Non-Executive Director)	
7	Professor Oluwatoyin Ashiru (Non Executive Director)	
8	Dr (Engr) Gregory O. Ero (Non-Executive Director)	
9	Mrs. Olapeju Eniola Sofowora (Non Executive Director)	
10	Mrs. Tokunboh Ishmael (Non Executive Director)	
11	Ms. Muibat Ijaiya (Non-Executive Independent Director)	Appointed April 28, 2021

Company Secretary

Mrs. Olufunmilayo Adedibu

Registered office

FCMB Group Plc
First City Plaza
44, Marina
Lagos

Auditors

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

Board Appraiser

DCSL Corporate Services Limited
235, Ikorodu Road
Ilupeju
Lagos

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 Exchange Group, 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 ten Directors made up of Seven 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

- Mr. Peter Obaseki retired from the Board of the Company effective 1 March 2021.
- Ms. Muibat Ijaiya joined the Board of the Company effective 28 April 2021.
- Mr. Gbolahan Joshua joined the Boardof the Company effective 2 September 2021.

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 RemunerationCommittee 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.
- have a good relationship with the regulatoryauthority.
- 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 of 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'sapproval 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.
- 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 Held in 2021

	26 Feb 2021	23 Apr 2021	23 Jul 2021	23 Oct 2021	3 Dec 2021
Mr Oladipupo Jadesimi	✓	✓	✓	✓	✓
Mr Ladi Balogun	✓	✓	✓	✓	✓
Mr Peter Obaseki	✓	n/a	n/a	n/a	n/a
Mr Olufemi Badeji	✓	✓	✓	✓	✓
Mr. Gbolahan Joshua	n/a	n/a	n/a	✓	✓
Alhaji Mustapha Damcida	✓	✓	✓	✓	n/a
Dr (Engr) Gregory O Ero	✓	✓	✓	✓	✓
Professor Oluwatoyin Ashiru	✓	✓	✓	✓	✓
Mrs Olapeju Sofowora	✓	✓	✓	✓	✓
Mrs 'Tokunboh Ishmael	✓	✓	✓	✓	✓
Ms. Muibat Ijaiiya	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 organized 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/ 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 macro- economic 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)	Board Effectiveness in a VUCA Environment	Society for Corporate Governance of Nigeria	3/4/2021;
	AML/CFT Training: Repositioning the Bank for Growth, Ticking the regulatory checklist	Central Bank of Nigeria	10/1/2021
	Cybersecurity Awareness Session	KPMG	11/19/2021
Mr Ladi Balogun (Group Chief Executive)	AML/CFT Training: Board Oversight: How effective is the regulatory compliances	Nigeria Financial Intelligent Unit	4/16/2021;
	AML/CFT Training: Repositioning the Bank for Growth, Ticking the regulatory checklist	Central Bank of Nigeria	10/15/2021;
	Cybersecurity Awareness Session	KPMG	11/19/2021
Mr. Gbolahan Joshua (Executive Director/COO)	AML/CFT Training: Repositioning the Bank for Growth, Ticking the regulatory checklist	Central Bank of Nigeria	10/15/2021;
	Cybersecurity Awareness Session	KPMG	11/19/2021
Mr Olufemi Badeji (Executive Director)	Board Effectiveness in a VUCA Environment	Society for Corporate Governance of Nigeria	3/4/2021
	AML/CFT Training: Repositioning the Bank for Growth, Ticking the regulatory checklist	Central Bank of Nigeria	10/15/2021
	Cybersecurity Awareness Session	KPMG	11/19/2021;
Alhaji Mustapha Damcida (Non-Executive Director)	Board Effectiveness in a VUCA Environment	Society for Corporate Governance of Nigeria	3/4/2021
	The Future of Board and Governance: Reporting, Supervising and Risk Management in a Disruptive Era	FITC	9/29/2021 & 9/30/2021
	AML/CFT Training: Repositioning the Bank for Growth, Ticking the regulatory checklist	Central Bank of Nigeria	10/15/2021
	CyberSecurity Awareness Session	KPMG	11/19/2021

Name of Director	Training Title	Facilitating Faculty (Course Vendor)	Date
Prof. Oluwatoyin Ashiru (Non-Executive Director)	Board Effectiveness in a VUCA Environment	Society for Corporate Governance Nigeria	3/4/2021
	The Future of Board and Governance: Reporting, Supervising and Risk Management in a Disruptive Era	FITC	9/29/2021 & 9/30/2021
	AML/CFT Training: Repositioning the Bank for Growth, Ticking the regulatory checklist	Central Bank of Nigeria	10/15/2021
	Cybersecurity Awareness Session	KPMG	11/19/2021
Olapeju Sofowo (Non-Executive Director)	Board Effectiveness in a VUCA Environment	Society for Corporate Governance Nigeria	3/4/2021
	The Future of Board and Governance: Reporting, Supervising and Risk Management in a Disruptive Era	FITC	9/29/2021 & 9/30/2021
	AML/CFT Training: Repositioning the Bank for Growth, Ticking the regulatory checklist	Central Bank of Nigeria	10/15/2021
	Cybersecurity Awareness Session	KPMG	11/19/2021
Ms. Muibat Ijaiya (Non-Executive Director)	Cybersecurity Awareness Session	KPMG	11/19/2021
Ms. Muibat Ijaiya (Non-Executive Director)	The Future of Board and Governance: Reporting, Supervising and Risk Management in a Disruptive Era	FITC	9/29/2021 & 9/30/2021
	AML/CFT Training: Repositioning the Bank for Growth, Ticking the regulatory checklist	Central Bank of Nigeria	10/15/2021
	Cybersecurity Awareness Session	KPMG	11/19/2021

Online Training

The Executive Directors were also enrolled for e-learning courses covering Focus on AML CFT for Nigeria, FCMB QMS and BCM Course 2021, Sustainability in Banking 2021, FCMB Information Security Course 2021 as well as FCMB Values & Code of Conduct 2021.

The three Directors offering themselves for re- election are Porf. Oluwatoyin Ashiru, Dr.(Engr) Gregory Ero, and Alhaji Mustapha Damcida.

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: Mrs. 'Tokunboh Ishmael (Chairperson), Dr (Engr) Gregory Ero. Mrs. Olapeju Sofowora and Ms. Muibat Ijaiya (from October 2021)

Board Risk, Audit and Finance Committee Meetings Held in 2021

	26 Feb 2021	19 April 2021	19 July 2021	19 Oct 2021	2 Nov 2021
Mrs. 'Tokunboh Ishmael	✔	✔	✔	✔	✔
Dr. (Engr) Gregory Ero	✔	✔	✔	✔	✔
Mrs. Olapeju Sofowora	✔	✔	✔	✔	✔
Ms. Muibat Ijaiya	n/a	n/a	n/a	✔	✔

Board Governance and Remuneration Committee (GRC)

- 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

Re-election of Directors by Rotation

Pursuant to section 285 (1) and (3) of the Companies and Allied Matters Act, Cap 2020, ACT No 3, three of the Directors are due for retirement by rotation and have offered themselves for re- election by the Annual General Meeting.

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 shall be in attendance as may be required.

Committee Composition: Professor Oluwatoyin Ashiru (Chairman), Alhaji Mustapha Damcida, Mrs Olapeju Sofowora and Mrs 'Tokunboh Ishmael.

Board Governance and Remuneration Committee Meetings Held in 2021

	19 April 2021	19 July 2021	19 Oct 2021	29 Nov 2021
Professor Oluwatoyin Ashiru	✔	✔	✔	✔
Alhaji Mustapha Damcida	✔	✔	✔	✔
Mrs. Olapeju Sofowora	✔	✔	✔	✔
Mrs. 'Tokunboh Ishmael	n/a	✔	✔	✔

Statutory Audit Committee (SAC)

Section 404 (2) of the Companies and Allied Matters Act 2020 ACT No 3 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; recommendations thereon to the Annual General Meeting as it may deem fit.

Membership

According to sec 404 (3) of the Company and Allied Matters Act 2020 ACT No 3:

- 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 iterate, 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 secretary of the company at least 21 days before the annual general meeting and any nomination not received prior to the meeting as stipulated is invalid.

In Financial Year 2021 , the Audit Committee was chaired by Evangelist Akinola Soares.

Statutory Audit Committee Meetings Held in 2021

	25 Feb 2021	20 Apr 2021	22 Jul 2021	20 Oct 2021
Evangelist Akinola Soares	✔	✔	✔	✔
Alhaji S B Daranijo	✔	✔	✔	✔
Mr. Hakeem Batula	✔	✔	✔	✔
Mr. Olutola Mobolurin	✔	✔	✔	✔
Mr. Olusegun Odubogun	✔	✔	✔	✔
Mrs. Olapeju Sofowora	✔	✔	✔	✔
Professor Oluwatoyin Ashiru	✔	✔	✔	✔

The Non-Executive members of the Board shall be entitled to a sitting allowance and Directors' fee as well as reimbursable travel and hotel expenses, 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.

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 totime.

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

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 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 aShare Trading Policy which provides a basic explanation of what constitutes insider trading and FCMB'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 FCMB's securities to minimize the risk of insider trading; and

- the steps for insiders and their connected persons to take when trading in FCMB's securities.

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

Whistle-Blowing 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 o f 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 whistle-blowing programme.

As such, the whistle-blowing 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.

Disclosure to the Shareholders

Directors' Fees:
The Directors' fees for the financial year ending 31 December 2022 shall remain at ₦200,000,000.00 only.

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021.

a. ***Legal Form***

FCMB Group Plc was incorporated in Nigeria as a financial holding company on 20 November, 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 2021, the Group had 205 branches, 11 cash centers; 809 ATM terminals; 28,735 POS terminals and 3,560,659 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 2021 was N212.01billion and N20.92billion 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	**31 DEC 2021**	31 DEC 2020	**31 DEC 2021**	31 DEC 2020
Gross earnings	**212,012,446**	198,371,140	**6,461,307**	4,200,172
Profit before minimum tax and income tax	**22,716,659**	21,911,716	**5,108,311**	3,078,036
Minimum tax	**(465,254)**	(433,746)	**(3,895)**	(5,384)
Income tax expense	**(1,334,680)**	(1,867,516)	**(15,718)**	(12,379)
Profit after tax	**20,916,725**	19,610,454	**5,088,698**	3,060,273
Appropriations:				
Transfer to statutory reserve	**460,064**	2,383,089	**-**	-
Transfer to retained earnings	**20,456,661**	17,227,365	**5,088,698**	3,060,273
	20,916,725	19,610,454	**5,088,698**	3,060,273
Basic and diluted earnings per share (Naira)	**1.05**	0.98	**0.26**	0.15
Total non-performing loans and advances	**45,932,766**	28,567,452	**-**	-
Total non-performing loans to total gross loans and advances (%)	**4.13%**	**3.29%**	**-**	-

Proposed dividend

The Board of Directors recommended a cash dividend of 20 kobo per issued and paid up ordinary share for the year ended 31 December 2021 (2020:15kobo). 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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 C20, Laws of the Federation of Nigeria 2004 and listing requirements of the Nigerian Stock Exchange are nil (2020 : nil)

	Shareholding as at 31-12-2021 Number of 50k Ordinary Shares Held		Shareholding as at 31-12-2020 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 Gbolahan Joshua (Chief Operating Officer)*	-	-	-	-
Mr. Peter Obaseki (Executive Director)**	6,969,971	-	6,969,971	-
Mr. Olufemi Badeji (Executive Director)	3,000,000	-	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)	262,500	-	228,000	-
Mrs. Tokunboh Ishmael (Non Executive Director)	-	-	-	-
Ms. Muibat Ijaiya (Non-Executive Independent Director) ***	8,000	-	-	-

Note: * Joined the Board on 2 September, 2021
** Retired from the Board on 1 March, 2021
*** Retired from the Board on 28 April, 2021

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 2021 is as stated below:

Share Range	**No. Of Shareholders**	**% Of Shareholders**	**No. Of Holdings**	**% Of Shareholdings**
1–10,000	484,546	94.16	386,103,002	1.95
10,001–50,000	22,952	4.46	456,314,994	2.30
50,001–100,000	3,273	0.64	224,875,210	1.14
100,001–500,000	2,971	0.58	570,298,179	2.88
500,001–1,000,000	358	0.07	255,601,818	1.29
1,000,001–5,000,000	365	0.07	718,063,540	3.63
5,000,001–10,000,000	45	0.01	324,464,857	1.64
10,000,001–50,000,000	64	0.01	1,288,357,792	6.51
50,000,001–100,000,000	10	0.00	789,806,696	3.99
100,000,001–500,000,000	22	0.00	4,619,182,612	23.31
500,000,001–1,000,000,000	7	0.00	4,983,630,919	25.17
1,000,000,001–19,802,710,781	4	0.00	5,186,011,162	26.19
TOTAL	**514,617**	**100**	**19,802,710,781**	**100**

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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**	**19,802,710,781**	**100**

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

31 DECEMBER 2021

Share Holder Category	No. Of Shareholders	% Of Shareholders	No. Of Holdings	% Of Shareholdings
Domestic shareholders	514,199	99.92	17,015,724,301	85.93
Foreign shareholders	418	0.08	2,786,986,480	14.07
Total	514,617	100.00	19,802,710,781	100.00

31 DECEMBER 2020

Share Holder 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	19,802,710,781	100

h. ***Substantial interest in Shares***

The Company's authorised share capital is N15 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 2021:

	31 December 2021		31 December 2020	
Shareholder	**Number of shares**	**% Holding**	Number of shares	% Holding
1. Capital IRG Trustees Limited	**1,845,919,854**	**9.32**	1,747,863,762	8.83
2. Stanbic Nominees Nig. Limited - Custody	**2,105,575,053**	**10.63**	2,298,718,117	11.61
3. Primrose Investments Limited	**1,013,649,521**	**5.12**	644,434,662	3.25

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

i. *Donations and Charitable Gifts*

The Group made contributions to charitable and non-political organisations amounting to N1,373,552,091 (31 December 2020: N709,471,383) during the year.

BENEFICIARY	AMOUNT (NAIRA)
Support For Police Force - Purchase Of Equipment	1,000,000,000
Support For Police Force - Renovation Of Police Stations	124,177,500
Otunba Tunwase National Paediatric Centre (OTNPC)	120,000,000
Bankers Committee - Sponsorship Of Annual Bankers Dinner	53,500,000
Lagos State Security Trust Fund	30,000,000
Ogun State technological Hub	20,961,490
Ogun State Security Trust Fund	20,000,000
Banker Committee - Sponsorship of Annual Banking & Finance Conference	15,000,000
Chartered Institute Of Stockbrokers	10,000,000
Tulsi Chanrai Foundation (TCF) Sponsorship of "Priceless Gift of Sight"	10,000,000
Youth Empowerment Foundation (YEF)	9,991,500
T.A.B. International PTE Ltd - Sponsorship of Middle East & Africa Regional Awards 2021	8,819,010
The Embassy of the State of Israel - Sponsorhip of the i-Fair 2 Agritech Event 2021	8,300,000
Bankers Committee - Contribution For Financial Literacy & Public Enlightenment Awareness Campaign	7,676,254
Yoruba Bahia Project	5,000,000
Kano State technological Hub	5,000,000
Nigerian-British Chamber of Commerce - Sponsorship of Presidential Inaguration Dinner	3,500,000
Mission to Save The Helpless - Support for Improving Public Health, Education & Economic growth Outcomes in Nigeria	3,000,000
Bethesda Child Support Agency Support Programme	3,000,000
Vanguard Media Limited - Bankers Initiative for Economic Growth Sponsorship	3,000,000
Succour Charity Inititative - Sponsorship of Youth Enlightenment & Women Empowerment Projects	2,500,000
College Of Medicine, University Of Ibadan	2,400,000
Federal Nigeria Society For The Blind (FNSB)	2,000,000
FITC / NIBSS - Sponsorship of Year 2021 Cybersecurity Conference	2,000,000
RCCG, Lagos Province - Event Sponsorship	2,000,000
Ogun State - Sponsorship Of Children'S Christmas Party	2,000,000
Finance House Association of Nigeria	1,750,000
Women In Successful Careers (WISCAR) - Sponsorship of 2021 Annual Conference	1,500,000
Nigeria Association of Small-Scale Industrialists (NASSI) - Sponsorship of Lagos State Branch 5th Trade Fair Exhibition	1,500,000
Opebi High School, Lagos State	1,280,000
Information Systems Audit and Control Association (ISACA) - Sponsorship of 2021 Annual GRC Conference	1,000,000
Others	650,667
Total	**1,481,506,421**

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 2021 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 2020:4)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 and the comparative year vis-a-vis total workforce is as follows:

	31 DECEMBER 2021				
	Number			%	
	Male	Female	Total	Male	Female
Employees	1,991	1,371	3,362	59%	41%

	31 DECEMBER 2020				
	Number			%	
	Male	Female	Total	Male	Female
Employees	2,188	1,422	3,610	61%	39%

Gender analysis of Top Management is as follows:

	31 DECEMBER 2021				
	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager (AGM)	**22**	**8**	**30**	**37%**	**14%**
Deputy General Manager (DGM)	**16**	**3**	**19**	**27%**	**5%**
General Manager (GM)	**5**	**5**	**10**	**8%**	**8%**
TOTAL	**43**	**16**	**59**	**72%**	**27%**

	31 DECEMBER 2020				
	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager (AGM)	26	8	34	43%	12%
Deputy General Manager (DGM)	12	2	14	20%	7%
General Manager (GM)	8	5	13	13%	5%
TOTAL	46	15	61	76%	24%

Gender analysis of the Board is as follows:

	31 DECEMBER 2021				
	Number			%	
	Male	Female	Total	Male	Female
Executive Director (ED)	6	2	**8**	**10%**	**3%**
Group Managing Director (GMD)	5	1	**6**	**9%**	**2%**
Non - Executive Directors	27	17	**44**	**47%**	**29%**
TOTAL	**38**	**20**	**58**	**66%**	**34%**

	31 DECEMBER 2020				
	Number			%	
	Male	Female	Total	Male	Female
Executive Director (ED)	10	2	12	23%	5%
Group Managing Director (GMD)	8	-	8	18%	0%
Non - Executive Directors	16	8	24	36%	18%
TOTAL	34	10	44	77%	23%

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 1,867 at the beginning of the year and received additional 73,164 (31 December 2020: 73,385) during the year ended 31 December 2021, of which 71,028 (31 December 2020: 72,984) complaints were resolved (inclusive of pending complaints brought forward) and 3,990 (31 December 2020: 1,867) complaints remained unresolved and pending with the Banking subsidiary as at the end of the period. The total amount resolved was N557.35billion (31 December 2020: N1.56billion) while the total disputed amount in cases which remained unresolved stood at N7.57million (31 December N1.85million). 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.

	NUMBER		AMOUNT CLAIMED (N'000)		AMOUNT REFUNDED (N'000)	
DESCRIPTION	**31 DEC 2021**	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**
Pending complaints brought forward	**1,867**	1,473	**308**	2,135	**-**	-
Received complaints	**296,570**	73,385	**1,140,627**	1,555,306	**-**	-
Total complaints	**298,437**	74,858	**1,140,935**	1,557,441	**-**	-
Resolved complaints	**284,408**	72,984	**365,130**	1,555,279	**25,583**	25,583
Unresolved complaints escalated to CBN for intervention	**21**	7	**21,699**	1,854	**-**	-
Unresolved complaints pending with the banking subsidiary Carry forward	**14,008**	1,867	**754,106**	308	**-**	-

o. Directors' Remuneration

The Group ensures that remuneration paid to its Directors complies with the provisions of the guidance issued by its regulators.

In compliance with the Nigerian Code of corporate governance, the Group 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 Bank's objectives have been met for the financial year.	Paid monthly during the financial peri
Other allowances	Part of gross salary package for Executive Directors only. Reflects the banking industry competitive salary package and the extent to which the Bank'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 Bank'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

Messers Deloitte & Touche Nigeria, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with section 357 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditor will be re-appointed at the next annual general meeting of the company without any resolution being passed.

BY ORDER OF THE BOARD

Mrs. Olufunmilayo Adedibu
Company Secretary
44 Marina
Lagos State
Nigeria
FRC/2014/NBA/00000005887
25 February 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021, 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
- 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.

The financial statements of the Group for the year ended 31 December 2021 were approved by the directors on 24 February 2022.

Certification of financial statements
In accordance with section 405 of the Companies and Allied Act 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;

(b) 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 company 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;

(c) We have disclosed
(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and

(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the group's internal control; and

(d) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Oladipupo Jadesimi
Chairman
FRC/2015/IODN/00000006637
25 February 2022.

Ladi Balogun
Group Chief Executive
FRC/2013/IODN/00000001460
25 February 2022.

STATUTORY AUDIT COMMITTEE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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, 2021 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 2021 was N1.15billion (31 December 2020:N2.20billion) and also these related party loans are performing.

Evangelist Akinola Soares
Chairman, Audit Committee
FRC/2013/ANAN/00000004356

25 February 2022.

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.

STATEMENT OF CORPORATE RESPONSIBILITY FOR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

In compliance with section 405 of Companies and Allied Matters Act (CAMA) 2020, we have reviewed the audited financial statements of the Bank for the year ended 31 December 2021 and based on our knowledge confirm as follows:

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

2. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group as of and for the year ended 31 December 2021;

3. The Group's internal controls have been designed to ensure that all material information relating to the Bank and its subsidiaries is received and provided to the Auditors in the course of the audit;

4. The Group's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2021;

5. That we have disclosed to the Group's Auditors and the Audit committee the following information:

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

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

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

Signed:

Ladi Balogun
Group Chief Executive
FRC/2013/IODN/00000001460
25 February 2022.

Deji Fayose
Chief Financial Officer
FRC/2021/001/00000025061
25 February 2022.

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INDEPENDENT AUDITORS' REPORT

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** ("the Company") and its subsidiaries (together "the Group") set out on pages 26 to 159, which comprise the consolidated and separate statements of financial position as at 31 December 2021, 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 statement of financial position of FCMB Group Plc as at 31 December 2021, 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 2020, Pension Reform Act, 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 Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audit of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated and separate financial statements in Nigeria.

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.

The key audit matters below relate to the audit of the consolidated and separate financial statements.

Deloitte.

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers "Group"	
Loans and advances make up a significant portion of the total assets of the Group. At 31 December 2021, gross loans and advances was N1,113.1 billion (2020 : N869.3 billion) against which total loan impairment of N49.6 billion (2020: N46.5 billion) was recorded, thus leaving a net loan balance of N1,063.6 billion (2020:N822.8 billion) which represents 42.7% (2020: 40%) of the total assets as at the reporting date. The basis of the impairment is summarised in the accounting policies to the consolidated and separate financial statements. In accordance with *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 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 viii. Forward looking variables 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 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 there are significant increase in credit risk of the loans or objective evidence of default using set criteria. We challenged management's judgement and we increased the focus on loans and advances that were not reported as being impaired in sectors that are currently experiencing difficult economic and market conditions. c. As the group currently use a system-based impairment model, our Risk Advisory specialists were engaged to test some of the relevant IT controls, Interfaces between the core business and banking application and the ancillary application and relevant automated controls. d. We involved our credit risk specialists to assess 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 requirements of the applicable financial reporting standards, historical experience, economic climate, current operational processes as well as our own knowledge of industry best practice used by other similar groups.

Key audit matter	How our audit addressed the key audit matter
	Reviewed the reasonableness of the forward-looking assumptions applied in 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. Disclosures in the consolidated and separate financial statements were reviewed for reasonableness and compliance with the requirements of the International Financial Reporting Standards Based on our review, we concluded that the amount of loan impairment losses was comparable with historical performance, and prevailing economic situations and that the estimated loan impairment losses determined was appropriate in the circumstances.
Valuation of goodwill	
Goodwill carrying value was N11.3 billion in the consolidated and separate statement of financial position as at 31 December 2021. 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 model. As disclosed in note 32D, 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: • Review of 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 analysis.

Key audit matter	How our audit addressed the key audit matter
	• 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 and reasonable in the circumstances.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the "FCMB Group Plc Annual Report and Financial Statements", which includes the Report of the External Consultants on the Performance of the Board of Directors, the Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, the Board Audit and Risk Management Committee's Report, the Statement of Corporate Responsibility for Financial Statements, and Other National Disclosures as required by the Companies and Allied Matters Act, 2020, and the Financial Reporting Council Act, 2011, 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 Consolidated and Separate Financial Statements

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

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

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

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

Deloitte.

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.

- 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 or the Company'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 and/or the Company's ability to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated 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 and separate 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, 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 Company has kept proper books of account, so far as appears from our examination of those books.

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

The Company has complied with the requirements of the relevant circulars issued by Central Bank of Nigeria and Pension Reform Act.

In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider related credits are as disclosed in Note 46F.

During the year, the Group contravened certain sections of the Banks and Other Financial Institutions (BOFIA) Act, 2020 and CBN circular/guidelines. The details of the contraventions and the related penalties are as disclosed in note 49.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
01 April 2022

Engagement Partner: **Joshua Ojo**
FRC/2013/ICAN/00000000849

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

		GROUP		COMPANY	
In thousands of Naira	**Note**	**31 DEC 2021**	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**
Gross earnings		**212,012,446**	198,371,140	**6,461,307**	4,200,172
Interest and discount income	8	**162,041,604**	151,023,356	**433,307**	418,881
Interest expense	9	**(71,127,766)**	(60,265,792)	**-**	-
Net interest income		**90,913,838**	90,757,564	**433,307**	418,881
Fee and commission income	11a	**35,593,197**	30,162,966	**738,858**	659,335
Fee and commission expense	11b	**(6,840,210)**	(10,607,812)	**(490)**	(40)
Net fee and commission income		**28,752,987**	19,555,154	**738,368**	659,295
Net trading income	12	**9,367,136**	7,117,674	**-**	(69)
Net income from financial instruments mandatorily measured at fair value through profit or loss	13	**-**	12,529	**-**	-
Other revenue	14(a)	**3,407,873**	9,472,914	**5,190,745**	2,358,276
		12,775,009	16,603,117	**5,190,745**	2,358,207
Other income	14(b)	**1,602,636**	581,701	**98,397**	763,749
Impairment losses on financial instruments	10	**(15,238,207)**	(21,239,664)	**(17,387)**	(22,394)
Personnel expenses	15	**(31,262,749)**	(29,518,775)	**(374,671)**	(332,707)
Depreciation and amortisation expenses	16	**(8,027,692)**	(7,574,170)	**(19,419)**	(26,185)
General and administrative expenses	17	**(35,657,327)**	(30,475,422)	**(837,067)**	(625,403)
Other operating expenses	18	**(21,237,214)**	(16,777,789)	**(103,962)**	(115,407)
Results from operating activities		**22,621,281**	21,911,716	**5,108,311**	3,078,036
Share of post tax result of associate	30	**95,378**	-	**-**	-
Profit before minimum tax and income tax		**22,716,659**	21,911,716	**5,108,311**	3,078,036
Minimum tax	20	**(465,254)**	(433,746)	**(3,895)**	(5,384)
Income tax expense	20	**(1,334,680)**	(1,867,516)	**(15,718)**	(12,379)
Profit for the year		**20,916,725**	19,610,454	**5,088,698**	3,060,273
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	24(i)	**4,350,231**	716,855	**-**	-
- Foreign currency translation differences	24(i)	**1,399,951**	1,399,951	**-**	-
Quoted equity at fair value through other comprehensive income:					
- Net change in fair value	24(i)	**-**	40,740	**-**	-
		5,750,182	2,157,546	**-**	-
Items that may be subsequently reclassified to profit or loss:					
Debt investments at fair value through other comprehensive income:					
- Net change in fair value	24(i)	**(8,281,658)**	6,041,552	**(2,817)**	-
- Net impairment reclassified from profit or loss	24(c)	**130,583**	137,340	**-**	-
		(8,151,075)	6,178,892	**(2,817)**	-
Foreign currency translation differences for foreign operations		**1,151,885**	1,556,542	**-**	-
		(6,999,190)	7,735,434	**(2,817)**	-
Other comprehensive income for the year, net of tax		**(1,249,008)**	9,892,980	**(2,817)**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**19,667,717**	29,503,434	**5,085,881**	3,060,273
Profit attributable to:					
Equity holders of the Company		**20,708,579**	19,419,663	**5,088,698**	3,060,273
Non-controlling interests		**208,146**	190,791	**-**	-
		20,916,725	19,610,454	**5,088,698**	3,060,273
Total comprehensive income attributable to:					
Equity holders of the Company		**19,454,417**	29,312,643	**5,085,881**	3,060,273
Non-controlling interests		**213,300**	190,791	**-**	-
		19,667,717	29,503,434	**5,085,881**	3,060,273
Basic and diluted earnings per share (Naira)	19	**1.05**	0.98	**0.26**	0.15

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

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

		GROUP		COMPANY	
In thousands of Naira	**Note**	**31 DEC 2021**	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**
ASSETS					
Cash and cash equivalents	21	**362,700,083**	221,078,644	**621,755**	818,741
Non-pledged trading assets	22(a)	**41,538,274**	9,301,789	**-**	-
Derivative assets held for risk management	23(a)	**-**	1,884,398	**-**	-
Investment securities	24	**372,548,333**	406,665,569	**6,007,162**	4,359,999
Assets pledged as collateral	25	**115,456,683**	189,216,506	**-**	-
Loans and advances to customers	26	**1,063,589,192**	822,772,612	**-**	-
Other assets	27	**127,410,850**	25,258,857	**7,849,591**	2,084,505
Restricted reserve deposits	28	**329,739,147**	311,746,155	**-**	-
Investment in subsidiaries	29	**-**	-	**127,378,197**	127,378,197
Investment in associates	30	**6,810,651**	-	**-**	-
Property and equipment	31	**47,084,551**	46,202,464	**42,815**	78,313
Intangible assets	32	**17,155,970**	16,321,660	**-**	-
Deferred tax assets	33	**9,163,896**	7,944,839	**-**	-
Total assets		**2,493,197,630**	2,058,393,493	**141,899,520**	134,719,755
LIABILITIES					
Trading liabilities	23(b)	**5,174,902**	8,361,951	**-**	-
Derivative liabilities held for risk management	23(b)	**-**	1,871,869	**-**	-
Deposits from banks	34	**160,746,916**	119,365,158	**-**	-
Deposits from customers	35	**1,554,413,623**	1,257,130,907	**-**	-
Retirement benefit obligations	36	**14,855**	325,557	**-**	-
Current income tax liabilities	20(iv)	**5,449,065**	4,502,688	**50,926**	49,568
Deferred tax liabilities	33	**308,729**	316,090	**-**	-
Other liabilities	37	**199,465,224**	111,457,615	**7,505,765**	2,442,832
Provision	38	**6,747,270**	6,325,375	**-**	-
On-lending facilities	39	**157,873,774**	60,366,840	**-**	-
Debt securities issued	40	**78,493,492**	101,531,205	**-**	-
Borrowings	41	**80,704,066**	159,718,037	**-**	-
Total liabilities		**2,249,391,916**	1,831,273,292	**7,556,691**	2,492,400
EQUITY					
Share capital	42(b)	**9,901,355**	9,901,355	**9,901,355**	9,901,355
Share premium	43	**115,392,414**	115,392,414	**115,392,414**	115,392,414
Retained earnings	43	**62,872,102**	47,482,438	**9,049,060**	6,930,769
Other reserves	43	**55,058,784**	53,964,438	**-**	2,817
Total Equity attributable to owners of the Company		**243,224,655**	226,740,645	**134,342,829**	132,227,355
Non-controlling Interests		**581,059**	379,555	**-**	-
		243,805,714	227,120,200	**134,342,829**	132,227,355
Total liabilities and equity		**2,493,197,630**	2,058,393,492	**141,899,520**	134,719,755

The financial statements and the accompanying notes and significant accounting policies were approved by the Board of Directors on 25 February 2022 and signed on its behalf by:

Oladipupo Jadesimi	Ladi Balogun	Deji Fayose
Chairman	**Group Chief Executive**	**Chief Financial Officer**
FRC/2015/IODN/00000006637	FRC/2013/IODN/00000001460	FRC/2021/001/00000025061

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

Note: The order of certain lines on the statement of Financial Position was updated to more accurately reflect the order of liquidity. There were no changes to prior year balances resulting from the changes.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021	**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**
Profit for the year	-	-	20,708,579	-	-	-	-	-	-	208,146	**20,916,725**
Other comprehensive income											
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	5,750,182	-	-	**5,750,182**
Debt investments at fair value through other comprehensive income	-	-	-	-	-	-		(8,151,075)	-	-	**(8,151,075)**
Foreign currency translation differences for foreign operations	-	-	-	-	-		1,146,731	-	-	5,154	**1,151,885**
Total comprehensive income for the year	**-**	**-**	**20,708,579**	**-**	**-**	**-**	**1,146,731**	**(2,400,893)**	**-**	**213,300**	**19,667,717**
Transfer between reserves											
Transfer to statutory reserve	-	-	(460,064)	460,064	-	-	-	-	-	-	-
Transfer to AGSMEIS reserve	-	-	(1,432,113)	-	1,432,113	-	-	-	-	-	-
Transfer from regulatory risk reserve	-	-	(456,331)	-	-	-	-	-	456,331	-	-
Transfer to forebearence reserve	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners recorded directly in equity											
Dividend paid	-	-	(2,970,407)	-	-	-	-	-	-	-	**(2,970,407)**
Transactions with minority shareholders recorded directly in equity											-
Dividend paid	-	-	-	-	-	-	-	-	-	(14,400)	**(14,400)**
Adjustment of interest in NCI	-	-	-	-	-	-	-	-	-	2,604	**2,604**
Total Contributions by and distributions	**-**	**-**	**(5,318,915)**	**460,064**	**1,432,113**	**-**	**-**	**-**	**456,331**	**(11,796)**	**(2,982,203)**
Balance at 31 December 2021	**9,901,355**	**115,392,414**	**62,872,102**	**15,544,938**	**3,521,475**	**1,960,712**	**10,950,928**	**18,490,731**	**4,590,000**	**581,059**	**243,805,714**
Balance as 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 period	-	-	19,419,663	-	-	-	-	-	-	190,791	**19,610,454**
Other comprehensive income											
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,157,546	-	-	**2,157,546**
Debt instruments 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 period	**-**	**-**	**19,419,663**	**-**	**-**	**-**	**1,556,542**	**8,336,438**	**-**	**190,790.61**	**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	-	-	-	-	-	-	-	-	-	-	-
Transfer to forebearence 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**

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 2021

COMPANY
In thousand of Naira

	Share capital	Share premium	Retained earnings	Statutory reserve	AGSMEIS reserve	Forbearance Reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	controlling Interest	Total equity
Balance at 1 January 2021	**9,901,355**	**115,392,414**	**6,930,769**	**-**	**-**	**-**	**-**	**2,817**	**-**	**-**	**132,227,355**
Profit for the year	-	-	**5,088,698**	-	-	-	-	-	-	-	**5,088,698**
Other comprehensive income											
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	**-**	-	-	**-**
Debt investments at fair value through other comprehensive income	-	-	-	-	-	-	-	**(2,817)**	-	-	**(2,817)**
Total comprehensive income for the year	**-**	**-**	**5,088,698**	**-**	**-**	**-**	**-**	**(2,817)**	**-**	**-**	**5,085,881**
Transactions with owners recorded directly in equity											
Dividend paid	-	-	(2,970,407)	-	-	-	-	-	-		(2,970,407)
Total Contributions by and distributions	**-**	**-**	**(2,970,407)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,970,407)**
Balance at 31 December 2021	**9,901,355**	**115,392,414**	**9,049,060**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**134,342,829**
Balance as at 1 January 2020	**9,901,355**	**115,392,414**	**6,642,875**	**-**	**-**	**-**	**-**	**2,817**	**-**	**-**	**131,939,461**
Profit for the period	-	-	**3,060,273**	-	-	-	-	-	-	-	**3,060,273**
Other comprehensive income											
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	**-**	-	-	**-**
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	**-**	-	-	**-**
Total comprehensive income for the period	**-**	**-**	**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**

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 2021

In thousands of Naira	Note	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
Cash flows from operating activities					
Profit for the period		**20,916,725**	19,610,454	**5,088,698**	3,060,273
Adjustments for:					
Net impairment loss on financial assets	10	**15,238,207**	21,239,664	**17,387**	22,394
Fair value gain on financial assets held for trading	51(i)	**(3,490,652)**	280,602	**-**	-
Net gain from other financial instruments at fair value through profit or los	13	**-**	(12,529)	**-**	-
Amortisation of intangibles	16	**1,564,874**	1,779,564	**-**	-
Depreciation of property and equipment	16	**6,462,818**	5,794,606	**19,419**	26,185
Gain on disposal of property and equipment	14(b)	**(514,557)**	993,603	**266**	(109)
Modification loss on restructured facilities	14(a)(iv)	**3,560,472**	1,067,992	**-**	-
Unrealised foreign exchange gains	14(a)(iii)	**(6,138,177)**	(10,011,442)	**(287,631)**	(311,806)
Share of profit of associates	30(a)	**(95,378)**	-	**-**	-
Other operating expenses - provisions for litigation no longer required	18(a)	**864,413**	719,413	**-**	-
Net interest income	51(ix)	**(90,913,838)**	(90,757,564)	**(433,307)**	(418,881)
Dividend income		**(830,168)**	(529,464)	**(4,903,114)**	(2,046,470)
Tax expense	20	**1,799,934**	2,301,262	**19,613**	17,763
		(51,575,327)	(47,523,839)	**(478,669)**	349,349
Changes in operating assets and liabilities					
Net increase in restricted reserve deposits	51(x)	**(17,992,992)**	(102,829,929)	**-**	-
Net decrease in derivative assets held for risk management	51(xi)	**1,884,398**	9,781,697	**-**	-
Net decrease / (increase) in trading assets	51(xii)	**(32,236,485)**	41,785,411	**-**	-
Net decrease in loans and advances to customers	51(xiii)	**(244,207,621)**	(117,019,187)	**-**	-
Net decrease in other assets	51(xv)	**(96,508,658)**	11,306,813	**(5,751,880)**	858,579
Net (increase) / decrease in trading liabilities	51(xvi)	**(3,187,049)**	(28,720,051)	**-**	-
Net decrease in deposits from banks	51(xvii)	**41,381,758**	29,304,233	**-**	-
Net decrease in deposits from customers	51(xviii)	**297,282,716**	314,045,326	**-**	-
Net decrease in on-lending facilities	51(xix)	**97,506,934**	(10,676,570)	**-**	-
Net increase in assets pledged as collateral	51(xiv)	**65,478,165**	(64,521,724)	**-**	-
Net decrease in derivative liabilities held for risk management	51(xx)	**(1,871,869)**	(5,704,260)	**-**	-
Net increase in provision	51(viii)	**(1,228,198)**	727,198	**-**	-
Net decrease / (increase) in other liabilities	51(vii)	**88,487,510**	11,061,438	**(656,485)**	428,568
		143,213,282	41,016,556	**(6,887,034)**	1,636,496
Interest received	51(ii)	**162,471,283**	156,594,700	**433,307**	418,881
Interest paid	51(iii)	**(73,812,274)**	(58,275,168)	**-**	-
Dividends received	14(a)	**830,168**	529,464	**2,374,047**	254,224
VAT paid	51(iv)	**(1,260,353)**	(571,272)	**(50,406)**	(41,362)
Income taxes paid	20(iv)	**(1,847,156)**	(2,419,806)	**(12,871)**	(52,581)
Net cash generated / (used in) from operating activities		**229,594,950**	136,874,474	**(4,142,957)**	2,215,658
Cash flows from investing activities					
Investment in subsidiaries	51(xxiii)	**-**	-	**-**	(177,492)
Investment in associates	51(xxiv)	**(6,715,273)**	-	**-**	-
Purchase of property and equipment	31	**(6,088,676)**	(9,595,808)	**(15,594)**	(13,393)
Purchase of intangible assets	32(a)	**(1,268,836)**	(1,492,340)	**-**	-
Purchase of intangible assets work-in-progress	32(a)	**(1,126,533)**	(864,342)	**-**	-
Proceeds from sale of property and equipment	51(viii)	**198,799**	328,737	**31,407**	264
Acquisition of investment securities	51(v)	**(63,443,691)**	(245,209,578)	**(2,756,410)**	(452,236)
Proceeds from sale and redemption of investment securities	51(v)	**77,066,880**	75,144,659	**-**	164,514
Net cash (used in) / generated from investing activities		**(1,377,331)**	(181,688,672)	**(2,740,597)**	(478,343)
Cash flows from financing activities					
Dividend paid		**(2,984,807)**	(2,772,380)	**(2,970,407)**	(2,772,380)
Deposit for Notes	37(a)(f)	**5,700,000**	-	**5,700,000**	-
Proceeds from long term borrowings	41(c)	**64,040,385**	114,189,234	**-**	-
Repayment of long term borrowings	41(c)	**(142,634,377)**	(99,012,958)	**-**	-
Proceeds from debt securities issued	51(xxi)	**848,220**	79,313,842	**-**	-
Repayment of debt securities issued	51(xxi)	**(26,000,000)**	(51,210,896)	**-**	-
Lease payment		**(456,701)**	-	**-**	-
Net cash generated from financing activities		**(101,487,280)**	40,506,842	**2,729,593**	(2,772,380)
Net increase / (decrease) in cash and cash equivalents		**126,730,339**	(4,307,355)	**(4,153,961)**	(1,035,064)
Cash and cash equivalents at start of year	48	**221,114,594**	223,578,336	**828,634**	19,482
Increase in cash and cash equivalents		**126,730,339**	(4,307,355)	**(4,153,961)**	(1,035,064)
Effect of exchange rate movement on cash and cash equivalents held	51(vi)	**14,884,892**	1,843,613	**3,947,082**	1,844,216
Cash and cash equivalents at end of year	48	**362,729,825**	221,114,594	**621,755**	828,634

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

Notes to the consolidated and separate financial statements

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 2021 comprise the Company and its subsidiaries (together referred to as the 'Group').

2 (a) **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.

3(a) **(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.

Notes to the consolidated and separate financial statements

(iii) Functional and presentation currency

These consolidated and separate financial statements are presented in Naira, which is the Group'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.

– 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.
- Note 33: Determination of forcasted taxable profits which determines the extent of DTA to be recognised by the Group.

Information about significant areas of estimation uncertainties and critical judgments 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.

Notes to the consolidated and separate financial statements

(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 Company'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 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.
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.

(vi) Investment in subsidiaries

Investments in subsidiaries are reported at cost less any impairment (if any) in the separate financial statement of the Company. A subsidiary is not consolidated but classified as ‘held for sale’ if it is available for immediate sale in its present condition and its sale is highly probable. A sale is ‘highly probable’ where: there is evidence of management commitment; there is an active programme to locate a buyer and complete the plan; the asset is actively marketed for sale at a reasonable price compared to its fair value; the sale is expected to be completed within 12 months of the date of classification; and actions required to complete the plan indicate that it is unlikely that there will be significant changes to the plan or that it will be withdrawn

(vii) Non-controlling interest

The Group applies IFRS 10 Consolidated Financial Statements (2011) in accounting for acquisitions of non-controlling interests. Under this accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary.

(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 amortized 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.

Notes to the consolidated and separate financial statements

(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 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.

Notes to the consolidated and separate financial statements

(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. Interest income and expense on all trading assets and liabilities are considered to be part of 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.

(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

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.

Notes to the consolidated and separate financial statements

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.

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.

(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, 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)
– National Agency for Science and Engineering Infrastructure (NASENI) levy is computed on 0.25% of Profit Before Tax for commercial companies in the banking, mobile communication, ICT, aviation, maritime and oil and gas sectors.

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 N500,000, 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 N500,000.

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.

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.

Notes to the consolidated and separate financial statements

(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.

Notes to the consolidated and separate financial statements

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.

see Notes 3(m) (o) and (p)

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 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.

Notes to the consolidated and separate financial statements

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 derecognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in other income in profit or loss.

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.

Notes to the consolidated and separate financial statements

(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.

Notes to the consolidated and separate financial statements

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.

Credit-Impaired financial assets

At each reporting date, the Group assesses whether financial assets at amortized 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 bankcruptcy 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 deteroriation 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 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 includeded 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 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.

Impairment losses were recognised in profit or loss and reflected in an allowance account against loans and receivables or amortised cost 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 amortization, and the current fair value.

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.

Notes to the consolidated and separate financial statements

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 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 Banking subsidiary's and Group's day-to-day operations. They are calculated as a fixed percentage of the Group's and Banking subsidiary'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.

- finance lease receivable.

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

Notes to the consolidated and separate 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;
- 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.

Notes to the consolidated and separate financial statements

(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.

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

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.

Notes to the consolidated and separate financial statements

(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 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.

Notes to the consolidated and separate financial statements

(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 Group 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 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 Group 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.

Notes to the consolidated and separate financial statements

(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.

(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 Banking subsidiary 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 nondistributable.

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 Banking subsidiaries 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 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 recognized on an accrual basis regardless of the time of spending cash. Expenses are recognized 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 recognized 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 recognized as an expense when the associated income is earned.

Expenses are recognized 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.

Notes to the consolidated and separate financial statements

(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 Banking subsidiary 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 2021 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).

Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the annual period starting from 1 January, 2021. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

(i) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Relating to Interest Rate Benchmark Reform

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 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.

Notes to the consolidated and separate financial statements

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.

Group has assessed and quantified its exposure to IBORs on its financial instruments that will be reformed as part of this market-driven initiative.

• The Group currently does not have financial assets linked to LIBOR that will be impacted by the IBOR reform.

• The Group has some financial Liabilities which are linked to LIBOR and might be affected by the IBOR reforms.

As at the reporting date, the Group is in discussion with its lender on the impending change in the reference rate and collation of feedback. Negotiations have not yet commenced but we believe this will start closer to the cessation of 1, 3 and 6 months USD LIBOR by June 2023. The carrying amount of the financial liabilities as at the reporting date is N63.4 billion. Refer to Note 40 in the financial statements.

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

In March 2021, 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.

The Group has benefited from a __ month waiver of lease payments on buildings in [*A land*]. The waiver of lease payments of N__ has been accounted for as a negative variable lease payment in profit or loss. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments,consistent with the requirements of IFRS 9:3.3.1.

The Group has benefited from a __ month lease payment holiday on buildings in [*B land*]. The payment holiday reduces payments in the period to [*date*] by N__, and increases in payments in the period to [*date*] by N__.

The Group has remeasured the lease liability using the revised lease payments and the discount rate originally applied to the lease, resulting in a decrease in the lease liability of N__, which has been recognised as a negative variable lease payment in profit or loss. The Group continued to recognise interest expense on the lease liability.

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.

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 IFRS 3 Definition of a business

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

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 December 2021. The potential impact of the application of any new and revised IFRS Standard issued by the IASB after 31 December 2021, 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.

Standard	Content	Effective Date
IFRS 3	Amendments to IFRS 3 Reference to the Conceptual Framework	01 JAN 2022
IAS 16	Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use	01 JAN 2022
IAS 37	Amendments to IAS 37 - Contingent liabilities and Contingent assets – Onerous Contracts F	01 JAN 2022
IFRS 17	Insurance Contracts	01 JAN 2023
IAS 1	Amendments to IAS 1 Classification of Liabilities as Current or Non-current	01 JAN 2023
IFRS 8	Amendment to IFRS 8 - Definition of Accounting Estimates	01 JAN 2023
IAS 12	Amendment to IAS 12-Deferred Tax related to Assets and Liabilities arising from a single Tr	01 JAN 2023
IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities	01 JAN 2022
IAS 1	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 JAN 2023

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 and assessment is still on-going.

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.

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

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. The Group does not have any subsidiary that is exposed to insurance liability. Hence this standard is not expected to have any impact.

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.

Notes to the consolidated and separate financial statements

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 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.

IFRS 8 – Definition of Accounting Estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The amendment does not have any material impact on the Group.

IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss. The amendment do not have any material impact on the Group.

IFRS 9 - Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the Horrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

Notes to the consolidated and separate financial statements

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first
An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022.
The amendment is not expected to have any material impact on the Group.

IAS 1 - Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and;
Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosure.
The amendment is not expected to have any material impact on the Group.

Notes to the consolidated and separate financial statements

4 Financial risk management

(a) Introduction and overview

FCMB Group Plc as a corporate group of diverse operating assets, risk 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, systemic and pandemic 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 the regulatory requirements. The Group continually 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 and proactive risk management practices, 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, which ensures that the risk management practices are embedded in strategy development and implementation and day-to-day activities of the Group. 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; 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.

Business segments and risk exposures

Notes to the consolidated and separate financial statements

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 the 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 relatively moderated compared to the same period in the last financial as the value of the domestic currency fell by a twelfth of its value on the official exchange rate window, from 380.7 at the begining of the year to the U.S. dollar to 411.7 at the end of the year. This was due to some measures taken by the monetary authority such as Naria-4-Dollar Scheme - initiative that ensured that for every $1 received through the CBN's licensed International Money Transfer Operators, N5 is paid, halting the weekly allocation and sale of FX to Bureau De Change operators, banning cryptocurrency trading, etc. 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.

The commercial and retail banking segment and the corporate portfolio in the corprate and investment banking segment, 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 (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.

Enterprise risk universe and governance structure.

<table>
<tr><th colspan="11">FCMB Group Risk Universe and Responsibility Matrix</th></tr>
<tr><td>Risk Universe</td><td>Credit Risk</td><td>Concentration Risk</td><td>Market Risk</td><td>Liquidity Risk</td><td>Operational Risk</td><td>Strategic Risk</td><td>Information / Cyber Risk</td><td>Legal Risk</td><td>Reputational Risk</td><td>Compliance Risk</td></tr>
<tr><td>Primary Risk Owner</td><td>Chief Risk Officer</td><td>Chief Risk Officer</td><td>Treasurer</td><td>Treasurer</td><td>Head of Operations</td><td>Head of Strategy</td><td>Chief Information Security Officer</td><td>General Counsel</td><td>Head of Corporate Affairs</td><td>Chief Compliance Officer</td></tr>
<tr><td>Secondary Risk Owner</td><td colspan="9">Chief Risk Officer</td><td>Group Executive Compliance Officer</td></tr>
<tr><td rowspan="2">Management Committee</td><td colspan="2">Management Credit Committee</td><td colspan="2">Asset and Liability Management Committee</td><td colspan="2">Risk Management Committee</td><td>Information Security Steering Committee</td><td colspan="3">Executive Management Committee</td></tr>
<tr><td colspan="10">Risk Management Committee</td></tr>
<tr><td rowspan="2">Board Committee</td><td colspan="2">Board Credit Committee</td><td colspan="8">Board Risk, Audit and Finance Committee</td></tr>
<tr><td colspan="10">Board of Directors</td></tr>
</table>

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 establishes 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.

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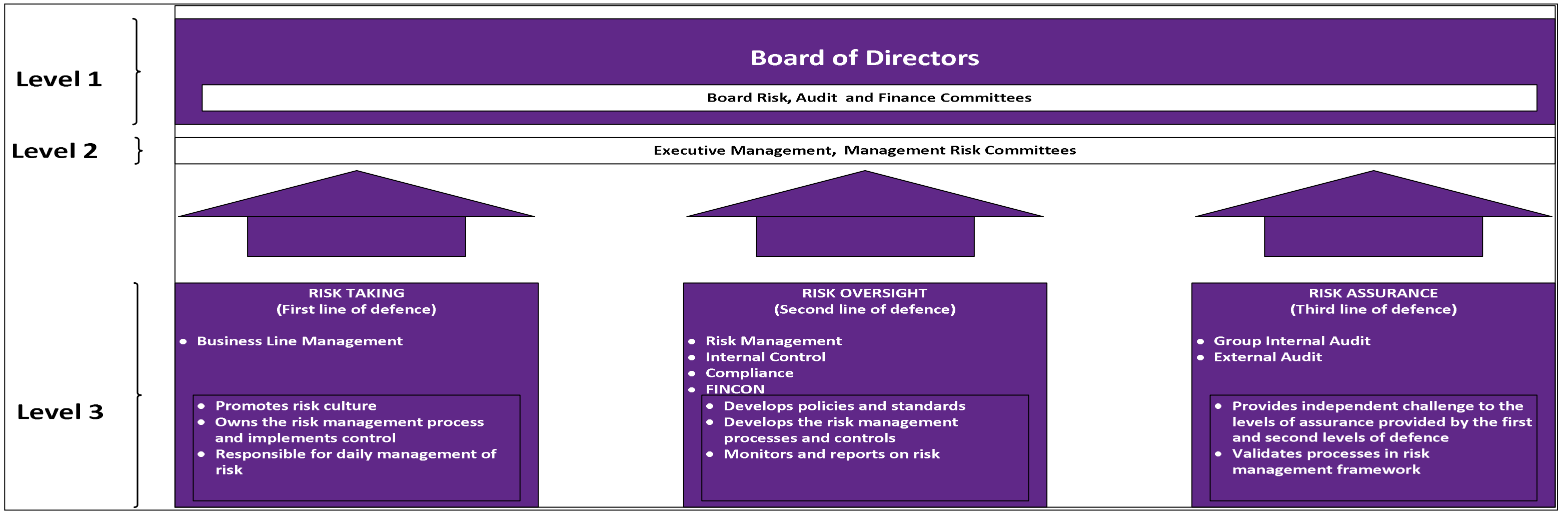
(ii) **Risk oversight:** independent control function over the business processes and related risks to ensure that business and process owners operate within defined appetite and approved policies and procedures. It is provided by functions such as risk management, internal control, compliance, and finance. 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:



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 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 also 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 and 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.

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 minimize 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 minimize 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.

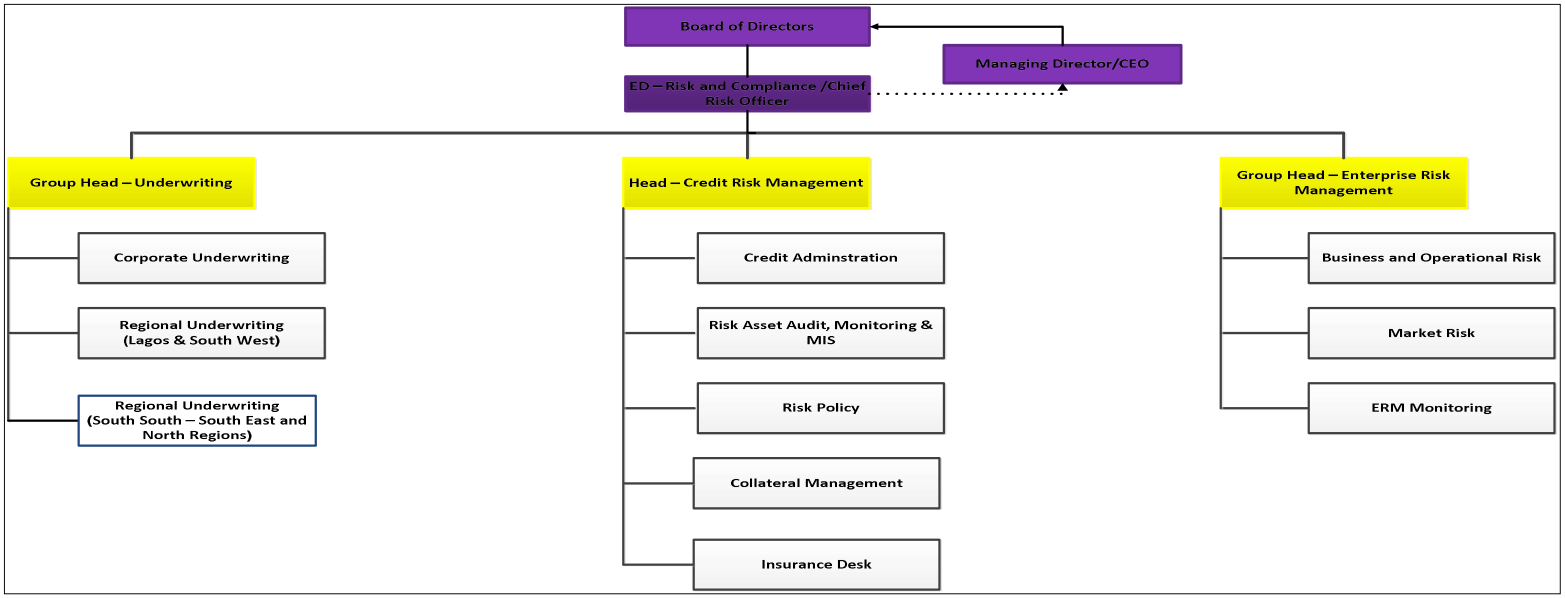
The Internal Control and Compliance teams work hand-in-hand. Internal control is directly responsible for enforcing and confirming compliance with group-wide policies, procedures and internal controls. It conducts routine control checks across all businesses and processes. The Compliance team ensures the Group fully complies with 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 regulatory authorities such as Nigerian Deposit Insurance Corporation (NDIC) 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:

a) champion 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) facilitate the identification, assessment, monitoring, management and reporting of risk exposures in the Group and its subsidiaries;
c) collect, process, verify, monitor and distribute risk information across the Group, including to the senior management, the Board, regulators and other stakeholders;
d) collaborate with market facing units in designing new products;
e) provide senior management with practical, cost effective recommendations for mitigating risks;
f) act as a key contact for senior management who may wish to request ad hoc reviews and investigations;
g) ensure that laws, regulations and supervisory requirements are complied with including consequence management;
h) provide holistic view of risks across the Group and its subsidiaries;
i) maintain oversight over the Group's enterprise risk management activities; coordinate material risk assessment and link the results of the exercise with the internal capital adequacy assessment process (ICAAP);
j) ensure all risk models utilised for the measurement of risk across the Group are properly validated using an appropriate methodology;
k) oversee the conduct of stress testing and scenario analysis and evaluate the impact of stress scenarios on the capital ratios;
l) coordinates with Financial Control regarding the Group's capital management policies;
m) make recommendations with respect to capital allocation, pricing and reward/ sanctions based on risk reports; and
n) provide and promote risk awareness and education on risk.

The Risk Management Division of the Group serves as competency center and internal consultant in risk management methodology.
The organisational structure of the Risk Management Division is shown in the diagram below:



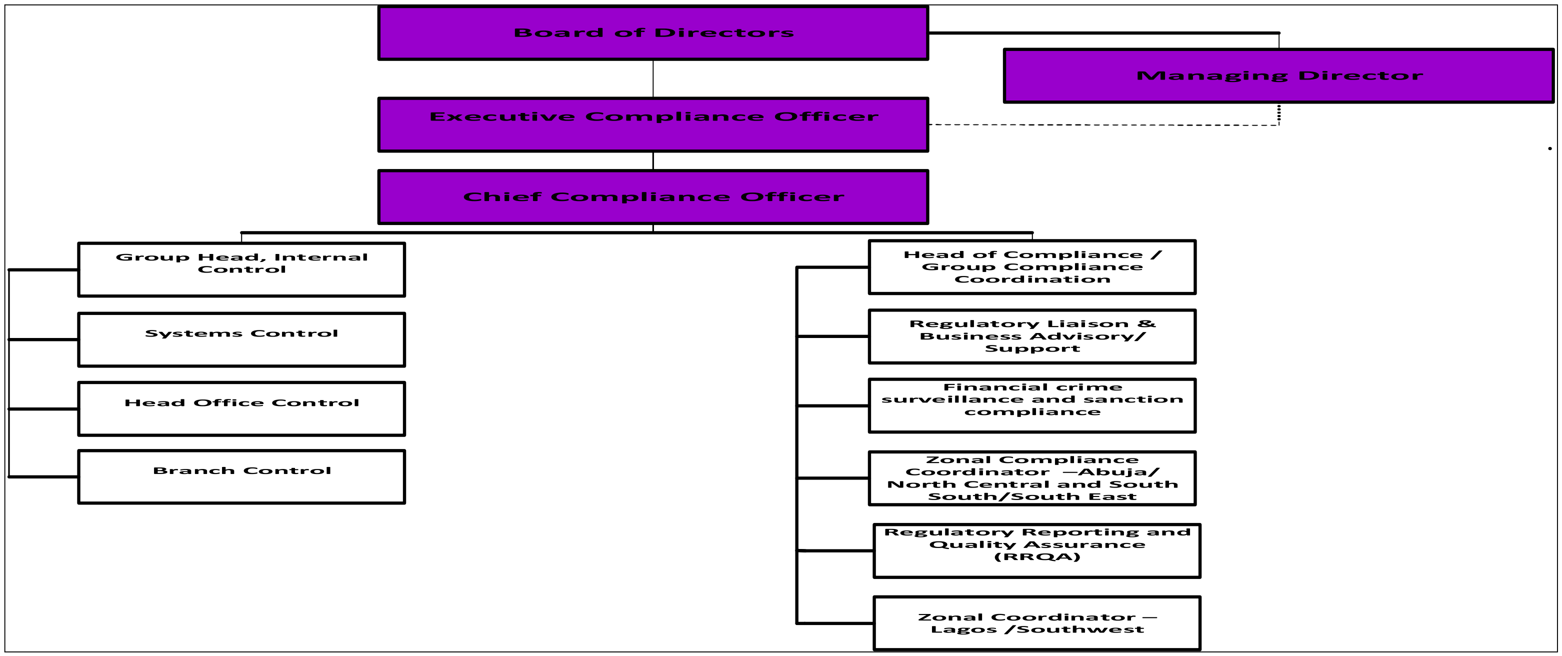
The Group also has a robust Collection and Recovery team, which reports to the Business, with dotted reporting line to Risk Management. The department compliments the post-disbursement monitoring responsibilities through effective enforcement of credit covenants and approval terms.

(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:



(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

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.

Notes to the consolidated and separate financial statements

(c) Board

The Board Risk, Audit and Finance (BRAFC) Committee 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 Groups (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.

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 statements:

• 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.

Notes to the consolidated and separate financial statements

(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.

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.

The above components help the Group to establish the following:
Obligor Risk Rating (ORR), mapped to an estimated probability default (PD). The PD validation is done internally to ensure the rating continues to be predictive of default and differentiates borrowers based on their ability to service their obligations. This will be further reinforced with a rating validation/back testing.
Facility Risk Rating (FRR) for each transaction is mapped to Basel II Loss Given Defaults (LGDs) grades
Both the ORR and FRR produce the Expected Loss % (EL) which is the product of the PD and LGD.i.e. EL =f(PD, LDG) . The EL represents the risk premium which is useful for transaction pricing under the Risk-Based pricing .
The use of internal ratings system is strategic for the Group. The internal ratings system will ultimately be used for capital computation under the Internal Ratings Based Approach - Foundation IRB and Advanced IRB and the allocation of capital/computation of economic profit across business lines based on Basel II principles.

The Group's internal rating scale and mapping to external ratings as at 31 December 2021:

INTERNAL RATING SCALE	DESCRIPTION	EXTERNAL RATING SCALE (MOODY'S)	EXTERNAL RATING SCALE (S&P)
AAA	INVESTMENT GRADE	Aaa	AAA
AA		Aa1	AA+
AA-		Aa2	AA
A+		Aa3	AA-
A		A1	A+
A-		A2	A
BBB+		A3	A-
BBB		Baa1 / Baa2	BBB+/BBB
BBB-	PERMISSIBLE GRADE	Baa3 / Ba1	BBB-/BB+
BB+		Ba2	BB
BB		Ba3	BB-
BB-		B1	B+
CCC+	SPECULATIVE GRADE	B2	B
CCC		B3	B-
CCC-		B3	B-
CC+		Caa1	CCC+
CC		Caa2	CCC
CC-		Caa2	CCC
C+		Caa3	CCC-
C	LOWER SPECULATIVE GRADE	Caa3	CCC-
C-		D	NA

RATING DESCRIPTION

Rating Grade	Description	Characteristics
Investment Grade	Obligor's capacity to meet its financial commitment on its obligation is extremely strong.	- Very low default risk. - Minimal susceptibility to economic conditions and changes in circumstances
Permissible Grade	Indicate that the borrower in this have the capacity to meet financial obligations, but with grade below the investment grade.	- Moderate credit risk profile - Elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic - Business or financial flexibility exists which supports the servicing of financial commitments.
Speculative Grade	Indicate that the borrower is less likely to be able to pay back its financial obligations than a borrower with a permissible and investment-grade rating.	- High credit risk profile - Obligor will likely have some quality and protective characteristics, but these May be outweighed by large - Vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet
Lower Speculative Grade	Indicate that the likelihood of the borrower in meeting its financial obligation is strongly in doubt.	- Very high credit risk profile - Highly vulnerable to non-payment, and ultimate recovery is expected to be lower than that of higher rated

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 aids 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.

- **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.

Notes to the consolidated and separate financial statements

- **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 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 minimize 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

Exposure to Credit Risk

GROUP

In thousands of Naira	12-month PD ranges	31 DEC 2021 Stage 1	31 DEC 2021 Stage 2	31 DEC 2021 Stage 3	31 DEC 2021 Total	31 DEC 2020 Stage 1	31 DEC 2020 Stage 2	31 DEC 2020 Stage 3
Consumer facilities portfolio								
Investment grade	0.00 – 0.59	-	-	-	-	-	-	-
Permissible grade	0.60 –11.34	1,859,966	-	-	1,859,966	7,843,339	-	5,255
Speculative grade	11.35–99.99	130,215,741	886,457	4,076,000	135,178,198	87,875,314	10,694,239	5,086,134
Lower speculative grade	100.00	-	-	-	-	-	-	-
Gross carrying amount		**132,075,707**	**886,457**	**4,076,000**	**137,038,164**	**95,718,653**	**10,694,239**	**5,091,389**
Loss allowance		(3,941,919)	(184,887)	(3,044,783)	(7,171,589)	(5,487,977)	(755,368)	(3,214,594)
Carrying amount		**128,133,788**	**701,570**	**1,031,217**	**129,866,575**	**90,230,676**	**9,938,871**	**1,876,795**
Corporate facilities portfolio								
Investment grade	0.00 – 0.59	55,264,692	-	-	55,264,692	56,386,251	-	-
Permissible grade	0.60 –11.34	167,148,564	14,647,022	143,343	181,938,929	111,388,841	438,882	297,353
Speculative grade	11.35–99.99	207,379,711	214,627,249	17,605,541	439,612,501	251,794,773	157,744,646	9,026,952
Lower speculative grade	100.00	-	-	-	-	-	-	-
Gross carrying amount		**429,792,967**	**229,274,271**	**17,748,884**	**676,816,122**	**419,569,865**	**158,183,528**	**9,324,305**
Loss allowance		(7,120,322)	(6,769,583)	(8,839,431)	(22,729,336)	(7,175,511)	(5,866,560)	(5,744,354)
Carrying amount		**422,672,645**	**222,504,688**	**8,909,453**	**654,086,786**	**412,394,354**	**152,316,968**	**3,579,951**
SME facilities portfolio								
Investment grade	0.00 – 0.59	23,968	-	-	23,968.00	-	-	-
Permissible grade	0.60 –11.34	88,894,949	19,119	772,652	89,686,720	43,312,984	72,913	339,775
Speculative grade	11.35–99.99	130,720,391	4,757,553	21,895,647	157,373,591	75,059,896	14,016,168	9,946,012
Lower speculative grade	100.00	-	-	-	-	-	-	-
Gross carrying amount		**219,639,308**	**4,776,672**	**22,668,299**	**247,084,279**	**118,372,880**	**14,089,081**	**10,285,787**
Loss allowance		(6,096,433)	(76,271)	(12,438,827)	(18,611,531)	(6,801,267)	(2,449,697)	(8,128,993)
Carrying amount		**213,542,875**	**4,700,401**	**10,229,472**	**228,472,748**	**111,571,613**	**11,639,384**	**2,156,794**
Public sector facility portfolio								
Investment grade	0.00 – 0.59	-	-	-	-	-	-	-
Permissible grade	0.60 –11.34	40,163,850	-	-	40,163,850	17,900,344	-	-
Speculative grade	11.35–99.99	8,072,306	35	134	8,072,475	4,853,090	21	28
Lower speculative grade	100.00	-	-	-	-	-	-	-
Gross carrying amount		**48,236,156**	**35**	**134**	**48,236,325**	**22,753,434**	**21**	**28**
Loss allowance		(475,997) -	23.00	(84)	(476,104)	(72,818)	-	(1)
Carrying amount		**47,760,159**	**12**	**50**	**47,760,221**	**22,680,616**	**21**	**27**
Employee loans portfolio								
Investment grade	0.00 – 0.59	-	-	-	-	-	-	-
Permissible grade	0.60 –11.34	-	-	-	-	-	-	-
Speculative grade	11.35–99.99	3,790,477	4,046	188,207	3,982,730	4,461,835	36,187	702,033
Lower speculative grade	100.00	-	-	-	-	-	-	-
Gross carrying amount		**3,790,477**	**4,046**	**188,207**	**3,982,730**	**4,461,835**	**36,187**	**702,033**
Loss allowance		(462,821)	(898)	(116,149)	(579,868)	(202,150)	(6,533)	(604,830)
Carrying amount		**3,327,656**	**3,148**	**72,058**	**3,402,862**	**4,259,685**	**29,654**	**97,203**
Gross carrying amount		**833,534,615**	**234,941,481**	**44,681,524**	**1,113,157,620**	**660,876,667**	**183,003,056**	**25,403,542**
Loss allowance		**(18,097,492)**	**(7,031,662)**	**(24,439,274)**	**(49,568,428)**	**(19,739,723)**	**(9,078,158)**	**(17,692,772)**
Carrying amount		**815,437,123**	**227,909,819**	**20,242,250**	**1,063,589,192**	**641,136,944**	**173,924,898**	**7,710,770**

Notes to the consolidated and separate financial statements

Credit risk exposure relating to loan commitments and financial guarantee contracts.

GROUP

In thousands of Naira	31 DEC 2021 Stage 1	Stage 2	Stage 3	Total	31 DEC 2020 Stage 1	Stage 2	Stage 3
Performance bonds and guarantees	141,733,924	-	-	141,733,924	111,304,898	-	-
Clean line letters of credit	135,225,605	-	-	135,225,605	102,137,841	-	-
Loan commitments	3,817,000	52,461	-	3,869,461	9,489,246	71,461	-
Other commitments	349,643	-		349,643	275,201	-	
Gross amount	**281,126,172**	**52,461**	**-**	**281,178,633**	**223,207,186**	**71,461**	**-**
Loss allowance	(1,865,680)	(25,000)	-	(1,890,680)	(799,518)	(6,533)	-
Net amount	**279,260,492**	**27,461**	**-**	**279,287,953**	**222,407,668**	**64,928**	**-**

Credit risk exposure relating to other financial assets

GROUP

In thousands of Naira	12-month PD ranges	31 DEC 2021 Stage 1	Stage 2	Stage 3	Total	31 DEC 2020 Stage 1	Stage 2	Stage 3
Cash and cash equivalents								
Investment grade	0.00 – 0.59	48,930,395	-	-	48,930,395	4,447,734	-	-
Permissible grade	0.60 –11.34	313,799,430	-	-	313,799,430	216,666,860	-	-
Speculative grade	11.35–99.99	-	-	-	-	-	-	-
Lower speculative grade	100.00	-	-	-	-	-	-	-
Gross carrying amount		**362,729,825**	**-**	**-**	**362,729,825**	**221,114,594**	**-**	**-**
Loss allowance		**(29,742)**	-	-	**(29,742)**	(35,950)	-	-
Carrying amount		**362,700,083**	**-**	**-**	**362,700,083**	**221,078,644**	**-**	**-**
Restricted reserve deposits								
Investment grade	0.00 – 0.59	329,739,147	-	-	329,739,147	311,746,155	-	-
Permissible grade	0.60 –11.34	-	-	-	-	-	-	-
Speculative grade	11.35–99.99	-	-	-	-	-	-	-
Lower speculative grade	100.00	-	-	-	-	-	-	-
Carrying amount		**329,739,147**	**-**	**-**	**329,739,147**	**311,746,155**	**-**	**-**
Non-pledged trading assets								
Investment grade	0.00 – 0.59	41,538,274	-	-	41,538,274	9,301,789	-	-
Permissible grade	0.60 –11.34	-	-	-	-	-	-	-
Speculative grade	11.35–99.99	-	-	-	-	-	-	-
Lower speculative grade	100.00	-	-	-	-	-	-	-
Carrying amount		**41,538,274**	**-**	**-**	**41,538,274**	**9,301,789**	**-**	**-**

Notes to the consolidated and separate financial statements

GROUP								
	12-month	31 DEC 2021				31 DEC 2020		
In thousands of Naira	**PD ranges**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
Assets pledged as collateral								
Investment grade	0.00 – 0.59	115,456,683	-	-	115,456,683	189,216,506	-	-
Permissible grade	0.60 –11.34	-	-	-	-	-	-	-
Speculative grade	11.35–99.99	-	-	-	-	-	-	-
Lower speculative grade	100.00	-	-	-	-	-	-	-
Carrying amount		**115,456,683**	**-**	**-**	**115,456,683**	**189,216,506**	**-**	**-**
Investment securities at amortised cost								
Investment grade	0.00 – 0.59	133,096,771	-	-	133,096,771	159,088,378	-	-
Permissible grade	0.60 –11.34	40,810,132	-	1,818,577	42,628,709	14,749,228	1,300,743	1,777,259
Speculative grade	11.35–99.99	-	-	-	-	-	-	-
Lower speculative grade	100.00	-	-	-	-	-	-	-
Gross carrying amount		**173,906,903**	**-**	**1,818,577**	**175,725,480**	**173,837,606**	**1,300,743**	**1,777,259**
Loss allowance		(1,024,380)	-	(1,818,577)	(2,842,957)	(492,708)	(3,459)	(1,777,259)
Carrying amount		**172,882,523**	**-**	**-**	**172,882,523**	**173,344,898**	**1,297,284**	**-**
Investment securities at FVOCI - debt instruments								
Investment grade	0.00 – 0.59	172,884,325	-	-	172,884,325	212,554,430	-	-
Permissible grade	0.60 –11.34	-	-	-	-	-	-	-
Speculative grade	11.35–99.99	-	-	-	-	-	-	-
Lower speculative grade	100.00	-	-	-	-	-	-	-
Carrying amount		**172,884,325**	**-**	**-**	**172,884,325**	**212,554,430**	**-**	**-**
Investment securities at FVOCI - quoted equity investments								
Investment grade	0.00 – 0.59	92,776	-	-	92,776	81,466	-	-
Permissible grade	0.60 –11.34	-	-	-	-	-	-	-
Speculative grade	11.35–99.99	-	-	-	-	-	-	-
Lower speculative grade	100.00	-	-	-	-	-	-	-
Carrying amount		**92,776**	**-**	**-**	**92,776**	**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	-	26,688,710	-	-	26,688,710	19,387,491	-	-
Carrying amount		**26,688,710**	**-**	**-**	**26,688,710**	**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	-	113,987,036	10,430,012	18,559,809	142,976,857	5,191,490	20,360,060	11,175,768
Gross carrying amount		**113,987,036**	**10,430,012**	**18,559,809**	**142,976,857**	**5,191,490**	**20,360,060**	**11,175,768**
Loss allowance		(1,149,533)	(1,500,000)	(18,559,809)	(21,209,342)	(2,898,005)	(2,406,010)	(11,175,768)
Carrying amount		**112,837,503**	**8,930,012**	**-**	**121,767,515**	**2,293,485**	**17,954,050**	**-**

Notes to the consolidated and separate financial statements

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.

The table below provide the summary information for financial assets with lifetime ECL whose cash flows were modified during the year ended 31 December 2021 as part of the Group's restructuring activities and their respective effect on the Group's financial performance.

	GROUP		COMPANY	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
Amortised cost before modification	179,710,888	231,245,949	-	-
Net modification (loss)	(3,573,358)	(1,067,992)	-	-

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 authorize 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; and
- Credit Risk Management sends notification of the balances approved for write-off to the Central Bank of Nigeria (CBN).

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; and
- The fully provisioned facility is appropriately disclosed in the audited financial statement of the Group.

A gross loan amount of N10.18billion which were impaired were written off during year ended 31 December 2021 (31 December 2020: N10.35billion) for the Group

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:

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 2021	31 DEC 2020
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 2021 and 31 December 2020.

Notes to the consolidated and separate financial statements

Details of collateral held and the value of collateral as at 31 December 2021 are as follows:

In thousands of Naira	Total exposure	Value of collateral	Total exposure	Value of collateral
Secured against real estate	**116,202,109**	**242,156,774**	**-**	**-**
Secured by shares of quoted and unquoted companies	**18,846,492**	**21,520,113**	**-**	**-**
Cash Collateral	**106,938,512**	**112,775,563**	**-**	**-**
Fixed and floating assets	**469,946,068**	**2,915,557,125**		
Otherwise secured	**341,689,006**	**13,357,000**	**-**	**-**
Unsecured	**59,535,433**	**-**	**-**	**-**
	1,113,157,620	**3,305,366,575**	**-**	**-**

Details of collateral held and their carrying amounts as at 31 December 2020 are as follows:

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	-	-

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 judgment 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 nonretail 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 collateralised on a gross exposure basis. The Group undertakes master netting agreements with all counterparties and margining agreements with some counterparties.

Notes to the consolidated and separate financial statements

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 2021		31 DEC 2020	
	Notional amount	Fair value	Notional amount	Fair value
Derivative assets held for risk management	-	-	-	1,884,398
Derivative liabilities held for risk management	-	-	-	1,871,869

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 2021. 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	Stage1	Stage 2	Stage 3	Total gross loan	Nonperforming loan (NPL)	Gross lending commitments and financial guarantees
Administrative and support services	4,067,844	-	12	4,067,856	12	3,259,823
Agriculture	77,345,288	156,232	1,405,326	78,906,846	1,405,326	13,494,182
Commerce	114,159,138	880,079	3,852,270	118,891,487	3,852,270	39,019,616
Construction	1,626,059	-	2,462	1,628,521	2,462	40,331,763
Education	5,984,671	97,681	137,716	6,220,068	137,716	-
Finance and insurance	82,284,654	814,623	9,124	83,108,401	9,124	24,705,821
General - others	12,729,151	62,742	83,754	12,875,647	83,754	5,461
Government	28,441,173	-	35	28,441,208	35	-
Hospitality	9,229,783	-	82,486	9,312,269	82,486	4,560,700
Individual	165,316,701	890,867	5,520,408	171,727,976	5,520,408	247,530
Information and communication	13,531,335	-	-	13,531,335	-	218,542
Manufacturing	102,023,802	209,038	11,692,659	113,925,499	11,692,659	141,111,638
Mining	-	-	-	-	-	-
Oil and gas - downstream	39,425,634	37,544,370	4,965,396	81,935,400	4,965,396	9,956,063
Oil and gas - upstream	153,209	41,638,535	10,566,080	52,357,824	10,566,080	4,130,500
Oil and gas - services	60,209,471	88,500,506	-	148,709,977	-	-
Power and energy	32,703,812	31,524,182	-	64,227,994	-	-
Professional services	3,954,400	-	27,752	3,982,152	27,752	-
Real estate	72,529,786	32,323,260	7,584,110	112,437,156	7,584,110	24,783
Transportation	6,567,463	299,365	3,176	6,870,004	3,176	112,211
Total	832,283,374	234,941,480	45,932,766	1,113,157,620	45,932,766	281,178,633

Notes to the consolidated and separate financial statements

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	**Stage1**	**Stage 2**	**Stage 3**	**Total gross loan**	**Nonperforming 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	200,000.00
Finance and insurance	61,952,665	8,922.00	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	71,156.00
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
Total	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

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.

31 DEC 2021

GROUP

In thousands of Naira	Loans and advances to customers: Stage1	Stage 2	Stage 3	Total gross loan	Nonperforming loan (NPL)	Gross lending commitments and financial guarantees
North East	8,141,595	54,353	900,157	9,096,105	900,157	191,368
North Central	73,076,871	480,714	2,276,753	75,834,338	2,276,753	7,287,225
North West	33,904,975	210,453	1,419,830	35,535,258	1,419,830	1,900,069
South East	18,054,514	56,851	8,091,423	26,202,788	8,091,423	2,757,624
South South	40,351,515	428,677	829,901	41,610,093	829,901	2,582,959
South West	580,189,400	233,481,432	32,414,702	846,085,534	32,414,702	249,311,081
Europe	78,564,504	229,000	-	78,793,504	-	17,148,307
	832,283,374	234,941,480	45,932,766	1,113,157,620	45,932,766	281,178,633

Notes to the consolidated and separate financial statements

31 DEC 2020						
GROUP						
	Loans and advances to customers					Gross lending commitments and financial guarantees
In thousands of Naira	Stage1	Stage 2	Stage 3	Total gross loan	Nonperforming loan (NPL)	
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

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, expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has ccurred 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. utilization 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.
- Utilization 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. 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.

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 and 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.

Notes to the consolidated and separate financial statements

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 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.

Macroeconomic scenarios and weightings

The macroeconomic scenario (Forward-Looking Information) forecast, used by the Group for ECL allowance calculation purposes, were derived using advanced statistical models which also produced the probability weightings of each scenario. 3 scenarios were developed; 1) Optimistic Scenario 2) Most Likely Scenario 3) Pessimistic Scenario. The group adopted statistical forecasts and probability weightings to eliminate biases in the scenarios and senstivity of the forecasts.

60 monthly forecasts of each Forward-Looking Information (FLI) was adopted by the Group in the ECL allowance calculation. The following FLIs were considered;
1) Central Bank of Nigeria's Manufacturing Sector Purchasing Manager's Index
2) Nigeria's Inflation Rate
3) NAFEX NGNUSD Exchange Rate
4) Brent Crude Oil Price
'5) Nigeria's Foreign Reserves Balance
'The choice of FLIs was informed by historical analysis which confirmed strong correlation and causation between the selected FLIs and the Groups historical default experience. The Board Credit Committee had approved the aforementioned FLIs for use in ECL allowance calculation.

Optimistic Scenario-25%

5 year (2022-2026) average forecast

FLI	2022	2023	2024	2025	2026
Purchasing Manager's Index	67.38	76.82	83.86	89.89	94.88
Nigeria's Inflation Rate	16.35	16.04	14.69	14.87	16.79
NAFEX NGNUSD Exchange Rate	386.53	393.35	408.11	426.26	444.67
Brent Crude Oil Price	81.13	77.69	76.90	76.74	76.71
Nigeria's Foreign Reserves Balance	40.74	44.91	47.92	50.43	52.49

Most likely Scenario-50%

5 year (2022-2026) average forecast

FLI	2022	2023	2024	2025	2026
Purchasing Manager's Index	52.74	53.50	54.25	55.01	55.71
Nigeria's Inflation Rate	18.18	18.31	17.43	18.07	20.58
NAFEX NGNUSD Exchange Rate	437.11	473.23	509.35	545.47	578.57
Brent Crude Oil Price	57.73	54.50	53.93	53.81	53.79
Nigeria's Foreign Reserves Balance	33.63	33.60	33.56	33.52	33.49

Notes to the consolidated and separate financial statements

Pessimistic Scenario-25%

5 year (2022-2026) average forecast

FLI	2022	2023	2024	2025	2026
Purchasing Manager's Index	38.09	30.17	24.65	20.14	16.54
Nigeria's Inflation Rate	20.22	20.91	20.69	21.97	25.22
NAFEX NGNUSD Exchange Rate	487.68	553.10	610.58	664.67	712.48
Brent Crude Oil Price	41.09	38.24	37.82	37.74	37.72
Nigeria's Foreign Reserves Balance	26.53	22.29	19.20	16.61	14.50

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.

Notes to the consolidated and separate financial statements

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).

GROUP

	31 DEC 2021				31 DEC 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents								
Balance at 1 January	35,950	-	-	35,950	32,498	-	-	32,498
Net remeasurement of loss allowances (see note 10)	3,685	-	-	3,685	3,452	-	-	3,452
Closing balance	39,635	-	-	39,635	35,950	-	-	35,950
Gross amount	362,729,825	-	-	362,729,825	221,114,594	-	-	221,114,594
Assets pledged as collateral								
Balance at 1 January	-	-	-	-	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Gross amount	115,456,683	-	-	115,456,683	189,216,506	-	-	189,216,506
Loans and advances to customers at amortised cost								
Balance at 1 January	19,739,723	9,078,158	17,692,772	46,510,653	17,241,583	5,196,856	16,071,827	38,510,266
Transfer to Stage 1	413,288	(360,942)	(52,346)	-	1,547,873	(684,770)	(863,103)	-
Transfer to Stage 2	(116,708)	142,380	(25,672)	-	(411,920)	601,492	(189,572)	-
Transfer to Stage 3	(5,909,639)	(14,312)	5,923,951	-	(207,716)	(49,104)	256,820	-
Net remeasurement of loss allowances (see note 10)	3,445,888	(2,292,364)	13,681,146	14,834,670	681,518	3,687,809	12,285,991	16,655,318
Financial assets that have been derecognised write-off	-	-	(12,781,011)	(12,781,011)	-	-	(10,353,847)	(10,353,847)
Foreign exchange and other movements	524,940	478,742	434	1,004,116	888,385	325,875	484,656	1,698,916
Closing balance	18,097,492	7,031,662	24,439,274	49,568,428	19,739,723	9,078,158	17,692,772	46,510,653
Gross amount	833,534,615	234,941,481	44,681,524	1,113,157,620	660,876,667	183,003,056	25,403,542	869,283,265

Notes to the consolidated and separate financial statements

GROUP

	31 DEC 2021				31 DEC 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment securities at amortised cost								
Balance at 1 January	496,167	-	1,777,259	2,273,426	577,991	-	1,594,166	2,172,157
Net remeasurement of loss allowances (see note 10)	385,613	-	-	385,613	(122,490)	-	78,659.00	(43,831)
Foreign exchange and other movements	118,021	-	56,004	174,025	40,666	-	104,434	145,100
Closing balance	999,801	-	1,833,263	2,833,064	496,167	-	1,777,259	2,273,426
Gross amount	173,906,903	-	1,818,577	175,725,480	175,138,349	-	1,777,259	176,915,608
Investment securities at FVOCI								
Balance at 1 January	181,892	-	-	181,892	44,552	-	-	44,552
Net remeasurement of loss allowances (see note 10)	134,611	-	-	134,611	137,340	-	-	137,340
Closing balance	316,503	-	-	316,503	181,892	-	-	181,892
Gross amount	173,200,828	-	-	173,200,828	212,554,430	-	-	212,554,430
Other assets								
Balance at 1 January	6,121,813	2,602,522	7,755,448	16,479,783	469,367	586,649	18,375,759	19,431,775
Transfer to Stage 1	465,115	(3,392,175)	2,927,060	-	1,149,570	-	(1,149,570)	-
Net remeasurement of loss allowances (see note 10)	835,854	1,500,000	2,453,317	4,789,171	4,401,409	2,015,873	1,250,000	7,667,282
Write-offs	-	-	(317,659)	(317,659)	-	-	(10,814,025)	(10,814,025)
Foreign exchange and other movements	-	-	258,047	258,047	101,467	-	93,284	194,751
Closing balance	7,422,782	710,347	13,076,213	21,209,342	6,121,813	2,602,522	7,755,448	16,479,783
Gross amount	113,987,036	10,430,012	18,559,809	142,976,857	5,191,490	20,360,060	11,175,768	36,727,318
Performance bonds and guarantees, clean line letters of credit and other commitments								
Balance at 1 January	1,526,371	1,876	-	1,528,247	1,420,784	1,876	-	1,422,660
Transfer to Stage 1	-	-	-	-	-	-	-	-
Net remeasurement of loss allowances (see note 10)	363,785	-	-	363,785	105,587	-	-	105,587
Foreign exchange and other movements	-3,117	-	-	-3,117	-	-	-	-
Closing balance	1,887,039	1,876	-	1,888,915	1,526,371	1,876	-	1,528,247
Gross amount	281,126,172	52,461	-	281,178,633	223,207,186	71,461	-	223,278,647

Notes to the consolidated and separate financial statements

COMPANY

	31 DEC 2021				31 DEC 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents								
Balance at 1 January	9,893	-	-	9,893	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-	9,893	-	-	9,893
Closing balance	9,893	-	-	9,893	9,893	-	-	9,893
Gross amount	621,755	-	-	621,755	828,634	-	-	828,634
Investment securities at amortised cost								
Balance at 1 January	141,117	-	-	141,117	128,616	-	-	128,616
Net remeasurement of loss allowances (see note 10)	17,387	-	-	17,387	12,501	-	-	12,501
Foreign exchange and other movements	-	-	-	-	-	-	-	-
Closing balance	158,504	-	-	158,504	141,117	-	-	141,117
Gross amount	6,175,559	-	-	6,175,559	4,501,116	-	-	4,501,116
Investment securities at FVOCI								
Balance at 1 January	-	-	-	-	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Gross amount	-	-	-	-	-	-	-	-
Other assets								
Balance at 1 January	92,188	-	-	92,188	92,188	-	-	92,188
Transfer to Stage 1	-	-	-	-	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	-	-	-	-
Closing balance	92,188	-	-	92,188	92,188	-	-	92,188
Gross amount	7,928,572	-	-	7,928,572	2,142,241	-	-	2,142,241

Notes to the consolidated and separate financial statements

ECL coverage ratio

31 DEC 2021

GROUP

In thousands of Naira	Gross carrying amount Stage 1	Stage 2	Stage 3	Total	ECL provision Stage 1	Stage 2	Stage 3	Total
On-balance sheet items								
Cash and cash equivalents	362,729,825	-	-	362,729,825	39,635.00	-	-	39,635.00
Assets pledged as collateral	115,456,683	-	-	115,456,683	-	-	-	-
Loans and advances to customers at amortised cost	833,534,615	234,941,481	44,681,524	1,113,157,620	18,097,492	7,031,662	24,439,274	49,568,428
Investment securities at amortised cost	173,906,903	-	1,818,577	175,725,480	999,801	-	1,833,263	2,833,064
Investment securities at FVOCI	173,200,828	-	-	173,200,828	316,503	-	-	316,503
Other financial assets measured at amortised cost	113,987,036	10,430,012	18,559,809	142,976,857	7,422,782	710,347	13,076,213	21,209,342
Sub-total	1,772,815,890	245,371,493	65,059,910	2,083,247,293	26,876,213	7,742,009	39,348,750	73,966,972
Off-balance sheet items								
Performance bonds and guarantees	141,681,463	-	-	141,681,463	1,474,676	-	-	1,474,676
Clean line letters of credit	135,225,605	-	-	135,225,605	412,363	-	-	412,363
Other commitments	4,219,104	52,461	-	4,271,565	-	1,876	-	1,876
Sub-total	281,126,172	52,461	-	281,178,633	1,887,039	1,876	-	1,888,915
Grand total	2,053,942,062	245,423,954	65,059,910	2,364,425,926	28,763,252	7,743,885	39,348,750	75,855,887

COMPANY

In thousands of Naira	Gross carrying amount Stage 1	Stage 2	Stage 3	Total	ECL provision Stage 1	Stage 2	Stage 3	Total
On-balance sheet items								
Cash and cash equivalents	621,755	-	-	621,755	9,893.00	-	-	9,893.00
Assets pledged as collateral	-	-	-	-	-	-	-	-
Loans and advances to customers at amortised cost	-	-	-	-	-	-	-	-
Investment securities at amortised cost	6,175,559	-	-	6,175,559	158,504	-	-	158,504
Investment securities at FVOCI	-	-	-	-	-	-	-	-
Other financial assets measured at amortised cost	7,928,572	-	-	7,928,572	92,188	-	-	92,188
Sub-total	14,725,886	-	-	14,725,886	260,585	-	-	260,585
Off-balance sheet items								
Performance bonds and guarantees	-	-	-	-	-	-	-	-
Clean line letters of credit	-	-	-	-	-	-	-	-
Other commitments	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
Grand total	14,725,886	-	-	14,725,886	260,585	-	-	260,585

ECL coverage ratio

	GROUP				COMPANY			
On-balance sheet items								
Loans and advances to customers at amortised cost	2.17%	2.99%	54.70%	4.45%	-	-	-	-
Investment securities at amortised cost	0.57%	0.00%	100.81%	1.61%	2.57%	-	-	2.57%
Other financial assets measured at amortised cost	0.00%	6.81%	70.45%	14.83%	0.00%	-	-	1.16%
Sub-total	1.52%	3.16%	60.48%	3.55%	1.77%	-	-	1.77%
Off-balance sheet items								
Performance bonds and guarantees	1.04%	-	-	1.04%	-	-	-	-
Clean line letters of credit	0.30%	-	-	0.30%	-	-	-	-
Other commitments	0.00%	3.58%	-	-	-	-	-	-
Sub-total	0.67%	3.58%	-	0.67%	-	-	-	-
Grand total	1.40%	3.16%	60.48%	3.21%	1.77%	-	-	1.77%

Notes to the consolidated and separate financial statements

31 DEC 2020

GROUP

In thousands of Naira	Gross carrying amount Stage 1	Stage 2	Stage 3	Total	ECL provision 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 at amortised cost	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
Grand 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

In thousands of Naira	Gross carrying amount Stage 1	Stage 2	Stage 3	Total	ECL provision 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
Grand total	7,471,991	-	-	7,471,991	243,198	-	-	243,198

ECL coverage ratio

	GROUP				COMPANY			
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%	-	100.00%	1.29%	4.40%	-	-	4.40%
Investment securities at FVOCI	0.09%	-	-	0.09%	0.00%	-	-	0.00%
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	-	0.84%	-	-	-	-	-	-
Sub-total	0.68%	2.63%	-	0.68%	-	-	-	-
Grand total	1.67%	5.74%	70.98%	3.47%	3.25%	-	-	3.25%

Notes to the consolidated and separate financial statements

Trading assets

The Group's trading book comprises only debt securities, bills issued by the Federal Government of Nigeria and equity securities. 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 is 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 for foreign exchange. 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 non trading assets, which are neither past due nor impaired is as shown in the table below:

GROUP

31 DEC 2021

In thousands of Naira

Security type	Issuer rating	0 - 30 days	31 - 90 days	91 -180 days	181 - 365 days	1 - 5 years	above 5 years	Total
FGN bonds	BB-	- 1,569,720.00	-	-	-	4,865,834	9,177,708	12,473,822
Nigerian treasury bills	BB-	6,531	1,817,433	7,474,439	19,766,049		-	29,064,452
		-1,563,189	**1,817,433.00**	**7,474,439.00**	**19,766,049**	**4,865,834**	**9,177,708**	**41,538,274**

31 DEC 2020

In thousands of Naira

Security type	Issuer rating	0 - 30 days	31 - 90 days	91 -180 days	181 - 365 days	1 - 5 years	above 5 years	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**

Notes to the consolidated and separate financial statements

Cash and cash equivalents

The Group held cash and cash equivalents of N362.73billion as at 31 December 2021 (31 December 2020: N217billion). 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 sensitizing 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 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 2021	31 DEC 2020
At 31 December	**34.8%**	34.2%
Average for the year	**34.4%**	34.2%
Maximum for the year	**39.5%**	35.6%
Minimum for the year	**32.3%**	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 analyzes 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

GROUP
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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
Non-derivative assets									
Cash and cash equivalent	21	362,700,083	362,700,083	362,700,083	-	-	-	-	-
Restricted reserve deposit	22	329,739,147	329,739,147	-	-	-	329,739,147	-	-
Non-pledged trading assets	23(a)	41,538,274	41,538,274	17,600,804	3,332,458	7,624,705	5,058,606	2,469,317	5,452,384
Loans and advances to customers	25	1,063,589,192	1,113,157,620	152,907,196	89,294,390	164,417,710	133,853,126	411,972,594	160,712,604
Asset pledged as Collateral	27	115,456,683	108,435,159	9,974,000	13,809,347	13,773,986	6,947,930	23,750,000	40,179,896
Investment securities	26	372,548,333	374,949,226	140,233,902	49,444,467	45,019,268	26,002,191	13,991,071	100,258,327
Other financial assets (net)	32(a)	121,767,515	142,976,857	38,332,341	-	-	104,644,516	-	-
		2,407,339,227	2,473,496,366	721,748,326	155,880,662	230,835,669	606,245,516	452,182,982	306,603,211
Derivative assets									
Risk management:	24(a)	-	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Derivative liabilities									
Risk management:	24(b)	-	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Non-derivative liabilities									
Deposits from banks	33	160,746,916	160,746,916	56,580,516	-	-	104,166,400	-	-
Deposits from customers	34	1,554,413,623	1,560,432,456	1,224,456,399	76,649,734	162,095,560	95,312,247	1,918,516	-
Borrowings	35	80,704,066	80,863,504	17,423,908	-	-	-	63,439,596	-
On-lending facilities	36	157,873,774	157,873,774	1,145,210	1,930,973	5,206,857	13,431,937	67,433,966	68,724,831
Debt securities issued	37	78,493,492	77,000,528	-	-	-	-	28,281,611	48,718,917
Other financial liabilities	40(a)	191,853,091	191,853,091	39,733,547	-	98,471,060.00	43,549,856	10,098,628	-
		2,224,084,962	2,228,770,269	1,339,339,580	78,580,707	265,773,477	256,460,440	171,172,317	117,443,748

Notes to the consolidated and separate financial statements

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
Non-derivative assets									
Cash and cash equivalent	21	221,078,644	221,078,644	221,078,644	-	-	-	-	-
Restricted reserve deposit	22	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	821,165.00	652,606
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
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
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
Other financial assets (net)	32(a)	20,247,535	36,727,318	22,630,688	-	-	11,175,768	2,920,862	-
		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
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	-	-	-	-	-
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
Borrowings	35	159,718,037	202,778,229	36,138,064	32,121,734	35,229,040	50,708,466	48,580,925	
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
Debt securities issued	37	101,531,205	101,531,205	-	-	-	-	73,537,242	27,993,963
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
		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

Notes to the consolidated and separate financial statements

COMPANY
31 DEC 2021

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
Non-derivative assets									
Cash and cash equivalent	21	621,755	621,755	621,755	-	-	-	-	-
Investment securities	26	6,007,162	6,009,979	2,817	-	-	-	6,007,162	-
Other financial assets (net)	32(a)	7,836,385	7,928,572	7,928,572	-	-	-	-	-
		14,465,302	14,560,306	8,553,144	-	-	-	6,007,162	-
Non-derivative liabilities									
Other financial liabilities	40(a)	7,190,462	7,190,462	7,190,462	-	-	-	-	-
		7,190,462	7,190,462	7,190,462	-	-	-	-	-

Notes to the consolidated and separate financial statements

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
Non-derivative assets									
Cash and cash equivalent	21	818,741	818,741	818,741	-	-	-	-	-
Investment securities	26	4,359,999	4,359,999	-	-	-	-	4,359,999	-
Other financial assets (net)	32(a)	2,050,054	2,050,054	2,050,054	-	-	-	-	-
		7,228,794	7,228,794	2,868,795	-	-	-	4,372,500	-
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	-	-	-	-	-

Notes to the consolidated and separate financial statements

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 an average expected maturity of six 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.

iii **Liquidity reserves**

The table below sets out the components of the Group's liquidity reserve.

In thousands of Naira	**Note**	**31 DEC 2021**		**31 DEC 2020**	
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Balances with central banks	21	45,388,016	45,388,016	23,813,814	23,813,814
Cash and balances with other banks	21	317,312,067	317,312,067	197,264,830	197,264,830
Unencumbered debt securities issued by Central Bank of Nigeria		320,838,082	292,239,604	309,670,414	299,673,224
Total liquidity reserve		**683,538,165**	**654,939,687**	**530,749,058**	**520,751,868**

Included in the unencumbered debt securities issued by central banks are; Federal Government of Nigeria (FGN) Bonds N94.00billion (31 December 2020: N104.58billion), Treasury Bills N181.77billion (31 December 2020: N201.02billion) under note 23(a), 26(a) and (b).

Notes to the consolidated and separate financial statements

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 2021

In thousands of Naira	Note	Pledged as Collateral	Other*	Available as Collateral	Other**	Total
Cash and cash equivalents	21	-	-	362,700,083	-	362,700,083
Restricted reserve deposits	28	-	329,739,147	-	-	329,739,147
Non-pledged trading assets	22(a)	-	-	-	41,538,274	41,538,274
Loans and advances	26	-	-	-	1,063,589,192	1,063,589,192
Assets pledged as collateral	25	115,456,683	-	-	-	115,456,683
Investment securities	24	-	-	372,548,333	-	372,548,333
Other assets (net)	27	-	-	-	121,767,515	121,767,515
Total Assets		**115,456,683**	**329,739,147**	**735,248,416**	**1,226,894,981**	**2,407,339,227**

31 DEC 2020

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	28	-	311,746,155	-	-	311,746,155
Non-pledged trading assets	22(a)	-	-	-	9,301,789	9,301,789
Loans and advances	26	-	-	-	822,772,612	822,772,612
Assets pledged as collateral	25	189,216,506	-	-	-	189,216,506
Investment securities	24	-	-	406,665,569	-	406,665,569
Other assets (net)	27	-	-	-	20,247,535	20,247,535
Total Assets		**189,216,506**	**311,746,155**	**627,744,213**	**852,321,936**	**1,981,028,810**

*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.

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 2021 and 31 December 2020 are 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 optimizing 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 2021 are provided below:

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Market risk measures:

The table below sets out the allocation of assets and liabilities subject to price risk, classified by trading and non-trading portfolio:

31 DEC 2021

In thousands of Naira	Note	GROUP Carrying Amount	GROUP Trading portfolios	GROUP Non-trading portfolios	COMPANY Carrying Amount	COMPANY Trading portfolios	COMPANY Non-trading portfolios
Assets subject to market risk:							
Cash and cash equivalents	21	**362,700,083**	**-**	**362,700,083**	**621,755**	**-**	**621,755**
Restricted reserve deposits	28	**329,739,147**	**-**	**329,739,147**	**-**	**-**	**-**
Non-pledged trading assets	22(a)	**41,538,274**	**41,538,274**	**-**	**-**	**-**	**-**
Loans and advances to customers	26	**1,063,589,192**	**-**	**1,063,589,192**	**-**	**-**	**-**
Assets pledged as collateral	25	**115,456,683**	**-**	**115,456,683**	**-**	**-**	**-**
Investment securities	24	**372,548,333**	**-**	**372,548,333**	**6,007,162**	**-**	**6,007,162**
Other financial assets (net)	27(a)(c)	**121,767,515**	**-**	**121,767,515**	**7,836,385**	**-**	**7,836,385**
Liabilities subject to market risk:							
Trading liabilities	23(b)	**5,174,902**	**5,174,902**	**-**	**-**	**-**	**-**
Deposits from banks	34	**160,746,916**	**-**	**160,746,916**	**-**		**-**
Deposits from customers	35	**1,554,413,623**	**-**	**1,554,413,623**	**-**	**-**	**-**
Borrowings	41	**80,704,066**	**-**	**80,704,066**	**-**	**-**	**-**
On-lending facilities	39	**157,873,774**	**-**	**157,873,774**	**-**	**-**	**-**
Debt securities issued	40	**78,493,492**	**-**	**78,493,492**	**-**	**-**	**-**
Other financial liabilities	37(a)	**191,853,091**	**-**	**191,853,091**	**7,190,462**	**-**	**7,190,462**

31 DEC 2020

In thousands of Naira	Note	GROUP Carrying Amount	GROUP Trading portfolios	GROUP Non-trading portfolios	COMPANY Carrying Amount	COMPANY Trading portfolios	COMPANY 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	28	311,746,155	-	311,746,155	-	-	-
Non-pledged trading assets	22(a)	9,301,789	9,301,789	-	-	-	-
Derivative assets held for risk management	23(a)	1,884,398	-	1,884,398	-	-	-
Loans and advances to customers	26	822,772,612	-	822,772,612	-	-	-
Assets pledged as collateral	25	189,216,506	-	189,216,506	-	-	-
Investment securities	24	406,665,569	-	406,665,569	4,359,999	-	4,359,999
Other financial assets (net)	27(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	23(b)	1,871,869	-	1,871,869	-	-	-
Deposits from banks	34	119,365,158	-	119,365,158	-		-
Deposits from customers	35	1,257,130,907	-	1,257,130,907	-	-	-
Borrowings	41	159,718,037	-	159,718,037	-	-	-
On-lending facilities	39	60,366,840	-	60,366,840	-	-	-
Debt securities issued	40	101,531,205	-	101,531,205	-	-	-
Other financial liabilities	37(a)	103,750,649	-	103,750,649	2,137,564	-	2,137,564

Notes to the consolidated and separate financial statements

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 2021			31 DEC 2020		
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	**362,700,083**	**48,930,395**	**313,769,688**	221,078,644	4,447,734	216,630,910
Restricted reserve deposits	28	**329,739,147**	**-**	**329,739,147**	311,746,155	-	311,746,155
Loans and advances to customers (gross)	26	**1,113,157,620**	**1,113,157,620**	**-**	869,283,265	869,283,265	-
Assets pledged as collateral	25	**115,456,683**	**115,456,683**	**-**	189,216,506	189,216,506	-
Investment securities	24	**372,548,333**	**347,719,380**	**24,828,953**	406,665,569	385,289,797	21,375,772
Other financial assets (gross)	27(a)	**142,976,857**	**-**	**142,976,857**	36,727,318	-	36,727,318
		2,436,578,723	**1,625,264,078**	**811,314,645**	2,034,717,457	1,448,237,302	586,480,155
Liabilities							
Deposits from banks	34	**160,746,916**	**160,746,916**	**-**	119,365,158	119,365,158	-
Deposits from customers	35	**1,554,413,623**	**1,554,413,623**	**-**	1,257,130,907	1,257,130,907	-
Borrowings	41	**80,704,066**	**80,704,066**	**-**	159,718,037	159,718,037	-
On-lending facilities	39	**157,873,774**	**157,873,774**	**-**	60,366,840	60,366,840	-
Debt securities issued	40	**78,493,492**	**21,529,975**	**56,963,517**	101,531,205	101,531,205	-
Other financial liabilities	37(a)	**191,853,091**	**-**	**191,853,091**	103,750,649	-	103,750,649
		2,224,084,962	**1,975,268,354**	**248,816,608**	1,801,862,796	1,698,112,147	103,750,649
Total interest repricing gap		**212,493,761**	**(350,004,276)**	**562,498,037**	232,854,661	(249,874,845)	482,729,506

GROUP

In thousands of Naira	**Note**	**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**1 - 5 years**	**above 5 years**	**Total**
31 DEC 2021								
Assets subject to market interest rate risk:								
Cash and cash equivalents	21	**48,930,395**	**-**	**-**	**-**	**-**	**-**	**48,930,395**
Loans and advances to customers (gross)	26	**185,963,366**	**89,294,390**	**132,485,430**	**132,729,236**	**411,972,594**	**160,712,604**	**1,113,157,620**
Assets pledged as collateral	25	**9,988,878**	**13,596,500**	**4,173,986**	**11,300,000**	**36,217,423**	**40,179,896**	**115,456,683**
Investment securities	24	**117,518,090**	**50,232,442**	**27,399,898**	**10,479,010**	**18,695,910**	**123,394,030**	**347,719,380**
		362,400,729	**153,123,332**	**164,059,314**	**154,508,246**	**466,885,927**	**324,286,530**	**1,625,264,078**
Liabilities subject to market interest rate risk:								
Deposits from banks	34	**56,580,516**	**-**	**-**	**104,166,400**	**-**	**-**	**160,746,916**
Deposits from customers	35	**1,166,161,990**	**128,925,310**	**162,095,560**	**95,312,247**	**1,918,516**	**-**	**1,554,413,623**
Borrowings	41	**-**	**-**	**-**	**2,320,868**	**78,383,198**	**-**	**80,704,066**
On-lending facilities	39	**1,145,210**	**1,930,973**	**5,206,857**	**13,431,937**	**67,433,966**	**68,724,831**	**157,873,774**
Debt securities issued	40	**-**	**-**	**-**	**-**	**21,529,975**	**-**	**21,529,975**
		1,223,887,716	**130,856,283**	**167,302,417**	**215,231,452**	**169,265,655**	**68,724,831**	**1,975,268,354**
Total interest repricing gap		**(861,486,987)**	**22,267,049**	**(3,243,103)**	**(60,723,206)**	**297,620,272**	**255,561,699**	**(350,004,276)**

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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)	26	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	25	20,010,657	98,274,969	11,979,340	15,863,644	16,460,000	26,627,896	189,216,506
Investment securities	24	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	34	119,365,158	-	-	-	-	-	119,365,158
Deposits from customers	35	979,010,236	138,349,653	40,727,856	60,738,757	20,042,294	18,262,111	1,257,130,907
Borrowings	41	35,077,872	32,121,734	35,229,040	50,708,466	6,580,925	-	159,718,037
On-lending facilities	39	2,792,331	6,540,920	2,651,869	5,301,249	40,297,412	2,783,059	60,366,840
Debt securities issued	40	-	-	-	-	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)

COMPANY

In thousands of Naira	Note	31 DEC 2021 Carrying Amount	31 DEC 2021 Rate sensitive	31 DEC 2021 Non rate sensitive	31 DEC 2020 Carrying Amount	31 DEC 2020 Rate sensitive	31 DEC 2020 Non rate sensitive
Assets							
Cash and cash equivalents	21	**621,755**	**-**	**621,755**	818,741	665,073	153,668
Investment securities	24	**6,007,162**	**6,175,559**	**(168,397)**	4,359,999	3,205,346	1,154,653
Other financial assets (gross)	27(a)	**7,928,572**	**-**	**7,928,572**	2,142,241	-	2,142,241
		14,557,489	**6,175,559**	**8,381,930**	7,320,981	3,870,419	3,450,562
Liabilities							
Deposits from banks	34	**-**	**-**	**-**	-	-	-
Deposits from customers	35	**-**	**-**	**-**	-	-	-
Borrowings	41	**-**	**-**	**-**	-	-	-
On-lending facilities	39	**-**	**-**	**-**	-	-	-
Debt securities issued	40	**-**	**-**	**-**	-	-	-
Other financial liabilities	37(a)	**7,190,462**	**-**	**7,190,462**	2,137,564	-	2,137,564
		7,190,462	**-**	**7,190,462**	2,137,564	-	2,137,564
Total interest repricing gap		**7,367,027**	**6,175,559**	**1,191,468**	5,183,417	3,870,419	1,312,998

Notes to the consolidated and separate financial statements

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 50 basis points and 100 basis point (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:

GROUP

31 DEC 2021

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	**1,625,264,078**	**10%**	**162,041,604**	**170,167,924**	**153,915,284**	**178,294,245**	**145,788,963**
Non-trading liabilities subject to rate sensitivity	**1,975,268,354**	**4%**	**(71,127,766)**	**(81,004,108)**	**(61,251,424)**	**(90,880,450)**	**(51,375,082)**
			90,913,838	**89,163,816**	**92,663,860**	**87,413,795**	**94,413,881**
Impact on net interest income				**(1,750,022)**	**1,750,022**	**(3,500,043)**	**3,500,043**

31 DEC 2020

In thousands of Naira	Gross amount	Weighted average interest rate	Interest due at current weighted average rate	50bps	(50bps)	100bps	(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	5%	(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

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 horizons under business-as-usual conditions assuming static portfolio indicates the 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 Federal Government of Nigeria bonds. The sensitivity to earnings was not considered because it does not have material impact on earnings.

Notes to the consolidated and separate financial statements

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. 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 2021

In thousands of Naira	Note	NGN	USD	GBP	EUR	OTHERS	Grand Total
Assets							
Cash and cash equivalents	21	73,890,329	255,924,169	8,811,507	18,970,447	5,103,631	362,700,083
Restricted reserve deposit	28	329,739,147	-	-	-	-	329,739,147
Non-pledged trading assets	22(a)	41,538,274	-	-	-	-	41,538,274
Loans and advances (net)	26	627,311,804	434,646,393	64,432	1,566,563	-	1,063,589,192
Investment securities	24	268,422,764	104,125,569	-	-	-	372,548,333
Asset pledged as collateral	25	115,456,683	-	-	-	-	115,456,683
Other assets	27	119,128,008	1,979,575	40,539	70,067	549,326	121,767,515
Total assets		1,575,487,009	796,675,706	8,916,478	20,607,077	5,652,957	2,407,339,227
Liabilities							
Trading liabilities	23(b)	5,174,902	-	-	-	-	5,174,902
Deposits from customers	35	1,126,319,280	418,957,568	4,755,442	4,381,318	15	1,554,413,623
Deposits from banks	34	13,011,219	147,735,697	-	-	-	160,746,916
Borrowings	41	17,264,470	63,439,596	-	-	-	80,704,066
On-lending facilities	39	157,873,774	-	-	-	-	157,873,774
Debt securities issued	40	31,761,708	46,731,784	-	-	-	78,493,492
Provision	38	4,624,047	2,123,223	-	-	-	6,747,270
Other liabilities	37	135,064,335	49,433,471	161,213	2,648,371	4,545,701	191,853,091
Total Liabilities		1,491,093,735	728,421,339	4,916,655	7,029,689	4,545,716	2,236,007,134
Net on-balance sheet financial position		84,393,274	68,254,367	3,999,823	13,577,388	1,107,241	171,332,093
Off-balance sheet financial position	45	183,204,320	91,811,366	95,102	2,098,178	100,206	277,309,172

Notes to the consolidated and separate financial statements

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	28	311,746,155	-	-	-	-	311,746,155
Non-pledged trading assets	22(a)	9,301,789	-	-	-	-	9,301,789
Derivative assets held for risk management	23(a)	-	1,884,398	-	-	-	1,884,398
Loans and advances (net)	26	446,250,254	375,854,890	58,051	609,417	-	822,772,612
Investment securities	24	261,115,249	145,550,320	-	-	-	406,665,569
Asset pledged as collateral	25	189,216,506	-	-	-	-	189,216,506
Other assets	27	17,868,680	7,156,129	29,423	7,965	196,659	25,258,857
Total assets		1,287,519,099	660,242,292	9,019,647	30,269,696	873,795	1,987,924,530
Liabilities							
Trading liabilities	23(b)	8,361,951	-	-	-	-	8,361,951
Deposits from customers	35	900,802,195	346,979,758	4,162,453	5,186,485	16	1,257,130,907
Deposits from banks	34	-	119,365,158	-	-	-	119,365,158
Borrowings	41	14,893,096	144,824,941	-	-	-	159,718,037
On-lending facilities	39	60,366,840	-	-	-	-	60,366,840
Debt securities issued	40	58,861,957	42,669,248	-	-	-	101,531,205
Derivative liability held for risk management	23(b)	-	1,871,869	-	-	-	1,871,869
Provision	38	4,306,320	2,019,055	-	-	-	6,325,375
Other liabilities	37	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	45	**131,843,541**	**79,580,913**	**95,102**	**2,098,178**	**100,206**	**213,717,940**

In line with Central Bank of Nigeria guidelines, percentage of foreign borrowings to the shareholders' fund as at 31 December 2021 is 47.22% (31 December 2020: 109.53%) which is below the limit of 125%.

Exposure to currency risks – Non-trading portfolios

At 31 December 2021, if foreign exchange rates at that date had been 10 percent lower with all other variables held constant, profit and equity for the year would have been N4.07billion (31 December 2020: N4.07billion) 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 N4.07billion (31 December 2020: N4.07billion) 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 2021. It includes the Group's USD financial instruments carried at Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) rate at N413.05/$.

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GROUP	31 DEC 2021			31 DEC 2020		
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	255,924,169	25,592,417	(25,592,417)	129,796,555	12,979,656	(12,979,656)
Derivative assets held for risk management	-	-	-	1,884,398	188,440	(188,440)
Loans and advances to customers	434,646,393	43,464,639	(43,464,639)	375,854,890	37,585,489	(37,585,489)
Investment securities	104,125,569	10,412,557	(10,412,557)	145,550,320	14,555,032	(14,555,032)
Other assets	1,979,575	197,958	(197,958)	7,156,129	715,613	(715,613)
Impact on financial assets	796,675,706	79,667,571	(79,667,571)	660,242,292	66,024,230	(66,024,230)
Financial liabilities						
Deposits from banks	147,735,697	14,773,570	(14,773,570)	119,365,158	11,936,516	(11,936,516)
Deposits from customers	418,957,568	41,895,757	(41,895,757)	346,979,758	34,697,976	(34,697,976)
Borrowings	63,439,596	6,343,960	(6,343,960)	144,824,941	14,482,494	(14,482,494)
Debt securities issued	46,731,784	4,673,178	(4,673,178)	42,669,248	4,266,925	(4,266,925)
Derivative liabilities held for risk management	-	-	-	1,871,869	187,187	(187,187)
Provision	2,123,223	212,322	(212,322)	2,019,055	201,906	(201,906)
Other liabilities	49,433,471	4,943,347	(4,943,347)	30,158,187	3,015,819	(3,015,819)
Impact on financial liabilities	728,421,339	72,842,134	(72,842,134)	687,888,216	68,788,823	(68,788,823)
Total increase / (decrease)	68,254,367	6,825,437	(6,825,437)	(27,645,924)	(2,764,593)	2,764,593

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 2021. It includes the Group's GBP financial instruments at carrying amounts.

GROUP	31 DEC 2021			31 DEC 2020		
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	8,811,507	881,151	(881,151)	8,932,173	893,217	(893,217)
Loans and advances to customers	64,432	6,443	(6,443)	58,051	5,805	(5,805)
Other assets	40,539	4,054	(4,054)	29,423	2,942	(2,942)
Impact on financial assets	8,916,478	891,648	(891,648)	9,019,647	901,964	(901,964)
Financial liabilities						
Deposits from customers	4,755,442	475,544	(475,544)	4,162,453	416,245	(416,245)
Other liabilities	161,213	16,121	(16,121)	499,673	49,967	(49,967)
Impact on financial liabilities	4,916,655	491,665	(491,665)	4,662,126	466,212	(466,212)
Total increase / (decrease)	3,999,823	399,983	(399,983)	4,357,521	435,752	(435,752)

Notes to the consolidated and separate financial statements

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 2021. It includes the Group's EUR financial instruments at carrying amounts.

GROUP	31 DEC 2021			31 DEC 2020		
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	**18,970,447**	**1,897,045**	**(1,897,045)**	29,652,314	2,965,231	(2,965,231)
Loans and advances to customers	**1,566,563**	**156,656**	**(156,656)**	609,417	60,942	(60,942)
Other assets	**70,067**	**7,007**	**(7,007)**	7,965	797	(797)
Impact on financial assets	**20,607,077**	**2,060,708**	**(2,060,708)**	30,269,696	3,026,970	(3,026,970)
Financial liabilities						
Deposits from customers	**4,381,318**	**438,132**	**(438,132)**	5,186,485	518,649	(518,649)
Other liabilities	**2,648,371**	**264,837**	**(264,837)**	3,234,397	323,440	(323,440)
Impact on financial liabilities	**7,029,689**	**702,969**	**(702,969)**	8,420,882	842,089	(842,089)
Total increase / (decrease)	**13,577,388**	**1,357,739**	**(1,357,739)**	21,848,814	2,184,881	(2,184,881)

(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.

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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 crystallize 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 analyzed by the Risk Management Division. The analyzed 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.

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 minimize 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 risks 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 Standardized Approach.

The implemented operational risk management structures provide the Group with the capacity to continuously improve its processes and controls, thereby minimizing losses and protecting shareholder value. The Operational risk management processes have been automated and the Operational Risk champions across all functions of the organozation report operational risk incidents using the operational risk management software.

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 and 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).

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 to strategic execution risk in all key operations impacted by the Group’s strategy. The crystallization 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.

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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 crystallize 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 recognizes 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/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.
• 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 materialize 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 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 recognized 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 liaises 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, publicizing 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 organization 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 minimum regulatory capital of N50 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 capitalized – that the Bank has enough capital to support its level of risk exposures.
- 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.

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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 Banking subsidiary 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 first 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.
• 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 Bank 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;
- 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

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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

(iv) Assessment of internal capital

The Bank'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 Bank 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 2021 and 31 December 2020:
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 capital to arrive at total regulatory capital. 50% of investments in unconsolidated banking and financial subsidiary/associate companies from Tier 1 and 2 respectively.

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Capital adequacy computation:

	COMMERCIAL AND RETAIL BANKING BUSINESS SEGMENT				BANKING SUBSIDIARY			
	31 DEC 2021	31 DEC 2021	31 DEC 2020	31 DEC 2020	31 DEC 2021	31 DEC 2021	31 DEC 2020	31 DEC 2020
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	5,650,000	5,650,000	5,000,000	5,000,000	5,000,000	5,000,000
Share premium	97,846,691	97,846,691	97,846,691	97,846,691	97,846,691	97,846,691	97,846,691	97,846,691
Statutory reserves	32,904,950	32,904,950	30,288,840	30,288,840	30,251,160	30,251,160	27,931,458	27,931,458
AGSMEIS reserve	2,747,999	2,747,999	2,747,999	2,747,999	2,747,999	2,747,999	2,747,999	2,747,999
Retained earnings	50,783,725	50,783,725	35,707,871	35,707,871	44,562,571	44,562,571	30,577,094	30,577,094
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	-	0	-	2,138,472
Total qualifying tier 1 capital	191,894,076	**191,894,076**	174,202,112	176,340,610	182,369,133	**182,369,133**	166,063,954	168,202,426
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	(9,163,895)	(9,163,895)	(7,944,838)	(7,944,838)	(9,163,895)	(9,163,895)	(7,944,838)	(7,944,838)
Software	(5,739,296)	(5,739,296)	(4,915,815)	(4,915,815)	(5,490,436)	(5,490,436)	(4,714,569)	(4,714,569)
Investments in unconsolidated Subsidiaries	-	-	-	-	-	-	-	-
Regulatory risk reserve*	-	-	(14,204,674)	-	(14,204,674)	-	(14,204,674)	-
Adjusted total qualifying tier 1 Capital	170,997,023	**170,997,023**	141,142,922	157,486,094	147,516,265	**161,720,939**	133,206,010	149,549,156
Tier 2 capital								
Translation reserve	10,906,690	10,906,690	9,784,180	9,784,180	10,906,690	10,906,690	9,784,180	9,784,180
Fair value reserve	17,024,503	17,024,503	19,430,101	19,430,101	17,026,872	17,026,872	19,430,101	19,430,101
Debt securities issued	32,826,057	32,826,057	37,904,720	37,904,720	37,904,720	37,904,720	37,904,720	37,904,720
Total qualifying tier 2 capital	60,757,250	**60,757,250**	67,119,001	67,119,001	65,838,282	**65,838,282**	67,119,001	67,119,001
Total qualifying tier 2 capital restricted to one-third (1/3) of tier 1 capital after regulatory deductions	56,999,008	**56,999,008**	47,047,641	52,495,365	49,172,088	**53,906,980**	44,402,003	49,849,719
Total regulatory capital	227,996,031	**227,996,031**	188,190,563	209,981,459	196,688,353	**215,627,919**	177,608,013	199,398,875
Less: Investments in unconsolidated Subsidiaries	-	-	-	-	-	-	-	-
Total qualifying capital	227,996,031	**227,996,031**	188,190,563	209,981,459	196,688,353	**215,627,919**	177,608,013	199,398,875
Risk weighted assets								
Risk weighted amount for credit risk	1,163,046,155	1,163,046,155	940,838,532	955,043,206	1,061,856,451	1,142,566,850	916,579,040	930,783,714
Risk weighted amount for operational risk	214,628,503	214,628,503	208,250,643	208,250,643	191,277,890	196,011,693	189,034,433	189,034,433
Risk weighted amount for market risk	26,515,942	26,515,942	20,142,238	20,142,238	26,520,521	26,515,942	20,142,238	20,142,238
	1,404,190,600	1,404,190,600	1,169,231,413	1,183,436,087	1,279,654,862	**1,365,094,485**	1,125,755,711	1,139,960,385
Capital adequacy ratio	16.24%	**16.24%**	16.1%	17.74%	15.37%	**15.8%**	15.78%	17.49%

*Regulatory Risk Reserve (RRR) Balance just before IFRS 9 transition
before any relief is transferred to General reserve/retained earnings

Note on capital adequacy ratio

The Basel II capital adequacy ratio after adjusted impact of IFRS 9 transition was 16.24% and 15.8% for the Group and the Bank respectively, as at 31 December 2021 (31 December 2020: 17.49% and 17.74%), with the Group and Bank 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 Impact' for the Group and Bank were N10.69billion and N10.78billion respectively.

Period	**Provision to be written back**	%	**Commercial and Retail Banking Business Segment**	**Banking Subsidiary**
			N'000	**N'000**
Year 0 (1 January 2018)	4/5 of Adjusted Day One Impact	80%	8,553,889	8,625,046
Year 1 (31 December 2018)	3/5 of Adjusted Day One Impact	60%	6,415,417	6,468,784
Year 2 (31 December 2019)	2/5 of Adjusted Day One Impact	40%	4,276,944	4,312,523
Year 3 (31 December 2020)	1/5 of Adjusted Day One Impact	20%	2,138,472	2,156,261
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.

• 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 sanitizing 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 bank's customers and granted the following, among others, palliatives.

• Reduced interest 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 24 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 been 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/loss for the period.

5 Use of estimates and judgments

The preparation of the consolidated and separate financial statements in conformity with IFRS requires Directors to make judgments, 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 judgment 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.

The Group uses widely recognized 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 judgment 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 recognized 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 securitizations. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment 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.

Notes to the consolidated and separate financial statements

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:

GROUP					
In thousands of Naira	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
31 DEC 2021					
ASSETS					
Trading assets	22(a)	41,538,274	-	-	41,538,274
Derivative assets held for risk management	23(a)	-	-	-	-
Assets pledged as collateral	25(a)	3,120,944	-	-	3,120,944.00
Investment securities	24(c)(d)(e)	172,884,325	-	26,688,710	199,573,034
		217,543,543	-	26,688,710	244,232,252
LIABILITIES					
Trading liabilities	23(b)	5,174,902	-	-	5,174,902
Derivative liabilities held for risk management	23(b)	-	-	-	-
		5,174,902	-	-	5,174,902
31 DEC 2020					
ASSETS					

Notes to the consolidated and separate financial statements

Trading assets	22(a)	9,301,789	-	-	9,301,789
Derivative assets held for risk management	23(a)	-	1,884,398	-	1,884,398
Assets pledged as collateral	25(a)	226,419	-	-	226,419
Investment securities	24(c)(d)(e)	211,258,660	-	19,387,491	230,646,151
		220,786,868	1,884,398	19,387,491	242,058,757
LIABILITIES					
Trading liabilities	23(b)	8,361,951	-	-	8,361,951
Derivative liabilities held for risk management	23(b)	-	1,871,869	-	1,871,869
		8,361,951	1,871,869	-	10,233,820

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 2021

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
ASSETS						
Cash and cash equivalents	21	-	-	362,700,083	362,700,083	362,700,083
Restricted reserve deposits	28	-	-	329,739,147	329,739,147	329,739,147
Loans and advances to customers	26	-	-	1,113,157,620	1,113,157,620	1,063,589,192
Assets pledged as collateral	25	88,309,877	-	-	88,309,877	63,358,170
Investment securities	24(a)	156,270,097	-	-	156,270,097	172,975,299
Other financial assets (net)	27(a)	-	-	121,767,515	121,767,515	121,767,515
LIABILITIES						
Deposits from banks	34	-	-	160,746,916	160,746,916	160,746,916
Deposits from customers	35	-	-	960,203,438	960,203,438	1,554,413,623
Borrowings	41	-	-	80,704,066	80,704,066	80,704,066
On-lending facilities	39	-	-	70,912,203	70,912,203	157,873,774
Debt securities issued	40	-	78,493,492	-	78,493,492	78,493,492
Other financial liabilities	37(a)	-		191,853,091	191,853,091	191,853,091

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	28	-	-	311,746,155	311,746,155	311,746,155
Loans and advances to customers	26	-	-	741,961,690	741,961,690	822,772,612
Assets pledged as collateral	25	88,309,877	-	-	88,309,877	40,151,750
Investment securities	24(a)	156,270,097	-	-	156,270,097	176,019,418
Other financial assets (net)	27(a)	-	-	20,247,535	20,247,535	20,247,535
LIABILITIES						
Deposits from banks	34	-	-	119,365,158	119,365,158	119,365,158
Deposits from customers	35	-	-	669,845,963	669,845,963	1,257,130,907
Borrowings	41	-	-	114,271,490	114,271,490	159,718,037
On-lending facilities	39	-	-	59,980,946	59,980,946	60,366,840
Debt securities issued	40	-	86,364,165	-	86,364,165	101,531,205
Other financial liabilities	37(a)	-	-	103,750,649	103,750,649	103,750,649

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. 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 recognized by the Group is dependent on the availability of taxable profit in the foreseeable future to utilize the deferred tax. The Group reviews the carrying amount of the deferred tax at the end of each reporting period and recognizes 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 recognized 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 utilized, the Group has applied judgment 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 24.2%, 26.5% and 26.5% for the Personal Banking Group (PBG) of the Banking subsidiary, FCMB Pensions Limited and CSL Stockbrokers Limited respectively (December 2020: 21.4%, 26.5% and 26.5% respectively) and a cash flow growth rate of 3.9%, 5% and 3% for the Personal Banking Group, FCMB Pensions Limited and CSL Stockbrokers Limited respectively (December 2020: 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 Personal Banking Group of the Banking subsidiary was determined by making reference to the rate of the Sovereign 10-year Bond yield 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. 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.

Notes to the consolidated and separate financial statements

The Banking subsidiary has complied with the requirements of the guidelines as follows:

Prudential adjustments for the year ended 31 December 2021

In thousands of Naira	**Note**	**2021**
Impairment assessment under IFRS		
Loans & advances:		
Stage 1	26(c)	18,097,492
Stage 2	26(c)	7,031,662
Stage 3	26(c)	24,439,274
Total impairment allowances on loans		**49,568,428**
Other financial assets:		
Stage 1	27(c)	7,422,782
Stage 2	27(c)	710,347
Stage 3	27(c)	13,076,213
Provision	38	6,747,270
Investment securities at amortised cost	24(b)	2,842,957
Investment securities at FVOCI	24(c)	316,503
Cash and cash equivalents	21(a)	29,742
Total impairment allowances on other financial assets and provision		**31,145,814**
Total impairment allowances by the Banking subsidiary (a)		**80,714,242**
Total regulatory impairment based on prudential guidelines (b)		**70,722,722**
Required balance in regulatory risk reserves (c = b - a)		**(9,991,520)**
Balance, 1 January 2021		**7,980,613**
Transfer from regulatory risk reserve		**(17,972,133)**
Balance, 31 December 2021		**(9,991,520)**

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	26(c)	19,739,723
Stage 2	26(c)	9,078,158
Stage 3	26(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		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 from regulatory risk reserve		**3,846,944**
Balance, 31 December 2020		**7,980,613**

Notes to the consolidated and separate financial statements

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 N2.5billion.

Commercial Banking - provides banking services to Small and Medium Enterprises (SME) and commercial registered businesses with an annual turnover between N2.5bn and N5billion.

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 N5billion.

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.

Information about operating segments;

(i) **The business segment results are as follows:**

GROUP:
31 DEC 2021

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	4,124,275	176,924	27,785,613	1,077,244	10,955,620	40,868,808	3,948,089	1,977,265	**90,913,838**
Net fee and commission income	4,766,177	4,791,055	7,075,978	907,705	2,255,915	8,145,334	353,244	457,579	**28,752,987**
Net trading income	195,815	-	-	-	-	283,884	-	8,887,437	**9,367,136**
Other revenue	75,538	102,083	344,470	100,607	(3,560,472)	765,303	26,849	5,553,495	**3,407,873**
Other income	474,454	-	145,678	98,909	178,789	704,806	-	-	**1,602,636**
Inter-segment revenue	-	-	2,292,369	454,749	(2,600,684)	2,743,315	570,486	(3,460,235)	**-**
Total segment revenue	**9,636,259**	**5,070,062**	**37,644,108**	**2,639,214**	**7,229,168**	**53,511,450**	**4,898,668**	**13,415,541**	**134,044,470**
Expenses:									
Operating expenses	(7,267,317)	(2,593,095)	(26,160,328)	(2,786,302)	(10,679,646)	(30,788,546)	(5,098,025)	(2,784,031)	**(88,157,290)**
Net Impairment losses on financial instruments	(74,751)	(419)	(4,580,572)	(235,865)	(5,077,540)	(3,592,449)	1,389	(1,678,000)	**(15,238,207)**
Depreciation and amortisation expenses	(418,414)	(136,911)	(2,523,363)	(290,775)	(813,488)	(3,098,897)	(502,164)	(243,680)	**(8,027,692)**
	(7,760,482)	**(2,730,425)**	**(33,264,263)**	**(3,312,942)**	**(16,570,674)**	**(37,479,892)**	**(5,598,800)**	**(4,705,711)**	**(111,423,189)**
Reportable segment profit /(loss) before income tax	**1,875,777**	**2,339,637**	**4,379,845**	**(673,728)**	**(9,341,506)**	**16,031,558**	**(700,132)**	**8,709,830**	**22,716,659**
Reportable segment assets	140,972,667	5,743,506	292,740,426	14,890,773	603,698,955	203,356,572	31,799,098	790,041,418	**2,083,243,415**
Reportable segment liabilities	107,667,920	8,267,220	643,662,742	45,207,380	430,320,044	617,102,129	119,130,689	260,338,971	**2,231,697,095**

Notes to the consolidated and separate financial statements

31 DEC 2020

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 loss from other 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	1,130,847.00	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

(ii) **Reconciliations of reportable segments revenues, profit or loss and assets and liabilities**

In thousands of Naira	GROUP 2021	2020
Revenues		
Total revenue for reportable segments	**134,044,470**	128,565,528
Unallocated amounts	**-**	-
Elimination of inter-segment revenue	**-**	-
Total revenue	**132,441,834**	128,565,528
Profit or loss		
Total profit or loss for reportable segments	**22,716,659**	21,911,716
Unallocated amounts	**-**	-
Profit before income tax	**22,716,659**	21,911,716

	GROUP 2021	2020
Assets		
Total assets for reportable segments	**2,083,243,415**	1,344,329,000
Other unallocated amounts	**409,954,215**	277,124,629
Total assets	**2,493,197,630**	1,621,453,629
Liabilities		
Total liabilities for reportable segments	**2,231,697,095**	1,393,406,206
Other unallocated amounts	**17,694,821**	52,978,225
Total liabilities	**2,249,391,916**	1,446,384,431

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 2021 is as follows:**

In thousands of Naira	NIGERIA	EUROPE	TOTAL
Revenues	128,785,007	5,259,463	134,044,470
Non-current assets (see note 6 (v) below)	72,016,454	1,387,963	73,404,417

(iv) **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

(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 N785.33million for the year ended 31 December 2021, (31 December 2020: N212.42million) and customer loans and advances of N3.17billion (31 December 2020: N2.3billion) and deposit from customer of N1.72billion (31 December 2020: N1.95billion).

Notes to the consolidated and separate financial statements

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 2021			31 DEC 2020		
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	22(a)	41,538,274	41,538,274	1	9,301,789	9,301,789	1
Derivative assets held for risk management	23(a)	-	-		1,884,398	1,884,398	2
Assets pledged as collateral	25(b)	3,120,944	3,120,944	1	226,419	226,419	1
Carried at FVOCI:							
Investment securities - debts	24(c)(d)	172,884,325	172,884,325	1	212,554,430	212,554,430	1
Investment securities - unquoted equity investments	24(e)	26,688,710	26,688,710	2	19,387,491	19,387,491	2
Assets pledged as collateral	25(a)	48,977,569	48,977,569	1	148,838,337	148,838,337	1
Carried at amortized cost:							
Cash and cash equivalents	21	362,700,083	362,700,083	3	221,078,644	221,078,644	3
Restricted reserve deposits	28	329,739,147	329,739,147	3	311,746,155	311,746,155	3
Loans and advances to customers (Gross)	26(a)	1,113,157,620	1,113,157,620	3	869,283,265	741,961,690	3
Investment securities	24(a)	172,882,523	124,186,061	1	174,642,182	124,186,061	1
Assets pledged as collateral	25(c)	63,358,170	88,309,877	1	40,151,750	88,309,877	1
Other financial assets	27(a)	121,767,515	121,767,515	3	20,247,535	20,247,535	3
Liabilities							
Carried at FVTPL:							
Trading liabilities	23(b)	5,174,902	5,174,902	1	8,361,951	8,361,951	1
Derivative liabilities held for risk management	23(b)	-	-		1,871,869	1,871,869	2
Carried at amortized cost:							
Deposits from banks	34	160,746,916	160,746,916	3	119,365,158	119,365,158	3
Deposits from customers	35	1,554,413,623	1,554,413,623	3	1,257,130,907	960,203,438	3
Borrowings	41	80,704,066	80,704,066	3	159,718,037	114,271,490	3
On-lending facilities	39	157,873,774	157,873,774	3	60,366,840	70,912,203	3
Debt securities issued	40	78,493,492	78,493,492	3	101,531,205	86,364,165	3
Other financial liabilities	37(a)	191,853,091	191,853,091	3	103,750,649	103,750,649	3

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.

Notes to the consolidated and separate financial statements

In thousands of Naira For the year ended		GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
8	**Interest and discount income**				
	Cash and cash equivalents	**612,479**	6,711,404	**38,363**	13,735
	Loans and advances to customers	**137,646,522**	105,627,215	**-**	-
	Investment securities at amortised cost	**11,838,040**	17,964,452	**333,120**	317,046
	Investment securities at FVOCI	**11,944,563**	20,720,285	**61,824**	88,100
	Total interest income	**162,041,604**	151,023,356	**433,307**	418,881
9	**Interest expense**				
	Deposits from banks	**8,371,606**	6,799,576	**-**	-
	Deposits from customers	**38,835,473**	28,272,080	**-**	-
		47,207,079	35,071,656	**-**	-
	Borrowings	**12,743,333**	12,243,895	**-**	-
	Debt securities issued	**10,046,518**	11,603,169	**-**	-
	Onlending facitilies	**915,080**	1,252,872	**-**	-
	Interest expense on lease liabilities	**215,756**	94,200	**-**	-
		71,127,766	60,265,792	**-**	-
	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.				
	Financial assets measured at amortised cost	**150,097,041**	130,303,071	**371,483**	330,781
	Financial assets measured at FVOCI	**11,944,563**	20,720,285	**61,824**	88,100
	Total	**162,041,604**	151,023,356	**433,307**	418,881
	Financial liabilities measured at amortised cost	**71,127,766**	60,265,792	**-**	-
10	**Net impairment loss on financial assets**				
	Loan and advances (see note 26(c))	**14,834,670**	15,587,326	**-**	-
	Other assets (see note 27(c))	**4,789,171**	7,667,282	**-**	-
	Investment securities - amortised cost (see note 24(b))	**385,613**	(43,831)	**17,387**	12,501
	Investment securities - fair value other comprehensive income (see note 24(c))	**134,611**	137,340	**-**	-
	Cash and cash equivalents (see note 21(b))	**3,685**	3,452	**-**	9,893
	Financial guarantee contracts and loan commitment issued (see note 37(a))	**363,785**	105,587	**-**	-
	Recoveries on loans previously written off	**(5,273,328)**	(2,217,492)	**-**	-
		15,238,207	21,239,664	**17,387**	22,394

In thousands of Naira For the year ended		GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
11a	**Disaggregation of fee and commission income by major type of services;**				
	Credit related fees	**593,541**	599,975	**-**	-
	Account Maintenance	**4,804,446**	3,575,867	**-**	-
	Letters of credit commission	**962,276**	522,888	**-**	-
	Asset Management Fees	**3,450,428**	3,090,363	**-**	-
	Administration Fees	**178,638**	71,764	**-**	-
	Commission on off-balance sheet transactions	**772,157**	723,675	**-**	-
	Electronics fees and commissions	**12,826,360**	8,611,848	**-**	-
	Service fees and commissions	**12,005,351**	12,966,586	**738,858**	659,335
	Gross Fee and commission income	**35,593,197**	30,162,966	**738,858**	659,335

		GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
11b	**Fee and commission expense**				
	Electronics fees and commissions recoverable expenses	**(6,274,200)**	(7,206,527)	**-**	-
	Cheque books recoverable expenses	**(30,880)**	(36,253)	**-**	-
	Other banks charges	**(535,130)**	(3,365,032)	**(490)**	(40)
	Fee and commission expense	**(6,840,210)**	(10,607,812)	**(490)**	(40)

Notes to the consolidated and separate financial statements

(c) **Disaggregation of fee and commission income with the Group's reportable segments;**

For the year ended 31 December 2021

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	-	-	464,650	47,109	53,510	26,623	1,649	-	593,541
Account Maintenance	-	-	3,049,132	213,126	443,840	1,015,441	82,907	-	4,804,446
Letters of credit commission	-	-	330,911	57,074	573,729	-	562	-	962,276
Asset Management Fees	-	3,450,428	-	-	-	-	-	-	3,450,428
Administration Fees	-	178,638	-	-	-	-	-	-	178,638
Commission on off-balance sheet transactions	-	-	253,026	78,566	435,925	-	4,640	-	772,157
Electronics fees and commissions	-	-	1,313,682	41,488	277,966	10,963,048	230,176	-	12,826,360
Service fees and commissions	4,861,021	1,161,989	2,339,462	493,026	577,890	1,945,050	39,351	587,562	12,005,351
Gross Fee and commission income	4,861,021	4,791,055	7,750,863	930,389	2,362,860	13,950,162	359,285	587,562	35,593,197
Electronics fees and commissions recoverable expenses	-	-	(498,607)	(6,019)	(101,357)	(5,663,588)	(4,629)	-	(6,274,200)
Cheque books recoverable expenses	-	-	(15,553)	(1,092)	(366)	(11,257)	(93)	(2,519)	(30,880)
Other banks charges	(94,843)	-	(160,725)	(15,572)	(5,221)	(129,985)	(1,319)	(127,465)	(535,130)
Fee and commission expense	(94,843)	-	(674,885)	(22,683)	(106,944)	(5,804,830)	(6,041)	(129,984)	(6,840,210)
Net fee and commission income	4,766,178	4,791,055	7,075,978	907,706	2,255,916	8,145,332	353,244	457,578	28,752,987

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

(d) 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.

(e) 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.

Notes to the consolidated and separate financial statements

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 30 September, 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 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.

	In thousands of Naira	GROUP		COMPANY	
	For the year ended	**31 DEC 2021**	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**
12	**Net trading income**				
	Foreign exchange trading income	**61,242**	262,819	**-**	(69)
	FGN bonds trading income	**5,509,168**	3,638,706	**-**	-
	Treasury bills trading income	**3,796,726**	3,151,068	**-**	-
	Options & Equities trading income	**-**	65,081	**-**	-
		9,367,136	7,117,674	**-**	(69)
13	**Net income from financial instruments mandatorily measured at fair value through profit or loss**				
	Net income arising on:				
	Fair value gain on derivative financial instruments held for risk management	**-**	12,529	**-**	-
		-	12,529	**-**	-
14(a)	**Other revenue**				
	Dividends on equity investment securities in the subsidiaries(see note (a)(i))	**-**	-	**4,903,114**	2,046,470
	Dividends on unquoted equity securities (see note (a)(ii))	**830,168**	529,464	**-**	-
	Foreign exchange gains (see note (a)(iii))	**6,138,177**	10,011,442	**287,631**	311,806
	Modification loss on restructured facilities (see note (a)(iii))	**(3,560,472)**	(1,067,992)	**-**	-
		3,407,873	9,472,914	**5,190,745**	2,358,276

(i) The amount of N4.9billion in the Company represents N185.6million (2020: N51.3million) from FCMB Pensions Limited , N4billion (2020: Nil) from First City Monumnet Bank Limited, N580.3million (2020: N657.7million) from CSL Stockbrokers Limited, N75million (2020: Nil) from FCMB Capital Markets Limited and N62.3million (2020: N37.4million) 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.

(iv) This represents the loss on restructured facilities during the year.

Notes to the consolidated and separate financial statements

14(b) Other income

Gain on sale of property and equipment	**514,557**	(993,603)	**(266)**	109
Other income (see note (b)(ii))	**1,088,079**	1,575,304	**98,663**	763,640
	1,602,636	581,701	**98,397**	763,749
(ii) Other income comprises:				
Rental income	**274,091**	-	**98,337**	54,780
Others	**813,988**	1,575,304	**326**	708,860
	1,088,079	1,575,304	**98,663**	763,640

In thousands of Naira For the year ended	GROUP 31 DEC 2021	 31 DEC 2020	COMPANY 31 DEC 2021	 31 DEC 2020
15 Personnel expenses				
Wages and salaries	**23,263,584**	23,065,671	**334,161**	294,452
Contributions to defined contribution plans (see note 35)	**672,205**	657,573	**10,788**	10,162
Other employee benefits (see note (a) below)	**7,326,960**	5,795,531	**29,722**	28,093
	31,262,749	29,518,775	**374,671**	332,707

(a) **Other employee benefts**
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				
Amortisation of intangibles	**1,564,874**	1,779,564	**-**	-
Depreciation of property and equipment and right of use assets (see note 30(a))	**6,462,818**	5,794,606	**19,419**	26,185
	8,027,692	7,574,170	**19,419**	26,185

17 General and administrative expenses				
Communication, stationery and postage	**2,519,063**	2,141,909	**6,029**	5,630
Business travel expenses	**565,930**	597,808	**1,296**	1,775
Advert, promotion and corporate gifts	**4,656,482**	2,760,227	**9,731**	11,677
Business premises and equipment costs	**5,222,165**	4,425,065	**13,857**	16,276
Operating lease expenses (see note (a) below)	**599,049**	582,680	**4,594**	6,439
Directors' emoluments and expenses	**1,686,183**	1,354,520	**647,458**	449,043
IT expenses	**7,449,323**	5,735,135	**8,536**	6,721
Contract Services and training expenses	**7,525,196**	7,104,128	**1,546**	-
Vehicles maintenance expenses	**992,833**	882,580	**2,399**	2,220
Security expenses	**2,231,088**	2,223,907	**-**	-
Auditors' remuneration	**457,054**	424,233	**45,000**	38,115
Professional charges	**1,752,961**	2,243,230	**96,621**	87,507
	35,657,327	30,475,422	**837,067**	625,403

(a) An amount of N599.05million (31 Dec 2020: N582.68million) 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				
NDIC Insurance Premium	**5,088,449**	4,287,313	**-**	-
AMCON Levy	**10,532,714**	8,594,143	**-**	-
Insurance expenses	**943,268**	583,137	**14,573**	9,032
Others (see note (a) below)	**4,672,783**	3,313,196	**89,389**	106,375
	21,237,214	16,777,789	**103,962**	115,407

Notes to the consolidated and separate financial statements

(a) Others comprises:				
AGM, meetings and shareholders expenses	**342,250**	423,143	**55,750**	48,841
Donation and sponsorship expenses (see note (b) below)	**1,481,506**	709,471	**-**	-
Entertainment expenses	**239,124**	224,170	**2,627**	895
Fraud and forgery expense	**89,856**	59,035	**-**	-
Regulatory charges	**11,326**	7,985	**11,326**	7,985
Other accounts written off	**243,987**	81,793	**167**	84
PENCOM Recovery Agent Fee	**1,194**	2,509	**-**	-
Pension Protection Fund Expenses	**104,961**	93,724	**-**	-
Provision for litigation	**864,413**	719,413	**-**	-
Industrial training fund levy	**214,914**	216,564	**10,438**	8,354
Nigeria Social Insurance Trust Fund expenses	**277,234**	175,196	**4,838**	4,269
Penalties	**723,313**	183,373	**-**	-
Miscellaneous expenses	**78,705**	416,820	**4,243**	35,947
	4,672,783	3,313,196	**89,389**	106,375

The Group made contributions to charitable and non-political organisations amounting to N1.48billion (31 December 2020: N709.47million) during the year. The detailed analysis is in the Directors' report, page 14.

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2021	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**
19 Earnings per share				
Basic and diluted earnings per share				
Profit attributable to equity holders (N'000)	**20,708,579**	19,419,663	**5,088,698**	3,060,273
Weighted average number of ordinary shares in issue ('000)	**19,802,710**	19,802,710	**19,802,710**	19,802,710
	1.05	0.98	**0.26**	0.15

The Group does not have dilutive potential ordinary shares as at 31 December 2021 (December 2020: nil).

20 Tax expense				
(i) **Current tax expense:**				
Minimum tax (see note 20(ii))	**465,254**	433,746	**3,895**	5,384
National Information Technology Development Agency (NITDA) levy	**154,211**	159,136	**2,226**	10,316
Nigeria Police Trust Fund levy	**1,015**	898	**255**	154
National Agency for Science and Engineering Infrastructure levy	**37,996**	-	**-**	-
Tertiary education tax	**13,236**	-	**13,236**	1,909
Capital gain tax	**-**	1,195	**-**	-
Corporate income tax	**2,239,206**	1,714,298	**0**	-
	2,910,919	2,309,273	**19,613**	17,763
(ii) **Deferred tax expense:**				
Origination of temporary differences (see note 31(b))	**(1,110,985)**	(8,011)	**-**	-
	(1,110,985)	(8,011)	**15,718**	-
Income tax expense	**1,296,684**	1,867,516	**15,718**	12,379
Total tax expense	**1,799,934**	2,301,262	**19,613**	17,763

Notes to the consolidated and separate financial statements

(iii) **Reconciliation of effective tax rate**

	GROUP		COMPANY	
	2021			
Profit before tax		22,716,659		5,108,311
Income tax using the domestic corporation tax rate	30.0%	6,814,998	30.0%	1,532,493
National Information Technology Development Agency (NITDA) levy	0.7%	154,211	0.0%	2,226
Nigeria Police Trust Fund levy	0.0%	1,015	0.0%	255
National Agency for Science and Engineering Infrastructure levy	0.2%	37,996	0.0%	-
Non-deductible expenses	112.6%	25,572,343	0.0%	-
Tax exempt income	(137.6%)	(31,259,119)	(30.0%)	(1,532,493)
Minimum tax	2.0%	465,254	0.1%	3,895
Tertiary education tax	0.1%	13,236	0.3%	13,236
Total tax expense	**7.9%**	**1,799,934**	**0.4%**	**19,613**

	GROUP		COMPANY	
	2020			
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	28.1%	6,156,655	0.0%	-
Tax exempt income	(50.3%)	(11,025,792)	(30.0%)	(923,411)
Minimum tax	2.0%	433,746	0.2%	5,384
Capital gain tax	0.0%	1,195	0.0%	1,909
Tertiary education tax	0.0%	1,909	0.1%	-
Total tax expense	10.5%	2,301,262	0.6%	17,763

(iv) The Banking subsidiary was assessed based on the minimum tax legislation for the year ended 31 December 2021. The Finance Act 2020 and 2021 provides for a reduction in the Minimum tax rate from 0.5% to 0.25% of gross turnover for only two accounting years with respect to financial years ended on any date between 1 January 2019 and 31 December 2020 or 1 January 2020 and 31 Decemeber 2021. The Banking subsidiary took advantage of the reduction in minimum tax rate for the financial years endied 31 December 2020 and 2021.

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. The exemption order has expired on 1 January 2022.

A significant portion of the Banking subsidiary's income derives from short-term securities and government bonds, and as a result, the Banking subsidiary'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 recognized 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.

National Agency for Science and Engineering Infrastructure (NASENI) levy: (NASENI or "the Agency") was established by the NASENI Act, Cap N3 LFN 2004 ("the Act") in 1992. The Agency has a mandate to manage the research and development of capital goods, production and reverse engineering to enhance local mass production of standard parts, goods, and services required for the nation's technological advancement. In line with Finance Act 2021, the levy is computed on 0.25% of Profit Before Tax for commercial companies in the banking, mobile communication, ICT, aviation, maritime and oil and gas sectors.

The Group utilized the services of the following tax consultants during the period under review:

NAME OF PROFESSIONAL	FRC_NUMBER
Pedabo Associates Ltd.	FRC/2013/ICAN/00000000908

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
(iv) **Current income tax liability**				
At 1 January	**4,502,688**	4,743,683	**49,568**	84,386
Tax paid	**(1,847,156)**	(2,419,807)	**(12,871)**	(52,581)
Tax refund (see note (a) below)	**(117,386)**	(130,461)	**(5,384)**	-
Minimum tax (see note 20(i))	**465,254**	433,746	**3,895**	5,384
Capital gain tax	**-**	1,195	**-**	-
National Information Technology Development Agency (NITDA) levy (see note 20(i))	**154,211**	159,136	**2,226**	10,316
Nigeria Police Trust Fund levy (see note 20(i))	**1,015**	898	**255**	154
Tertiary education tax (see note 20(i))	**13,236**	-	**13,236**	1,909
National Agency for Science and Engineering Infrastructure (NASENI) levy (see note 20(i))	**37,996**	-	**-**	-
Income tax expense (see note 20(i))	**2,239,206**	1,714,298	**0.00**	-
	5,449,065	4,502,688	**50,926**	49,568
Current	**5,449,065**	4,502,688	**50,926**	49,568
Non-current	**-**	-	**-**	-
	5,449,065	4,502,688	**50,926**	49,568

(a) Amount represents withholding tax credit notes utilized during the year. Withholding tax is an advance payment of company income tax (CIT) deducted at source used to net off the tax liability for the year.

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
21 **Cash and cash equivalents**				
Cash	**65,711,784**	88,198,554	**-**	-
Current balances with banks within Nigeria	**2,982,046**	2,121,253	**621,755**	163,561
Current balances with banks outside Nigeria (see note (c) below)	**199,717,584**	102,533,239	**-**	-
Placements with local banks	**3,905,097**	2,519,244	**-**	665,073
Placements with foreign banks	**45,025,298**	1,928,490	**-**	-
Unrestricted balances with Central banks	**45,388,016**	23,813,814	**-**	-
	362,729,825	221,114,594	**621,755**	828,634
Less impairment allowances (note (a) below)	**(29,742)**	(35,950)	**-**	(9,893)
	362,700,083	221,078,644	**621,755**	818,741
Current	**362,700,083**	221,078,644	**621,755**	818,741
Non-current	**-**	-	**-**	-
	362,700,083	221,078,644	**621,755**	818,741
(a) **Impairment allowance**				
Balance at 1 January	**35,950**	32,498	**9,893**	-
Reclassification to investment	**(9,893)**	-	**(9,893)**	-
Net remeasurement of loss allowance (see note 10)	**3,685**	3,452	**-**	9,893
Closing balance	**29,742**	35,950	**-**	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 N39billion (31 December 2020: N22.03billion) 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 36(a)).

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
22(a) **Non-pledged trading assets**				
Federal Government of Nigeria Bonds - fair value through profit or loss (FVTPL)	**12,473,822**	6,946,808	**-**	-
Treasury Bills - fair value through profit or loss (FVTPL)	**29,064,452**	2,354,981	**-**	-
	41,538,274	9,301,789	**-**	-
Current	**27,494,732**	9,301,789	**-**	-
Non-current	**14,043,542**	-	**-**	-
	41,538,274	9,301,789	**-**	-
(b) **Trading liabilities**				
Short sold positions - Federal Government of Nigeria Bonds - fair value through profit or loss (FVTPL)	**-**	6,790,173	**-**	-
Short sold positions - Treasury bills - fair value through profit or loss (FVTPL)	**5,174,902**	1,571,778	**-**	-
	5,174,902	8,361,951	**-**	-
Current	**5,174,902**	8,361,951	**-**	-
Non-current	**-**	-	**-**	-
	5,174,902	8,361,951	**-**	-

Notes to the consolidated and separate financial statements

23 Derivative assets and liabilities held for risk management

Instrument type	Group 31 Dec 2021	Group 31 Dec 2020	Company 31 Dec 2021	Company 31 Dec 2020
(a) Assets: - Non-deliverable forwards transactions	**-**	1,884,398	**-**	-
- Total return swap transactions	**-**	-	**-**	-
	-	1,884,398	**-**	-
Current	**-**	1,884,398	**-**	-
Non-current	**-**	-	**-**	-
	-	1,884,398	**-**	-
(b) Liabilities - Non-deliverable forwards transactions	**-**	1,871,869	**-**	-
- Total return swap transactions	**-**	-	**-**	-
	-	1,871,869	**-**	-
Current	**-**	1,871,869	**-**	-
Non-current	**-**	-	**-**	-
	-	1,871,869	**-**	-

	GROUP		COMPANY	
	31 DEC 2021	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**
24 Investment securities				
Investment securities at amortised cost (see note (a))	**172,882,523**	175,937,952	**6,007,162**	4,359,999
Investment securities at FVOCI - debt instruments (see note (c) below)	**172,884,325**	211,258,660	**-**	-
Investment securities at FVOCI - quoted equity investments (see note (d) below)	**92,776**	81,466	**-**	-
Investment securities at FVOCI - unquoted equity investments (see note (e) below)	**26,688,710**	19,387,491	**-**	-
	372,548,333	406,665,569	**6,007,162**	4,359,999
Current	**205,629,440**	350,655,502	**-**	-
Non-current	**166,918,893**	56,010,067	**6,007,162**	4,359,999
	372,548,333	406,665,569	**6,007,162**	4,359,999
(a) **Investment securities at amortised cost**				
Federal Government of Nigeria (FGN) Bonds - listed	**107,305,908**	91,994,436	**-**	-
Federal Government of Nigeria (FGN) EuroBonds - listed	**17,955,002**	-	**-**	-
State Government Bonds - unlisted	**15,531,678**	4,281,315	**-**	-
Corporate bonds - unlisted	**27,097,031**	13,545,915	**3,400,459**	3,205,346
Unclaimed dividend investment fund	**1,517,517**	1,295,770	**1,517,517**	1,295,770
Placements	**6,318,344**	67,093,942	**1,257,583**	-
	175,725,480	178,211,378	**6,175,559**	4,501,116
Less impairment allowances (see note (b) below)	**(2,842,957)**	(2,273,426)	**(168,397)**	(141,117)
	172,882,523	175,937,952	**6,007,162**	4,359,999
(b) **Impairment allowance**				
At 1 January	**2,273,426**	2,172,157	**141,117**	128,616
Transfer from cash and cash equivalent	**9,893**	-	**9,893**	-
Net remeasurement of loss allowance (see note 10)	**385,613**	(43,831)	**17,387**	12,501
Translation difference	**174,025**	145,100	**-**	-
Closing balance	**2,842,957**	2,273,426	**168,397**	141,117

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
(c) **Investment securities at FVOCI**				
Federal Government of Nigeria (FGN) Bonds - listed	**53,582,848**	9,150,300	**-**	-
Federal Government of Nigeria (FGN) Sukuk Bonds	**40,390**	1,437,488	**-**	-
Treasury bills - listed	**118,411,052**	199,223,889	**-**	-
Promissory note	**-**	131,267	**-**	-
Legacy Debt Fund	**521,987**	893,710	**-**	-
Legacy USD Bond Fund	**256,000**	139,137	**-**	-
Legacy Money Market Fund	**72,048**	282,869	**-**	-
	172,884,325	211,258,660	**-**	-
Impairment allowance				
At 1 January	**181,892**	44,552	**-**	-
Net remeasurement of loss allowance (see note 10)	**134,611**	137,340	**-**	-
Closing balance	**316,503**	181,892	**-**	-

(i) The impairment of N134.61million (31 December 2020: N137.34million arising from investment securities at FVOCI for the year was recognised in profit or loss, (see note 10) and other comprehensive income.

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
(d) **Investment securities at FVOCI - quoted equity investments**				
Industrial and General Insurance Plc	**4,326**	3,811	**-**	-
Food Concepts	**2,430**	2,400	**-**	-
Legacy Equity Fund	**86,020**	75,255	**-**	-
	92,776	81,466	**-**	-
(e) **Investment securities at FVOCI - unquoted equity investments**				
Credit Reference Company Limited	**371,124**	265,360	**-**	-
Nigeria Inter-bank Settlement System Plc	**7,466,577**	1,720,680	**-**	-
Africa Finance Corporation	**11,875,080**	14,093,016	**-**	-
Africa Export-Import Bank, Cairo	**1,346,634**	1,104,125	**-**	-
Smartcard Nigeria Plc	**1,020,491**	613,602	**-**	-
FMDQ (OTC) Plc	**4,482,493**	1,528,578	**-**	-
Financial Derivative Ltd	**28,062**	28,062	**-**	-
Mutual Fund	**-**	34,068	**-**	-
Shared Agent Network Expansion Facilities Limited (SANEF)	**98,249**	-	**-**	-
	26,688,710	19,387,491	**-**	-

(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 2021.

(g) Debt securities classified at amortised cost have interest rates of 8.50% to 16.39% (31 December 2020: 7.00% to 15.25%) and mature between 2022 and 2050 years. Debt securities at fair value through other comprehensive income have stated interest rates of 10.00% to 16.29% (31 December 2020: 10.23% to 16.39%) and mature between 2022 and 2050 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:

In thousands of Naira

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
At 1 January	19,387,491	174,642,182	212,554,430	81,466	406,665,569
Foreign currency exchange differences recognised profit and loss	-	1,863,868	-		1,863,868
Additions	872,533	102,301,741	46,013,563	11,310	149,199,146
Disposals	-	(46,163,603)	(30,903,277)	-	(77,066,880)
Gains from changes in fair value recognised in profit or loss	-	-	-	-	-
Gains from changes in fair value recognised in other comprehensive income	4,978,735 -	631,321	(8,278,841)	-	(3,931,427)
Foreign currency translation differences recognised in other comprehensive income	1,399,951	-	-	-	1,399,951.00
Item reclassified subsequently to profit or loss due to disposal	-	-	-	-	-
Reclassification to assets pledged as collateral	-	(63,358,170)	(48,977,569)	-	(112,335,739)
Reclassification from other financial assets	50,000	-	-	-	50,000.00
Amortised cost adjustments	-	2,082,942	-	-	2,082,942
Impairment allowance	-	(2,842,957)	-	-	(2,842,957)
Interest earned (see note 8)	-	11,838,040	11,944,563	-	23,782,603
Coupon interest received	-	(6,850,199)	(9,468,544)	-	(16,318,743)
Closing balance	26,688,710	172,882,523	172,884,325	92,776	372,548,333

Notes to the consolidated and separate financial statements

	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
At 1 January	17,236,560	125,810,008	96,776,823	112,365	239,935,756
Foreign currency exchange differences recognised profit and loss	-	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
Item reclassified subsequently to profit or loss due to disposal	-	-	-	-	-
Reclassification to assets pledged as collateral	-	-	-	-	-
Amortised cost adjustments	-	(9,331,070)	-	-	(9,331,070)
Impairment allowance	-	(2,273,426)	-	-	(2,273,426)
Interest earned (see note 8)	-	17,964,452	20,720,285	-	38,684,737
Coupon interest received	-	(15,109,748)	(26,292,838)	-	(41,402,586)
Closing balance	19,387,491	174,642,182	212,554,430	81,466	406,665,569

The movement in investment securities for the Company may be summarised as follows:

In thousands of Naira

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
At 1 January	-	3,064,229	1,295,770	-	4,359,999
Foreign currency exchange differences recognised profit and loss	-	186,523	-	-	186,523
Additions	-	2,756,410	-	-	2,756,410
Disposals	-	-	-	-	-
Gains from changes in fair value recognised in profit or loss	-	-	-		-
Gains / (loss) from changes in fair value recognised in other comprehensive income	-	-	-	-	-
Foreign currency translation differences recognised in other comprehensive income	-	-	-		-
Item reclassified subsequently to profit or loss due to disposal	-	-	-		-
Reclassification to assets pledged as collateral	-	-	-	-	-
Reclassification from other financial assets	-	-	(1,295,770)	-	(1,295,770)
Amortised cost adjustments	-	-	-	-	-
Impairment allowance	-	-	-	-	-
Interest earned (see note 8)	-	333,120	61,824	-	394,944
Coupon interest received	-	(333,120)	(61,824)	-	(394,944)
Closing balance	-	6,007,162	-	-	6,007,162

Notes to the consolidated and separate financial statements

	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
At 1 January	-	2,791,693	1,008,048	-	3,799,741
Foreign currency exchange differences recognised profit and loss	-	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	-	-	-	-	-
Foreign currency translation differences 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 earned (see note 8)	-	317,046	88,100	-	405,146
Coupon interest received	-	(317,046)	-	-	(317,046)
Closing balance	-	3,064,229	1,295,770	-	4,359,999

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
25 Assets pledged as collateral				
The nature and carrying amounts of the non tradable financial assets pledged as collaterals are as follows:				
(a) **Investment Securities - FVOCI**				
Treasury Bills - listed	**35,772,155**	140,782,650	**-**	-
Federal Government of Nigeria (FGN) Bonds - listed	**13,205,414**	8,055,687	**-**	-
	48,977,569	148,838,337	**-**	-
(b) **Investment Securities - FVTPL**				
Treasury Bills - listed	**3,120,944**	226,419	**-**	-
	3,120,944	226,419	**-**	-
(c) **Investment Securities - Amortized cost**				
Treasury Bills - listed	**-**	-	**-**	-
Federal Government of Nigeria (FGN) Bonds - listed	**63,358,170**	40,151,750	**-**	-
	63,358,170	40,151,750	**-**	-
	115,456,683	189,216,506	**-**	-
Current	**44,505,263**	146,128,610	**-**	-
Non-current	**70,951,420**	43,087,896	**-**	-
	115,456,683	189,216,506	**-**	-

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 2020: 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;

Counterparties	Reasons for pledged securities	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
Nigeria Inter-bank Settlement Plc (NIBSS)	Cards, POS transactions settlements	**2,184,482**	2,184,482	**-**	-
Interswitch Nigeria Limited	Cards, POS transactions settlements	**9,874,000**	5,518,000	**-**	-
Federal Inland Revenue Service(FIRS)	Third parties collection transactions	**1,500,000**	1,500,000	**-**	-
Central Bank of Nigeria (CBN)	Third parties clearing instruments	**13,000,000**	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**	11,299,916	**-**	-
System Specs/Remita	Remita Transfer Transactions	**300,000**	300,000	**-**	-
Standard Bank London	Borrowed funds repo transactions	**23,372,906**	72,564,338	**-**	-
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	**15,100,000**	45,339,270	**-**	-
Citi Nominee	FMDQ OTC settlement transactions	**4,300,000**	1,000,000	**-**	-
		115,441,804	189,216,506	**-**	-

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
26 Loans and advances to customers				
(a) Overdrafts	**67,649,104**	32,289,228	**-**	-
Term loans	**949,982,863**	781,785,828	**-**	-
On-lending facilities	**85,768,266**	45,581,591	**-**	-
Advances under finance lease (see note (b) below)	**9,757,387**	9,626,618	**-**	-
Gross loans and advances to customers at amortised costs	**1,113,157,620**	869,283,265	**-**	-
Less impairment loss allowance	**(49,568,428)**	(46,510,653)	**-**	-
Net loans and advances to customers	**1,063,589,192**	822,772,612	**-**	-
Current	**540,472,422**	206,399,569	**-**	-
Non-current	**523,116,770**	616,373,043	**-**	-
	1,063,589,192	822,772,612	**-**	-

GROUP	31 DEC 2021			31 DEC 2020		
	Gross amount	ECL allowance	Carrying Amount	Gross amount	ECL allowance	Carrying Amount
Retail customers:						
Mortgage lending	**2,339,473**	**(264,314)**	**2,075,159**	1,450,953	(66,552)	1,384,401
Personal loans	**138,073,577**	**(6,954,398)**	**131,119,179**	129,862,413	(10,088,899)	119,773,514
Credit cards	**5,670,519**	**(538,608)**	**5,131,911**	4,673,728	(351,919)	4,321,809
Corporate customers:						
Finance leases (see note (b) below)	**9,757,387**	**(324,232)**	**9,433,155**	9,626,617	(1,145,072)	8,481,545
Other secured lending	**957,316,664**	**(41,486,876)**	**915,829,788**	723,669,554	(34,858,211)	688,811,343
	1,113,157,620	**(49,568,428)**	**1,063,589,192**	869,283,265	(46,510,653)	822,772,612

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
(b) **Finance lease**				
Loan and advances to customer at amortised cost include the following finance lease:				
Gross investment:				
Less than one year	**4,955,014**	2,413,518	**-**	-
Between one and five years	**6,206,290**	10,000,934	**-**	-
More than five years	**-**	-	**-**	-
	11,161,304	12,414,452	**-**	-
Unearned finance income	**(1,403,917)**	(2,787,834)	**-**	-
Net investment in finance leases	**9,757,387**	9,626,618	**-**	-
Less impairment allowance	**(324,232)**	(410,399)	**-**	-
	9,433,155	9,216,219	**-**	-
Net investment in finance leases				
Net investment in finance leases, receivables:				
Less than one year	**4,954,975**	2,409,183	**-**	-
Between one and five years	**4,802,412**	7,217,434	**-**	-
	9,757,387	9,626,617	**-**	-

Notes to the consolidated and separate financial statements

In thousands of Naira

(c) Movement on ECL allowance loans and advances to customers at amortised cost

GROUP	31 DEC 2021				31 DEC 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
At 1 January	19,739,723	9,078,158	17,692,772	46,510,653	17,241,583	5,196,856	16,071,827	38,510,266
Transfer to stage 1	413,288	(360,942)	(52,346)	-	1,547,873	(684,770)	(863,103)	-
Transfer to stage 2	(116,708)	142,380	(25,672)	-	(411,920)	601,492	(189,572)	-
Transfer to stage 3	(5,909,639)	(14,312)	5,923,951	-	(207,716)	(49,104)	256,820	-
Net remeasurement of loss allowances (see note 10)	3,445,888	(2,292,364)	13,681,146	14,834,670	681,518	3,687,809	12,285,991	16,655,318
Write-offs	-	-	(12,781,011)	(12,781,011)	-	-	(10,353,847)	(10,353,847)
Translation difference	524,940	478,742	434	1,004,116	888,385	325,875	484,656	1,698,916
Closing balance	18,097,492	7,031,662	24,439,274	49,568,428	19,739,723	9,078,158	17,692,772	46,510,653

	GROUP		COMPANY	
(c) **Classification of loans by security type**	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
Secured against real estate	116,202,109	121,246,377	-	-
Secured by shares of quoted and unquoted companies	18,846,492	26,154,207	-	-
Cash Collateral	106,938,512	482,973,556	-	-
Fixed and floating assets	469,946,068	-	-	-
Otherwise secured	341,689,006	72,483,635	-	-
Unsecured	59,535,433	166,425,490	-	-
	1,113,157,620	869,283,265	-	-

(e) Information about the Group's credit analysis, market risks, and impairment losses for loans and advances is included in Note 4.

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
27 Other assets				
(a) **Other financial assets:**				
E-settlement receivables	20,369,917	18,795,196	-	-
Agric SMEIS receivables (See note (d) below)	2,747,962	2,012,212	-	-
Differentiated Cash Reserve Requirement Scheme (DCRR) recievable (See note (e) below)	86,084,707	-	-	-
Related parties receivables (See note (f) below)	-	-	7,842,766	2,044,194
Insurance claims and fraud receivables (See note (g) below)	3,102,194	3,067,092	-	-
Judgement debt receivables (See note (h) below)	4,043,588	3,922,514	-	-
Accounts receivable- TSA refunds	433,101	433,101	-	-
Accounts receivables	12,593,700	8,497,204	85,806	98,047
	142,976,857	36,727,319	7,928,572	2,142,241
Less impairment allowances (note (c) below)	(21,209,342)	(16,479,783)	(92,187)	(92,187)
	121,767,515	20,247,536	7,836,385	2,050,054
(b) **Other non-financial assets:**				
Prepayments	4,780,952	4,417,805	13,206	34,451
Consumables	862,383	593,516	-	-
	5,643,335	5,011,321	13,206	34,451
	127,410,850	25,258,857	7,849,591	2,084,505
Current	95,295,621	20,526,673	1,336,385	1,957,867
Non-current	32,115,229	4,732,183	6,513,206	126,638
	127,410,850	25,258,856	7,849,591	2,084,505
(c) **Movement in impairment on other financial assets**				
At 1 January	16,479,783	19,431,775	92,187	92,187
Transfer to stage 1	(1,323,826)	1,313,264	-	-
Transfer to stage 2	(3,406,010)	2,815,873	-	-
Transfer to stage 3	4,729,836	(4,129,137)	-	-
Net remeasurement of loss allowances (see note 10)	4,789,171	7,667,282	-	-
Write-offs	(317,659)	(10,814,025)	-	-
Translation difference	258,047	194,751	-	-
Balance at the end	21,209,342	16,479,783	92,187	92,187

Notes to the consolidated and separate financial statements

(d) Agric SMEIS receivables represents the Banking subsidiary's deposit as equity investment in Agri-business/Small and Medium Enterprises Investment Scheme. As approved by the Bankers' Committee on 9th February 2017, all Deposit Money Banks are required to invest 5% of prior year's Profit After Tax as equity investment in the scheme. The balance is wharehoused in other assets pending allocation of investment units from the scheme.

(e) Differentiated Cash Reserve Requirement Scheme (DCRR) receivable represents the special intervention fund with the Central Bank of Nigeria is as a reduction in the cash reserve ratio with a view of channeling the reduction to financing the real sector.

(f) The related parties receivable relates to management fees receivable from subsidiaries, while the sum of N5.9 million relates to amount advanced to FCMB Pensions Limited as temporary funding to enable the entity fund payment for acquisition of AIICO Pension Limited. This is however repayable by FCMB Pensions Limited or could be reinvested in the company subject to the conclusions by the Group's Shareholders.

(g) The amount represents refunds to customers pending the investigation report and recoveries from insurance. This amount has been fully provisioned.

(h) The amount includes Judgement debt receivables in respect of suit against the Bank in United Kingdom as ordered by the court of which the sum of £3.34million (N1.82billion) has been transferred to Zumax with recourse.The Bank won the case as judgement was awarded in its favour and ordered Zumax to repay the Bank the sum of £3.29million 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.

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
28 Restricted reserve deposits				
Restricted mandatory reserve deposits with central banks (see note (a) below)	**309,628,683**	289,135,691	**-**	-
Special Cash Reserve Requirement (see note (b) below)	**20,110,464**	22,610,464	**-**	-
	329,739,147	311,746,155	**-**	-
Current	**-**	-	**-**	-
Non-current	**329,739,147**	311,746,155	**-**	-
	329,739,147	311,746,155	**-**	-

(a) Restricted mandatory reserve deposits are not available for use in the Banking subsidiary and Group's day-to-day operations. Mandatory reserve deposits are non interest-bearing and are computed as a fixed percentage of the Bank'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.

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
29 Investment in Subsidiaries				
(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
FCMB 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**	7,925,884
Credit Direct Limited (see note (vii) below)	**-**	-	**366,210**	366,210
Carrying amount	**-**	-	**127,378,197**	127,378,197
Current	**-**	-	**-**	-
Non-current	**-**	-	**127,378,197**	127,378,197
	-	-	**127,378,197**	127,378,197

(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 2021
(2) FCMB Capital Markets Limited (see Note (ii) below)	Nigeria	Capital Market	100%	31 Dec 2021
(3) CSL Stockbrokers Limited (CSLS) (see Note (iii) below)	Nigeria	Stockbroking	100%	31 Dec 2021
(4) FCMB Trustees Limited (see Note (iv) below)	Nigeria	Trusteeship	100%	31 Dec 2021
(5) FCMB Microfinance Bank Limited (see Note (v) below)	Nigeria	Micro-lending	100%	31 Dec 2021
(6) FCMB Pensions Limited (see Note (vi) below)	Nigeria	Pension Fund A	92.80%	31 Dec 2021
(7) Credit Direct Limited (see Note (vii) below)	Nigeria	Micro-lending	100%	31 Dec 2021

Notes to the consolidated and separate financial statements

(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 N180m in FCMB Trustees Limited in September 2015 in order to recapitalise the business in line with the new SEC minimum capitalisation policy of N300m 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.

In October 2021, FCMB Pensions Limited obtained approval for the acquisition of 60% stake in AIICO Pensions Limited. Post year end FCMB Pensions Limited has now obtained approval for an additional 36.3% shareholding of AIICO Pension Limited bringing the total interest in the entity to 96.3% as at March 2022. With this integration the FCMB Pensions Limited now accounts for one of the largest PFAs in Nigeria with a combined total Assets Under Management of N592billion and increase in the number of contributors nationwide.

(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. There was no impairments on any of the subsidiaries as at the reporting date (2020; nil).

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
30 Investment in associates				
(a) Investment in associate company:				
Balance at 1 January	-	-	-	-
Investment in AIICO Pensions Limited	6,715,273	-	-	-
Share of profit after tax (see note (d) below)	95,378	-	-	-
Balance at 31 December	6,810,651	-	-	-
(b) Summarised financial information of the Group's principal associates are as follows:				
Current assets	2,428,456	-	-	-
Non -current assets	145,645	-	-	-
Current Liabilities	623,955	-	-	-
Total equity	1,950,147	-	-	-
Revenue	1,810,138	-	-	-
Profit for the year (see note (d) below)	28,929	-	-	-
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the year (see note (d) below)	28,929	-	-	-

(c) This represents the Group's 60% holding in AIICO Pensions Limited through FCMB Pensions Limited as at 31 December 2021. The associated company is engaged in the provision of pensions services in accordance with the Pension Reform Act.

On the 7th of July 2021, FCMB Pensions Limited a Subsidiary of FCMB Group Plc. announced the acquisition of 60% shareholding of AIICO Pensions Managers Limited (A Pension Fund Administrator).

This was done by acquiring 33.9% stake in held by AIICO Insurance Plc and 26.1% stake held by 3 other shareholders in AIICO Pensions. The consideration for the 60% stake was N6.7 billion.
On 4 June 2021, the regulators for Pension Administrators in Nigeria (PENCOM), initially issued a "no object approval" for FCMB Pensions to proceed with its next steps in the acquisition phase of AIICO Pension subject to a merger of AIICO Pensions managers Limited and FCMB Pensions Limited. On 11 October 2021, PENCOM further granted a "no objection" approval to FCMB Pension to proceed with the legal merger and integration of FCMB Pensions limited and AIICO Pensions Managers Limited. Total holdings as of 31 December 2021 amounted to 60%

Per the shareholder's agreement of AIICO Pensions Limited, control is established at 75% ownership by a shareholder or set of shareholders. Given the fact that FCMB Pensions Limited had only 60% as of 31 December 2021, it was determined that FCMB Pensions Limited had significant influence on the operations of AIICO pensions Limited as at that date (See Note 50)

(d) AIICO Pensions Limited financial performance at the date significance influence was obtained was a loss of N130.03m (January to October 2021), while the profit post significant influence was a profit of N158.96m of which N95.38m (60%) is the share of profit from associate. AIICO Pension Limited profit for the year was a profit of N28.93m (loss of N130.03m and profit of N158.96m)

Notes to the consolidated and separate financial statements
In thousands of Naira

31 This comprises:

(a) **Property and equipment**

GROUP

31 DEC 2021

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									
At 1 January	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
Additions during the period	-	306,437	1,066,788	6,374	52,785	4,931,102	371,708	420,271	7,155,464
Reclassifications	-	127,605	-	-	-	1,571,020	25,637	(1,724,262)	-
Disposal during the period	-	-	-	-	(146,493)	(32,607)	(3,188)	-	(182,287)
Derecognised during the period	-	-	(386,974)	-	-	-	-	-	(386,974)
Items written-off during the period	-	-	-	-	-	-	-	(82)	(82)
Effect of movements in exchange rates	-	-	114,809	6,247	-	5,348	124	-	126,528
Balance at the end	**4,684,743**	**25,253,370**	**6,212,749**	**6,127,177**	**5,213,591**	**43,298,597**	**9,999,494**	**709,442**	**101,499,163**
Accumulated depreciation									
At 1 January	-	**4,503,685**	**1,523,655**	**4,238,371**	**4,328,727**	**25,044,352**	**8,945,260**	**-**	**48,584,050**
Depreciation for the period (see note 16)	-	527,626	733,874	142,146	509,270	4,230,694	319,207	-	6,462,817
Eliminated on Disposal	-	(76,436)	-	69,994.00	(400,557)	(59,961)	(31,085)	-	(498,045)
Derecognised during the period	-	-	(162,165)	-	-	-	-	-	(162,165)
Effect of movements in exchange rates	-	-	21,281	3,494	-	3,057	123	-	27,955
Balance at the end	-	4,954,875	2,116,645	4,454,005	4,437,440	29,218,142	9,233,505	-	54,414,612

31 DEC 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									
At 1 January	**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)
Derecognised during the year	-	-	-	-	-	-	-	-	-
Items written-off during the year	-	-	-	-	-	-	-	(67)	(67)
Effect of movements in exchange rates	-	-	21,828	17,500	-	6,146	204	-	45,678
Balance at the end	**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									
At 1 January	**-**	**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 the end	-	4,503,685	1,523,655	4,238,371	4,328,727	25,044,352	8,945,260	-	48,584,050
Carrying amounts:									
Balance at 31 December 2021	**4,684,743**	**20,298,495**	**4,096,104**	**1,673,172**	**776,151**	**14,080,455**	**765,989**	**709,442**	**47,084,551**
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

Notes to the consolidated and separate financial statements

(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 2020: 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 2020: nil).

(vi) Property, plant and equipment includes right-of-use assets of N4.10billion for 31 December 2021 (31 December 2020: N3.89billion) related to leased properties that do not meet the definition of investment property.

COMPANY

31 DEC 2021

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									
At 1 January	-	-	-	5,181	91,893	19,181	9,018	-	125,273
Additions during the year	-	-	-	-	-	8,988	6,607	-	15,594
Disposal during the year	-	-	-	-	(39,393)	(7,410)	(3,188)	-	(49,990)
Balance at the end	-	-	-	5,181	52,500	20,759	12,437	-	90,877
Accumulated depreciation									
At 1 January	-	-	-	3,749	24,613	14,212	4,386	-	46,960
Depreciation for the year (see note 16)	-	-	-	518	14,766	2,096	2,039	-	19,419
Eliminated on Disposal	-	-	-	-	(9,848)	(6,679)	(1,790)	-	(18,317)
Balance at the end	-	-	-	4,267	29,531	9,629	4,635	-	48,062

31 DEC2020

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									
At 1 January	-	-	-	5,181	101,393	18,489	7,604	-	132,667
Additions during the year	-	-	-	-	10,500	692	2,201	-	13,393
Disposal during the year	-	-	-	-	(20,000)	-	(787)	-	(20,787)
Balance at the end	-	-	-	5,181	91,893	19,181	9,018	-	125,273
Accumulated depreciation									
At 1 January	-	-	-	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 the end	-	-	-	3,749	24,613	14,212	4,386	-	46,960
Carrying amounts:									
Balance at 31 December 2021	-	-	-	914	22,969	11,130	7,802	-	42,815
Balance at 31 December 2020	-	-	-	1,432	67,280	4,969	4,632	-	78,313

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2020: 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 2020: nil).

Notes to the consolidated and separate financial statements

		GROUP		COMPANY	
		31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
32	**Intangible assets**				
(a)	**Software**				
	Cost				
	At 1 January	**14,055,712**	11,683,006	**3,851**	3,851
	Additions during the year	**1,268,836**	1,492,340	**-**	-
	Work-in-progress - additions during the year	**1,126,533**	864,342	**-**	-
	Capitalised during the year	**-**	(20,435)	**-**	-
	Effect of movement in exchange rates	**21,450**	36,459	**-**	-
	Balance at the end	**16,472,531**	14,055,712	**3,851**	3,851
	Accumulated amortisation				
	At 1 January	**9,073,029**	7,397,478	**3,851**	3,851
	Amortisation for the year (see note 16)	**1,564,874**	1,779,564	**-**	-
	Effect of movement in exchange rates	**17,635**	(104,013)	**-**	-
	Balance at the end	**10,655,538**	9,073,029	**3,851**	3,851
	Carrying amount	**5,816,993**	4,982,683	**-**	-

(b) There were no capitalised borrowing costs related to any acquisition during the year (31 December 2020: nil)

(c) There was no impairment loss on the Bank's software during the year (31 December 2020: nil)

(d)	**Goodwill**				
	At 1 January	**11,338,977**	11,338,977	**-**	-
	Impairment charge	**-**	-	**-**	-
	Carrying amount	**11,338,977**	11,338,977	**-**	-
		17,155,970	16,321,660	**-**	-
	Current	**-**	-	**-**	-
	Non-current	**17,155,970**	16,321,660	**-**	-
		17,155,970	16,321,660	**-**	-

(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 2020: nil) because the recoverable amounts of these CGUs were determined to be higher than the carrying amount.

The Banking subsidiary changed its relevant CGU for determination of impairment in 2021. It performed a retrospective test of impairment of goodwill, using the current relevant CGU and determined that no impairment occurred from the date of the recognition of goodwill till date. No impairment losses were recognised during the year (31 December 2020: nil) because the recoverable amounts of these CGUs were determined to be higher than the carrying amount by N27.0billion.

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.

Notes to the consolidated and separate financial statements

	FCMB Pensions Limited		CSL Stockbrokers Limited		Personal Banking Group	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Discount rate (see below)	24.20%	21.40%	26.50%	26.50%	22.21%	10.00%
Terminal value growth rate	3.90%	3.90%	3.00%	3.00%	3.90%	3.90%
Budgeted profit before tax (3-year average)	N20.04billion	N17.40billion	N1.213billion	N1.112billion	N63.11billion	N63.11billion

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 2021.

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 five 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.

In thousands of Naira

33 Deferred tax assets and liabilities

(a) **Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

Group

		Liabilities	Net	Assets	Liabilities	Net
	31 DEC 2021			31 DEC 2020		
Property and equipment	1,203,659	(308,729)	894,930	1,075,387	(316,090)	759,297
Allowances for loan losses	2,403,788	-	2,403,788	2,470,369	-	2,470,369
Tax loss carried forward	5,556,449	-	5,556,449	4,399,083	-	4,399,083
Net tax assets/ (liabilities)	9,163,896	(308,729)	8,855,167	7,944,839	(316,090)	7,628,749

	GROUP		COMPANY	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
Deferred tax assets				
Current	-	-	-	-
Non-current	9,163,896	7,944,839	-	-
	9,163,896	7,944,839	-	-

(b) **Movements in temporary differences during the year ended 31 December 2021**

	GROUP			
	Balance at 1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2021
Property and equipment	1,203,659	-	-	1,203,659
Allowances for loan losses	2,403,788	-	-	2,403,788
Tax loss carried forward	4,395,272	1,161,177	-	5,556,449
	8,002,719	1,161,177	-	9,163,896

Notes to the consolidated and separate financial statements

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

In thousands of Naira

(c) **Unrecognised deferred tax assets**

The amount of deductible temporary differences for which no deferred tax asset is recognised in the Bank & Group is detailed below:

	31 DEC 2021		31 DEC 2020	
	Gross amount	**Tax Impact**	**Gross amount**	**Tax Impact**
Tax losses	90,578,857	27,173,657	85,467,694	25,640,308
Allowance for loan losses and other losses	24,600,932	7,872,298	11,441,723	3,661,351
Property and equipment (unutilised capital allowance)	37,702,510	11,310,753	31,216,922	9,365,077
Other deductible temporary differences	35,678.00	10,703.00	16,763,484	5,364,315
	152,917,977	**46,367,411**	144,889,823	44,031,051

Deferred tax assets have not been recognized 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.

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2021	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**
34 Deposits from banks				
Money market deposits	**48,908,251**	119,365,158	**-**	-
Trade related obligations to foreign banks	**111,838,665**	-	**-**	-
	160,746,916	119,365,158	**-**	-
Current	**160,746,916**	119,365,158	**-**	-
Non-current	**-**	-	**-**	-
	160,746,916	119,365,158	**-**	-

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2021	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**
35 Deposits from customers				
Retail customers:				
Term deposits	**326,868,230**	186,937,238	**-**	-
Current deposits	**470,995,914**	360,858,855	**-**	-
Savings	**414,087,422**	403,633,266	**-**	-
	1,211,951,566	951,429,359	**-**	-
Corporate customers:				
Term deposits	**142,399,572**	92,291,220	**-**	-
Current deposits	**200,062,485**	213,410,328	**-**	-
	342,462,057	305,701,548	**-**	-
	1,554,413,623	1,257,130,907	**-**	-
Current	**1,552,995,107**	1,204,826,502	**-**	-
Non-current	**1,418,516**	52,304,405	**-**	-
	1,554,413,623	1,257,130,907	**-**	-

Corporate customers represents deposits from corporate bodies, government agencies while retail customers represents deposits from individuals, unregistered small and medium scale business ventures.

36 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 ae up to date.

Total contributions to the scheme for the year were as follows:				
At 1 January	**325,557**	132,542	**-**	-
Charged to profit or loss for the year (see note 15)	**672,205**	657,573	**10,788**	10,162
Employee contribution for the year	**625,940**	526,058	**8,630**	8,130
Total amounts remitted for the year	**(1,432,232)**	(990,616)	**(19,418)**	(18,292)
Balance at the end	**14,855**	325,557	**-**	-
Current	**14,855**	325,557	**-**	-
Non-current	**-**	-	**-**	-
	14,855	325,557	**-**	-

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
37 Other liabilities				
(a) **Other financial liabilities:**				
Customers' deposit for letters of credit	**38,998,581**	22,133,779	**-**	-
Bank cheques/drafts	**5,773,225**	4,408,673	**-**	-
Negotiated letters of credits	**16,236,590**	9,439,250	**-**	-
E-settlement payables	**3,780,036**	4,911,404	**-**	-
Withholding tax and value added tax payables	**1,178,988**	834,107	**45,743**	3,801
Collections account balances (see note (c))	**92,697,835**	38,165,949	**-**	-
Unclaimed items	**6,268,231**	7,169,671	**-**	-
Undisbursed intervention funds (see note (d))	**2,302,269**	5,728,312	**-**	-
AMCON Sinking fund accounts payable (see note (e))	**973,061**	1,140,140	**-**	-
Accounts payable - others (see note (f))	**22,266,784**	8,604,612	**5,767,228**	919,011
Accounts payable - unclaimed dividend	**1,377,491**	1,214,752	**1,377,491**	1,214,752
	191,853,091	103,750,649	**7,190,462**	2,137,564
(b) **Other non-financial liabilities:**				
Deferred income & Rent received in advance (see note (g))	**649,725**	23,070	**-**	-
Accrued expenses	**4,346,079**	5,174,335	**315,303**	305,268
Lease liability (see note (h))	**2,616,329**	2,509,561	**-**	-
	7,612,133	7,706,966	**315,303**	305,268
	199,465,224	111,457,615	**7,505,765**	2,442,832
Current	**181,754,463**	51,988,881	**7,190,462**	1,228,080
Non-current	**17,710,761**	59,468,734	**315,303**	1,214,752
	199,465,224	111,457,615	**7,505,765**	2,442,832

(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) Included in Accounts Payable – Others, is the sum of N5.7billion received from Grovecrest Properties Limited. The Group intends to raise a Note in the nearest future, for which it is currently seeking relevant regulatory approvals. Grovecrest has therefore made a deposit in respect of the Note issuance. The fund does not bear any interest. Grovecrest properties Limited is therefore a related party to the FCMB Group Plc.

(f) 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.

(g) This relates to outstanding rent paid in advances from sublet and Included deferred income are fees on financial guarantee contracts, which represents the amount initially recognised less cumulative amortisation.

(h) The Group leases a number of properties to serve as its branch outlets. The net carrying amount of leased assets, included within property and equipment as right-of-use assets is N4.10billion and N3.84billion as at 31 December 2021. (31 December 2020: N3.89billion and N3.64billion) for both Group and Banking subsidiary respectively. The Group has applied 15.5% as the weighted average incremental borrowing rate to lease liability on transition date.

Notes to the consolidated and separate financial statements

The undiscounted cash flow payments on the lease liabilities extend over a number of years. This is analysed as follows:

	GROUP		COMPANY	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
Not more than one year	-	-	-	-
Over one year but less than five years	119,931	213,827	-	-
More than five years	2,496,398	2,295,734	-	-
	2,616,329	2,509,561	-	-
The table below shows the movement in lease liability during the year:				
As at 1 January	2,509,561	2,766,237	-	-
Additions during the year	386,974	424,452	-	-
Interest expense on lease liabilities	215,756	94,200	-	-
Less: Lease payments	(456,701)	(466,491)	-	-
Less: Derecognised lease liability	(99,115)	(411,077)	-	-
Effects of movement in exchange rates	59,854	102,240	-	-
Balance 31 December	2,616,329	2,509,561	-	-

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.

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
38 Provision				
Legal claims (see note (b))	4,856,591	4,170,311	-	-
Financial guarantee contracts and loan commitments issued (see note (a))	1,890,679	1,530,012	-	-
Deferred income	-	625,052	-	-
	6,747,270	6,325,375	-	-
Current	-	-	-	-
Non-current	6,747,270	6,325,375	-	-
	6,747,270	6,325,375	-	-

(a) **Movement in provision during the year**

	31 DEC 2021				31 DEC 2020			
	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								
At 1 January	4,170,311	1,530,012	625,052	6,325,375	3,272,748	1,422,660	902,769	5,598,177
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Net remeasurement loss allowance (see note 10)	-	363,785	-	363,785	-	105,587	-	105,587
Provisions made during the year (see note 18(a))	864,413	-	-	864,413	719,413	-	-	719,413
Provisions write-back during the year (see note 18(a))	-	-	-	-	-	-	-	-
Amount utilised during the year	(297,033)	-	-	(297,033)	-	-	-	-
Amount reclassifed to the other liabilities during the year	-	-	(625,052)	(625,052)	-	-	641,057	641,057
Amount recognised and amortised during the year	-	-	-	-	-	-	(918,774)	(918,774)
Effects of movement in exchange rates	118,900	(3,117)	-	115,783	178,150	1,765	-	179,915
Balance at the end	4,856,591	1,890,680	-	6,747,271	4,170,311	1,530,012	625,052	6,325,375

(a) The amount represents the sum of ECL provision of N1.33billion (31 December 2020: N1.25billion) on financial guarantee contracts and N300.84million (31 December 2020: N274.85million 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 reclassified to other liabilities.

(b) Legal claims: This represents provision reserved for pending probable legal cases that may crystallize, see note 43.

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
39 On-lending facilities				
Bank of industry (BOI) (see note (a) below)	**1,692,065**	2,000,851	**-**	-
Commercial Agriculture Credit Scheme (CACS) (see note (b) below)	**9,458,134**	6,230,748	**-**	-
Real Sector Support Facility (RSSF) (see note (c) below)	**9,990,796**	11,702,747	**-**	-
Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement Scheme (DCRR) (see note (d) below)	**87,374,305**	-	**-**	-
Power & Aviation Intervention Fund (see note (e) below)	**14,736,961**	18,026,312	**-**	-
Micro, Small and Medium Enterprises Development Fund (MSMEDF) (see note (f) below)	**229,192**	3,649,219	**-**	-
Development Bank of Nigeria (DBN) (see note (g) below)	**34,392,321**	18,756,963	**-**	-
	157,873,774	60,366,840	**-**	-

(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 N11.30billion for 31 December 2021 (31 December 2020: N11.30billion), (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. In response to the COVID-19 pandemic, the Bank Of Industry granted concessions to cushion the impact of the pandemic by downward reduction in the rate from 7% to 5% effective on 1 April 2020 to elapse on 31 March 2021, which has been extended to elspe on 31 March 2022 and subsequently reverse to status quo. Also, granted a further moratorium of three-month for principal deferment.

(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. 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, which has been extended to elspe on 28 February 2022 and subsequently reverse to status quo. Also, granted a further moratorium of one year on all principal repayments.

(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 N300 billion Real Sector Support Facility (RSSF). The facility is disbursed to large enterprises and startups with financing needs of N500 million up to a maximum of N10.0 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 N20.32billion for 31 December 2021 (31 December 2020: N20.32billion). 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, which has been extended to elspe on 28 February 2022 and subsequently reverse to status quo. Also, granted a further moratorium of one year on all principal repayments.

(d) **Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement Scheme (DCRR)**

The amount of N62.86billion represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria (CBN) in respect of the Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement scheme (DCRR) established by CBN supporting the Real Sector (agriculture and manufacturing). The facility is for a minimum period of 7 years inclusive of 24 months moratorium at all-in 9% interest rate on a quarterly basis.

(e) **Power & 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. 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, which has been extended to elspe on 28 February 2022 and subsequently reverse to status quo. Also, granted a further moratorium of one year on all principal repayments.

(f) **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. 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, which has been extended to elspe on 28 February 2022 and subsequently reverse to status quo. Also, granted a further moratorium of one year on all principal repayments.

(g) **Development Bank of Nigeria (DBN)**

The Development Bank of Nigeria (DBN) is a N24billion 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 N9.87billion (31 December 2020: N9.87billion). In response to the COVID-19 pandemic, the fund provider, Development Bank of Nigeria granted concessions to cushion the impact of the pandemic by granting a three-month moratorium on principal and interest repayments and also a three-month tenor extension on all outstanding facilities to accomodate the moratorium, which is in place on the facility.

Notes to the consolidated and separate financial statements

(h) Movement in on-lending facilities during the year was as follows:

	GROUP		COMPANY	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
At 1 January	**60,366,840**	70,912,203	**-**	-
Additions during the period / year	**134,292,995**	21,611,275	**-**	-
Repayments during the period / year	**(36,786,061)**	(32,156,638)	**-**	-
Balance at the end	**157,873,774**	60,366,840	**-**	-

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
40 Debt securities issued				
Debt securities at amortised cost:				
Bond issued (see note (a) below)	**5,059,795**	31,355,527	**-**	-
Note issued (see note (b) below)	**19,784,732**	18,675,395	**-**	-
Note issued (see note (c) below)	**21,529,975**	20,301,231	**-**	-
Note issued (see note (d) below)	**29,998,440**	29,998,062	**-**	-
Note issued (see note (e) below)	**2,120,550**	1,200,990	**-**	-
	78,493,492	101,531,205	**-**	-

(a) The amount of N5.06billion (31 December 2020: N31.36billion) represents the amortised cost of unsecured corporate bonds issued in tranches at par respectively, see the table below, while the coupon is paid semi-annually. The amount represents the first and third tranches of a N100 billion debt issuance programme. The Group has not had any defaults of principal or interest or other breaches with respect to its debt securities as at period ended 31 December 2021:

Tranche	Face value N'000	Carrying amount 31 Dec 2021 N'000	Carrying amount 31 Dec 2020 N'000	Coupon rate	Issued date	Maturity date
Tranche 1 - N26 billion, 7years	0	0	26,334,396	14.25%	07-Nov-2014	22-Nov-2021
Tranche 3 - N5.104billion, 7years	5,104,000	5,059,795	5,021,131	17.25%	09-Dec-2016	08-Dec-2023
Total	**5,104,000**	**5,059,795**	**31,355,527**			

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 2021.

(b) The amount of N19.78billion (31 December 2020: N18.68billion) represents the amortised cost of $46.65million, 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 N21.53billion (31 December 2020: N20.30billion) represents the amortised cost of $50million, 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 N30.00billion (31 December 2020: N30.00billion) represents the amortised cost of N30.00billion, 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 N2.12billion, ($5million) (31 December 2020: N1.20billion) represents the amortised cost of N1.2billion, ($3million), 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. This includes an additional $2billion was recieved during the year ended 31 December 2021 at the Group.

(f) Movement in Debt securities issued during the year was as follows:

In thousands of Naira				
At 1 January	**101,531,205**	71,864,898	**-**	-
Accrued coupon interest for the year	**116,221**	1,339,088	**-**	-
Unamortized Upfront Interest paid for the year	**-**	-	**-**	-
Additions during the year	**848,220**	79,313,842	**-**	-
Repayments during the year	**(26,000,000)**	(51,210,896)	**-**	-
Coupon interest paid during the year	**(574,910)**	(1,723,297)	**-**	-
Effects of movement in exchange rates	**2,572,756**	1,947,570	**-**	-
Balance at the end	**78,493,492**	101,531,205	**-**	-

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
41 Borrowings				
(a) Borrowings comprise:				
European Investment Bank (EIB) (See note (b)(i) below)	**2,320,868**	6,525,414	**-**	-
Oikocredit Cooperative Society, Netherlands (See note (b)(ii) below)	**4,253,459**	-	**-**	-
Societe De Promotion et De Participation Pour La Cooperation Economique SA. (Proparco) (See note (b)(iii) below)	**14,777,885**	-	**-**	-
African Export-Import Bank (Afrexim) (See note (b)(iv) below)	**42,087,384**	-	**-**	-
African Export-Import Bank (Afrexim) (See note (b)(v) below)	**-**	6,673,823	**-**	-
Standard Bank, London (See note (b)(vi))	**-**	12,012,352	**-**	-
African Export-Import Bank (Afrexim) (See note (b)(vii))	**-**	10,049,937	**-**	-
African Export-Import Bank (Afrexim) (See note (b)(viii))	**-**	10,123,922	**-**	-
International Finance Corporation (IFC) (See note (b)(xix) below)	**-**	20,299,847	**-**	-
International Finance Corporation (IFC) (See note (b)(x) below)	**-**	8,082,124	**-**	-
International Finance Corporation (IFC) (See note (b)(xi) below)	**-**	4,004,140	**-**	-
African Export-Import Bank (Afrexim) (See note (b)(xii) below)	**-**	28,647,386	**-**	-
African Export-Import Bank (Afrexim)/ Cargill (See note (b)(xiii) below)	**-**	9,960,458	**-**	-
Standard Chatered Bank / Monafri International Trading Company (See note (b)(xiv) below)	**-**	6,064,236	**-**	-
Standard Bank/ Bunge SA (See note (b)(xv) below)	**-**	2,011,824	**-**	-
Standard Chatered Bank/ Sky British (See note (b)(xvi) below)	**-**	408,506	**-**	-
Standard Chatered Bank/ Sky British (See note (b)(xvii) below)	**-**	1,667,512	**-**	-
Standard Chatered Bank/ Sky British (See note (b)(xviii) below)	**-**	1,373,551	**-**	-
Standard Chatered Bank/ Sky British (See note (b)(xxix) below)	**-**	1,075,497	**-**	-
Standard Chatered Bank/ Sky British (See note (b)(xx) below)	**-**	1,495,600	**-**	-
British Arab Commercial Bank (BACB) UK / Louis Dreyfuss (See note (b)(xxi) below)	**-**	1,972,362	**-**	-
BMCE Bank International Plc / Louis Dreyfuss (See note (b)(xxii) below)	**-**	1,951,388	**-**	-
KGI Bank / Cargill (See note (b)(xxiii)	**-**	1,901,203	**-**	-
Standard Chatered Bank / Monafri International Trading Company (See note (b)(xxiv) below)	**-**	1,965,735	**-**	-
BMCE Bank International Plc / Bunge (See note (b)(xxv) below)	**-**	1,898,376	**-**	-
ABSA Bank / Monafri International Trading Company (See note (b)(xxvi) below)	**-**	4,659,748	**-**	-
FCMB Asset Management (See note (b)(xxvii) below)	**17,264,470**	14,893,096	**-**	-
	80,704,066	159,718,037	**-**	-
Current	**17,423,908**	153,137,112	**-**	-
Non-current	**63,280,158**	6,580,925	**-**	-
	80,704,066	159,718,037	**-**	-

(b) i) The amount of N4,577,508,800.81 (31 December 2020: N6,525,414,000.00 (USD 16,367,752.58) represents an unsecured facility granted by European Investment Bank (EIB) repayable after a tenor of 8 years maturing 22 September 2022 with an interest rate of 1 months USD LIBOR + 4.00%.

ii) The amount of N4,253,459,000, $10million (31 December 2020: Nil) represents an unsecured facility granted by Oikocredit Cooperative Society, Netherlands repayable after a tenor of 5 years maturing 20 April 2026 with an interest rate of 3 months USD LIBOR + 5.17%.

iii) The amount of N14,777,885,000, $35million (31 December 2020: Nil) represents an unsecured facility granted by Societe De Promotion et De Participation Pour La Cooperation Economique SA. (Proparco) repayable after a tenor of 5 years maturing 26 November 2026 with an interest rate of 3 months USD LIBOR + 5.65%.

iv) The amount of N42,087,384,000, $100million (31 December 2020: Nil) represents an unsecured facility granted by African Export-Import Bank (Afrexim) repayable after a tenor of 3 years maturing 30 June 2024 with an interest rate of 3 months USD LIBOR + 5.65%.

v) This represents a facility that has been repaid as at 14 September 2021 (31 December 2020: N6,673,823,000 (USD100,000,000) granted by African Export-Import Bank (Afrexim).

vi) This represents a facility that has been repaid as at 23 January 2021 (31 December 2020: N12,012,352,000 (USD30,000,000) granted by Standard Bank, London.

vii) This represents a facility that has been repaid as at 31 December 2021 (31 December 2020: N10,049,937,000 (USD25,000,000) granted by African Export-Import Bank (Afrexim).

viii) This represents a facility that has been repaid as at 29 July 2021 (31 December 2020: N10,123,922,000 (USD25,000,000) granted by African Export-Import Bank (Afrexim).

xix) This represents a facility that has been repaid as at 4 August 2021 (31 December 2020: N20,299,847,000 (USD50,000,000) granted by International Finance Corporation (IFC).

x) This represents a facility that has been repaid as at 4 August 2021 (31 December 2020: N8,082,124,000 (USD20,000,000) granted by International Finance Corporation (IFC).

xi) This represents a facility that has been repaid as at 28 February 2021 (31 December 2020: N4,004,140,000 (USD10,000,000) granted by International Finance Corporation (IFC).

xii) This represents a facility that has been repaid as at 2 April 2021 (31 December 2020: N28,647,386,000 (USD71,000,000) granted by African Export-Import Bank (Afrexim).

xiii) This represents a facility that has been repaid as at 1 February 2021 (31 December 2020: N9,960,458,000 (USD25,000,000) granted by African Export-Import Bank (Afrexim).

xiv) This represents a facility that has been repaid as at 22 February 2021 (31 December 2020: N6,064,236,000 (USD14,999,850) granted by Standard Chatered Bank.

xv) This represents a facility that has been repaid as at 22 March 2021 (31 December 2020: N2,011,824,000 (USD5,099,999) granted by Standard Bank, South Africa.

xvi) This represents a facility that has been repaid as at 10 March 2021 (31 December 2020: N408,506,000 (USD1,030,873) granted by Standard Chatered Bank.

xvii) This represents a facility that has been repaid as at 10 March 2021 (31 December 2020: N1,667,512,000 (USD4,208,000) granted by Standard Chatered Bank.

xviii) This represents a facility that has been repaid as at 10 March 2021 (31 December 2020: N1,373,551,000 (USD3,464,000) granted by Standard Chatered Bank.

xxix) This represents a facility that has been repaid as at 5 March 2021 (31 December 2020: N1,075,497,000 (USD2,712,000) granted by Standard Chatered Bank.

xx) This represents a facility that has been repaid as at 10 March 2021 (31 December 2020: N1,495,600,000 (USD3,774,000) granted by Standard Chatered Bank.

xxi) This represents a facility that has been repaid as at 19 March 2021 (31 December 2020: N1,972,388,000 (USD5,00,000) granted by British Arab Commercial Bank (BACB), United Kingdom.

xxii) This represents a facility that has been repaid as at 22 March 2021 (31 December 2020: N1,951,388,000 (USD4,949,657) granted by BMCE Bank International Plc.

xxiii) This represents a facility that has been repaid as at 31 December 2021 (31 December 2020: N1,901,203,000 (USD5,000,000) granted by KGI Bank.

xxiv) This represents a facility that has been repaid as at 31 December 2021 (31 December 2020: N1,965,735,000 (USD5,000,000) granted by Standard Chatered Bank.

xxv) This represents a facility that has been repaid as at 31 December 2021 (31 December 2020: N1,898,376,000 (USD5,000,000) granted by BMCE Bank International Plc.

xxvi) This represents a facility that has been repaid as at 21 June 2021 (31 December 2020: N4,659,748,000 (USD12,000,000) granted by BMCE Bank International Plc.

xxvii) The amount of N17,264,470,000 (31 December 2020: N14,893,096,000) represents promissory notes issued to various parties, by Credit Direct Limited (CDL)largely through First City Asset Management Limited. The borrowings comprise of several individual amounts ranging from N27million to N3billion, with interest rates ranging from 7.78% to 17.22% and tenor ranging from 3 to 12 months

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 year (31 December, 2020: nil).

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
(c) Movement in borrowings account during the year was as follows:				
At 1 January	**159,718,037**	133,344,085	**-**	-
Additions during the year	**64,040,385**	114,189,234	**-**	-
Repayments during the year	**(142,634,377)**	(99,012,958)	**-**	-
Effects of movement in exchange rates	**(419,979)**	11,197,676	**-**	-
Balance at the end	**80,704,066**	159,718,037	**-**	-

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
42 Share capital				
(a) **Authorised**				
30billion ordinary shares of 50k each (31 December 2020: 30billion)	**15,000,000**	15,000,000	**15,000,000**	15,000,000
(b) **Issued and fully paid**				
19.8billion ordinary shares of 50k each (31 December 2020: 19.8billion)	**9,901,355**	9,901,355	**9,901,355**	9,901,355

43 Share premium and reserves

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.

(c) **Other reserves**: comprises of these reserves;

(i). **Statutory reserve**: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 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 Bank transferred 15% of its 'profit after tax to statutory reserves as at period end (31 December 2019: 15%).

(ii). AGSMEIS reserve: The AGSMEIS 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. 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.

44 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 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
NCI Percentage	**25.00%**	25.00%	**7.20%**	7.20%		
Total Assets	1,368,830	1,169,306	12,238,734	4,764,366	13,607,564	5,933,672
Total Liabilities	319,582	657,803	7,811,691	1,268,824	8,131,273	1,926,627
Net Assets	1,049,248	511,504	4,427,043	3,495,542	5,476,291	4,007,046
Net assets attributable to NCI	262,312	127,876	318,747	251,679	581,059	379,555
Movement in NCI						
Balance at 1 January	127,876	-	251,679	232,418	379,555	232,418
Dividend paid/declared	-	-	(14,400)	(4,032)	(14,400)	(4,032)
Adjustment in NCI	-	(3,568)	2,604	(36,052)	2,604	(39,621)
Share of profit	127,656	131,445	80,490	59,346	208,146	190,791
Share of other comprehensive income	6,780	-	(1,626)	-	5,154	-
Total NCI at 31 December	**262,312**	**127,876**	**318,747**	**251,679**	**581,059**	**379,555**

45 Contingencies

(a) Legal Proceedings

The Group in its ordinary course of business is presently involved in 475 cases as a defendant (31 December 2020: 388) and 23 cases as a plaintiff (31 December 2020: 11). The total amount claimed in the 475 cases against the Bank is estimated at N26.10billlion (31 December 2020: N22.17billion) while the total amount claimed in the 23 cases instituted by the Bank is N14.72billion (31 December 2020: N642.62million). The Directors of the Bank 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 2021 of N4.86billion (31 December 2020: N4.17billion), See note 37(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:

Notes to the consolidated and separate financial statements

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
Performance bonds and guarantees	**141,733,924**	111,304,898	**-**	-
Loan commitments	**3,869,461**	9,560,707	**-**	-
Clean line letters of credit	**135,225,605**	102,137,841	**-**	-
	280,828,990	223,003,446	**-**	-
Other commitments	**349,643**	275,201	**-**	-
	281,178,633	223,278,647	**-**	-
Current	**150,439,010**	117,276,804	**-**	-
Non-current	**130,739,623**	106,001,843	**-**	-
	281,178,633	223,278,647	**-**	-

Clean line letters of credit, which represent irrevocable assurances that the Bank 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
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46 Group subsidiaries and related party transactions

(a) **Parent and Ultimate controlling party**

FCMB Group Plc is the ultimate parent company and its subsidiaries are as listed in note 46(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 2021 are shown below.

Entity	Form of holding	Effective holding	Nominal share capital held	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 N2464.4billion andN2258.51billion respectively (31 December 2020: N176.29billion and N158.15billion 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 2021 were as follows:

RESULTS OF OPERATIONS

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCKBROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Interest and discount income	433,307	149,880,890	38,610	194,583	68,341	26,836	165,509	11,729,712	162,537,788	(496,184)	162,041,604
Interest expense	-	(69,621,398)	-	-	(18,915)	(1,230)	-	(1,982,407)	(71,623,950)	496,184	(71,127,766)
Net interest income	**433,307**	**80,259,492**	**38,610**	**194,583**	**49,426**	**25,606**	**165,509**	**9,747,305**	**90,913,838**	**-**	**90,913,838**
Other income	6,027,510	33,903,928	669,027	3,834,418	114,437	5,571	3,638,374	686,889	48,880,154	(5,749,522)	43,130,632
Operating income	**6,460,817**	**114,163,420**	**707,637**	**4,029,001**	**163,863**	**31,177**	**3,803,883**	**10,434,194**	**139,793,992**	**(5,749,522)**	**134,044,470**
Operating expenses	(1,335,119)	(84,612,207)	(412,372)	(2,324,474)	(100,726)	(18,010)	(2,304,093)	(5,924,384)	(97,031,385)	846,403	(96,184,982)
Impairment losses on financial instruments	(17,387)	(13,869,666)	(9,131)	(11,063)	(8,508)	(2,074)	-	(1,320,378)	(15,238,207)	-	(15,238,207)
Results from operating activities	5,108,311	15,681,547	286,134	1,693,464	54,629	11,093	1,499,790	3,189,432	**27,524,400**	**(4,903,119)**	22,621,281
Share of post tax result of associate	-	-	-	-	-	-	95,378	-	95,378	-	95,378
Profit before tax	**5,108,311**	**15,681,547**	**286,134**	**1,693,464**	**54,629**	**11,093**	**1,595,168**	**3,189,432**	**27,619,778**	**(4,903,119)**	**22,716,659**
Income tax expense	(19,613)	494,806	(107,085)	(480,625)	(8,610)	(19,859)	(477,248)	(1,181,700)	(1,799,934)	-	(1,799,934)
Profit after tax	**5,088,698**	**16,176,353**	**179,049**	**1,212,839**	**46,019**	**(8,766)**	**1,117,920**	**2,007,732**	**25,819,844**	(4,903,119)	**20,916,725**
Other comprehensive income	(2,817)	(1,283,088)	-	59,476	-	-	(22,579)	-	(1,249,008)	-	(1,249,008)
Total comprehensive income for the year	**5,085,881**	**14,893,265**	**179,049**	**1,272,315**	**46,019**	**(8,766)**	**1,095,341**	**2,007,732**	**24,570,836**	**(4,903,119)**	**19,667,717**

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FINANCIAL POSITION

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCKBROKERS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Assets											
Cash and cash equivalents	621,755	355,305,833	337,319	4,535,194	890,824	241,592	1,254,200	2,839,216	366,025,933	(3,325,850)	362,700,083
Restricted reserve deposits	-	329,739,147	-	-	-	-	-	-	329,739,147	-	329,739,147
Non-pledged trading assets	-	41,538,274	-	-	-	-	-	-	41,538,274	-	41,538,274
Loans and advances to customers	-	1,039,831,017	75,399	262,922	1,492	3,490	24,151	23,390,721	1,063,589,192	-	1,063,589,192
Assets pledged as collateral	-	115,456,683	-	-	-	-	-	-	115,456,683	-	115,456,683
Investment securities	6,007,162	364,709,639	1,336,283	2,289,665	180,300	9,000	1,458,749	-	375,990,798	(3,442,465)	372,548,333
Investment in subsidiaries	127,378,197	-	-	-	-	-	-	-	127,378,197	(127,378,197)	-
Investment in associates	-	-	-	-	-	-	6,810,651	-	6,810,651	-	6,810,651
Property and equipment	42,815	42,357,813	33,041	385,853	16,721	9,409	1,752,237	2,486,662	47,084,551	-	47,084,551
Intangible assets	-	11,484,299	-	40,798	1,846	-	35,053	248,860	11,810,856	5,345,114	17,155,970
Deferred tax assets	-	9,163,896	-	-	-	-	-	-	9,163,896	-	9,163,896
Other assets	7,849,591	125,385,937	209,113	669,171	76,386	-	903,693	457,921	135,551,812	(8,140,962)	127,410,850
	141,899,520	**2,434,972,538**	**1,991,155**	**8,183,603**	**1,167,569**	**263,491**	**12,238,734**	**29,423,380**	**2,630,139,990**	**(136,942,360)**	**2,493,197,630**
Financed by:											
Trading liabilities	-	5,174,902	-	-	-	-	-	-	5,174,902	-	5,174,902
Derivative liabilities held for risk management	-	-	-	-	-	-	-	-	-	-	-
Deposits from banks	-	160,746,916	-	-	-	-	-	-	160,746,916	-	160,746,916
Deposits from customers	-	1,557,725,370	-	-	-	14,100	-	-	1,557,739,470	(3,325,847)	1,554,413,623
Borrowings	-	63,439,596	-	-	-	-	-	17,264,470	80,704,066	-	80,704,066
On-lending facilities	-	157,873,774	-	-	-	-	-	-	157,873,774	-	157,873,774
Debt securities issued	-	81,891,084	-	-	-	-	-	-	81,891,084	(3,397,592)	78,493,492
Retirement benefit obligations	-	7,764	-	-	-	-	-	7,091	14,855	-	14,855
Current income tax liabilities	50,926	2,814,402	121,287	419,773	9,633	6,642	848,309	1,178,093	5,449,065	-	5,449,065
Deferred tax liabilities	-	-	10,146	44,841	163	4,817	109,004	139,758	308,729	-	308,729
Provision	-	6,747,270	-	-	-	-	-	-	6,747,270	-	6,747,270
Other liabilities	7,505,765	188,246,287	306,800	3,111,105	683,351	9,125	6,854,378	2,702,212	209,419,023	(9,953,799)	199,465,224
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	97,846,691	-	1,057,250	170,000	-	404,142	-	214,870,497	(99,478,083)	115,392,414
Retained earnings	9,049,060	39,203,211	1,052,922	2,206,173	254,422	9,085	2,386,001	5,146,122	59,306,996	3,565,105	62,872,102
Other reserves	-	68,255,271	-	400,884	-	69,722	836,900	2,485,634	72,048,411	(16,989,627)	55,058,784
Non-controlling Interests	-	-	-	-	-	-	-	-	-	581,059	581,059
	141,899,520	**2,434,972,538**	**1,991,155**	**8,183,603**	**1,167,569**	**263,491**	**12,238,734**	**29,423,380**	**2,630,139,990**	**(136,942,360)**	**2,493,197,630**
Acceptances and guarantees	**-**	**281,178,633**	**-**	**-**	**-**	**-**	**-**	**-**	**281,178,633**	**-**	**281,178,633**
	0.00	-	-	-	-	-	-	-	0.00	0.02	0.03

CONDENSED FINANCIAL INFORMATION

(ii) 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 STOCKBROKERS 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	11,509,569.00	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	28,435,890	596,007	2,935,008	140,508	16,042	3,172,194	499,035	39,575,935	(2,835,963)	36,739,972
Operating income	**4,200,132**	**108,817,413**	**633,961**	**3,190,647**	**195,780**	**180,977**	**3,253,920**	**9,860,669**	**130,333,499**	**(2,835,963)**	**127,497,536**
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)	(19,629,229)	(58,476)	(8,971)	(4,933)	6,576	-	(1,522,237)	(21,239,664)	-	(21,239,664)
Profit before tax	**3,078,036**	**15,092,048**	**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 year	**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**

FINANCIAL POSITION

In thousands of Naira	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCKBROKERS 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	(3,189,755)	25,258,857
	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	6,805.00	421,793	917,404	4,502,688	-	4,502,688
Deferred tax liabilities	-	-	-	6,159	2,308	5,037.00	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 / (accumulated deficit)	6,930,769	43,808,877	964,502	1,809,997	270,657	34,044	1,595,650	5,282,598	60,697,094	(13,214,656)	47,482,438
Other reserves	2,817	52,756,339	-	105,004	-	48,632	695,750	2,132,211	55,740,753	(1,776,315)	53,964,438
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**

Notes to the consolidated and separate financial statements
For the year ended

(e) **Transactions with key management personnel**

Key management personnel compensation for the year comprises;

In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
Key management personnel compensation for the year comprised;				
Short-term employee benefits	**707,143**	565,788	**511,985**	303,460
Contributions to defined contribution plans	**6,685**	6,651	**6,685**	6,651
	713,828	572,439	**518,670**	310,111

Loans and advances	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
At 1 January	**2,618,842**	4,222,253	**-**	-
Granted during the year	**232,537**	506,231	**-**	-
Repayment during the year	**(1,698,220)**	(2,109,642)	**-**	-
Balance at the end	**1,153,159**	2,618,842	**-**	-
Interest earned	**14,042**	1,657,887	**-**	-

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 N402.18million (31 December 2020: N684.58million) 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 2021, the balances with key management personnel are allocated to stage 1 of the ECL model and have a loss allowance of N19.07million (31 December 2020:N22.01million).

(f) ***Loans and advances outstanding:***

Included in loans and advances is an amount of N1.15billion (31 December 2020:N2.62billion) representing credit facilities to companies in which certain Directors have interests and key management personnel. The balances as at 31 December 2021 and 31 December 2020 were as follows:

In thousands of Naira

Name of company / Individual	Relationship	Name of Directors related to the companies	*Facility type*	*31 DEC 2021*	*31 DEC 2020*	*Status*	*Security Status*
Dynamic Industries Limited	Directors-Shareholders	Alhaji Mustapha Damcida	Term loan	415,964	890,031	Performing	Perfected
Primrose Property Investment Ltd.	Directors-Shareholders	Otunba M. O Balogun	Term loan	114,435	147,785	Performing	Perfected
Crestmont Limited	Directors-Shareholders	Prof. Oluwatoyin Ashiru	Overdraft	95,811	-	Performing	Perfected
FCMB Microfinance	Common Parent	-	Overdraft	-	482,369	Performing	Perfected
Balogun Babajide Oludolapo	Directors-Shareholders	Balogun Babajide Oludolapo	Term loan	136,726	-	Performing	Perfected
Outstanding loans of key management personnel	Directors / Principal officers	-	Term loan	390,223	1,098,657	Performing	Perfected
				1,153,159	**2,618,842**		

Other receivables:		**Type**		
Credit Direct Limited	Subsidiary	Dividend	-	1,300,000
FCMB Pensions Ltd	Subsidiary	Dividend	-	-
CSL Stockbrokers Limited	Subsidiary	Dividend	-	492,246
First City Monument Bank limited	Subsidiary	Dividend	2,000,000	-
CSL Stockbrokers Limited	Subsidiary	Receivable	12,171	27,966
FCMB Capital Market Limited	Subsidiary	Receivable	29,752	24,011
Traxi Continental Limited	Directors-Shareholders	Receivable	-	62,999
FCMB Micro Finance Bank Limited	Subsidiary	Receivable	179	671
FCMB Trustees Ltd	Subsidiary	Receivable	1,219	2,216
First City Monument Bank limited	Subsidiary	Receivable	67,423	86,072
Credit Direct Limited	Subsidiary	Receivable	21,278	37,597
FCMB Pensions Limited	Subsidiary	Receivable	5,710,745	10,416
			7,842,766	2,044,194

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(g) ***Deposits outstanding***
Included in deposit is an amount of N6.11billion (31 December 2020: N5.23billion) representing deposits from companies in which certain Directors have interests. The balances as at 31 December 2021 and 31 December 2020 were as follows:

In thousands of Naira

Name of company / Individual	***Relationship***	***Type of deposit***	***31 DEC 2021***	***31 DEC 2020***
ATSC International Limited	Shareholder	Current Account	**1,595**	6,304
Bluechip Holding Limited	Shareholder	Current Account	**118**	651
Chapel Hill Advisory Partners	Shareholder	Current Account	**1,267**	878
Credit Direct Limited	Related Company	Current Account	**19,138**	23,321
CSL Stockbrokers Limited	Directors-Shareholders	Current Account	**1,390,279**	61,561
CSL Stockbrokers Limited	Directors-Shareholders	Time Deposit	**-**	1,450,000
FCMB Trustees Limited	Directors-Shareholders	Current Account	**26,233**	25,692
FCMB Trustees Limited	Directors-Shareholders	Time Deposit	**120,000**	-
Dynamic Industries Limited	Directors-Shareholders	Current Account	**40,779**	57,815
Dynamic Industries Limited	Directors-Shareholders	Time Deposit	**38,739**	60,261
FCMB Capital Markets Limited	Directors-Shareholders	Current Account	**337,128.00**	146,788
FCMB Group Plc	Directors-Shareholders	Current Account	**621,755.00**	163,560
FCMB UK Limited	Subsidiary	Current Account	**541**	441
FCMB Financing SPV Plc	Subsidiary	Current Account	**10,950**	0
FCMB Asset Management Limited	Directors-Shareholders	Current Account	**1,065,800**	259,412
FCMB Asset Management Limited	Directors-Shareholders	Time Deposit	**2,783,532**	1,440,844
Gulvaris Capital Partners Limited	Directors-Shareholders	Current Account	**10,825**	2,103
Helios Investment Partners	Directors-Shareholders	Current Account	**685**	659
Lafarge Cement Wapco Nig Plc	Directors-Shareholders	Current Account	**291,902**	2,451
Lana Securities Limited	Shareholder	Current Account	**308**	307
Poly Products Nigeria Limited	Directors-Shareholders	Current Account	**46**	52
Primrose Development Company Limited	Shareholder	Current Account	**967,577**	47,437
Primrose Investments Limited	Shareholder	Current Account	**-**	1,086,400
Primrose Investments Limited	Shareholder	Time Deposit	**-**	6
Primrose Properties Investment Limited	Shareholder	Current Account	**1,313,093**	40,615
Primrose Properties Investment Limited	Shareholder	Time Deposit	**16,971**	16,013
S&B City Printers Limited	Directors-Shareholders	Current Account	**7,436**	66,787
S&B City Printers Limited	Directors-Shareholders	Time Deposit	**248**	248
First Concept Properties Ltd	Directors-Shareholders	Current Account	**27,298**	269,285
Tricontinental Oil Services Limited	Directors-Shareholders	Current Account	**1,302**	57
Crestmont Limited	Directors-Shareholders	Current Account	**22**	0
FCMB Microfinance	Directors-Shareholders	Current Account	**489,521**	648
FCMB Pension Managers	Directors-Shareholders	Current Account	**179,273**	-
FCMB Pension Managers	Directors-Shareholders	Time Deposit	**5,675,973**	-
			15,440,334	5,230,596

(h) Included in Accounts Payable – Others, is the sum of N5.7billion received from Grovecrest Properties Limited. Grovecrest Properties Limited and FCMB Group Plc have a common significant shareholder.

Notes to the consolidated and separate financial statements
For the year ended

47 EMPLOYEES AND DIRECTORS

EMPLOYEES

		GROUP		COMPANY	
		31 DEC 2021	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**
(a)	The average number of persons employed during the year by category:	**Number**	**Number**	**Number**	**Number**
	Executive directors	17	21	4	3
	Management	544	565	4	8
	Non-management	2,801	3,024	7	4
		3,362	3,610	15	15

(b) Compensation for the above persons (excluding executive directors):

In thousands of Naira	**31 DEC 2021**	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**
Wages and salaries	23,263,584	23,065,671	334,161	294,452
Contributions to defined contribution plans	665,520	650,922	4,103	3,511
Non-payroll staff cost	7,326,960	5,795,531	29,722	28,093
	31,256,064	29,512,124	367,986	326,056

(c) The number of employees of the Group, including executive directors, who received emoluments in the following ranges were:

	31 DEC 2021 **Number**	**31 DEC 2020** **Number**	**31 DEC 2021** **Number**	**31 DEC 2020** **Number**
Less than N1,800,000.00	326	445	-	-
N1,800,001 - N2,500,000	432	511	-	-
N2,500,001 - N3,500,000	825	905	3	-
N3,500,001 - N4,500,000	496	469	-	-
N4,500,001 - N5,500,000	379	380	-	1
N5,500,001 and above	904	900	12	14
	3,362	3,610	15	15

(d) DIVERSITY IN EMPLOYMENT

i) A total of 1,371 women were in the employment of the Group during the year ended 31 December 2021 (31 December 2020: 1,422) which represents 41% of the total workforce (31 December 2020: 39%).

ii) A total of 16 women were in the top management position as at the year ended 31 December 2021 (31 December 2020:15), which represents 27% of the top management workforce in this position (31 December 2020: 25%). There were four (4) women on the Board of the Company for the year ended 31 December 2021 (31 December 2020: 2)

iii) The analysis by grade is as shown below:

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.

31 DEC 2021

	Number			%	
	Male	Female	Total	Male	Female
Employees	1,991	1,371	3,362	59%	41%

31 DEC 2020

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

	31 DEC 2021			31 DEC 2020		
GRADE LEVEL	**MALE**	**FEMALE**	**TOTAL**	MALE	FEMALE	TOTAL
Assistant General Manager (AGM)	**22**	**8**	**30**	26	8	34
Deputy General Manager (DGM)	**16**	**3**	**19**	12	2	14
General Manager (GM)	**5**	**5**	**10**	8	5	13
TOTAL	**43**	**16**	**59**	46	15	61
Executive Director (ED)	**6**	**2**	**8**	10	2	12
Group Managing Director/Chief Executive Officer (GMD / CEO)	**5**	**1**	**6**	8	-	8
Non - Executive Directors	**27**	**17**	**44**	16	8	24
TOTAL	**38**	**20**	**58**	34	10	44

(e) DIRECTORS

The remuneration paid to the directors of the Group (excluding pension and certain allowances) was:

	GROUP		COMPANY	
In thousands of Naira	**31 DEC 2021**	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**
Fees	**181,200**	195,900	**84,500**	87,750
Sitting allowances	**120,975**	108,300	**33,250**	33,000
Executive compensation	**707,143**	565,788	**511,985**	303,460
	1,009,318	869,988	**629,735**	424,210
Directors' other expenses	**676,865**	484,532	**17,723**	24,833
	1,686,183	1,354,520	**647,458**	449,043
The Directors' remuneration shown above includes:				
The Chairman	**13,000**	13,000	**13,000**	13,000
Highest paid director	**117,631**	101,185	**117,631**	101,185

The number of directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges were:

	31 DEC 2021	**31 DEC 2020**	**31 DEC 2021**	**31 DEC 2020**
	Number	**Number**	**Number**	**Number**
N10,000,000 and below	28	17	-	-
N10,000,001 and above	30	27	11	9
	58	44	**11**	9

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In thousands of Naira	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
48 Cash and cash equivalents				
For the purposes of the statement of cash flow, cash and cash equivalents include;				
Cash	**65,711,784**	88,198,554	**-**	-
Current balances within Nigeria	**2,982,046**	2,121,253	**621,755**	163,561
Current balances outside Nigeria	**199,717,584**	102,533,239	**-**	-
Placements with local banks	**3,905,097.00**	2,519,244.00	**-**	665,073
Placements with foreign banks	**45,025,298**	1,928,490	**-**	-
Unrestricted balances with Central banks	**45,388,016**	23,813,814	**-**	-
	362,729,825	221,114,594	**621,755**	828,634

49 Compliance With Banking Regulations

During the year ended 31 December 2021, the Bank 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 N'000**
Contravetion of Extant FX Examination from January 1, 2013 to July 2020 GVD/EIU/SEC/GOV/01/095 DD090321	Contravetion of Extant FX Examination from January 1, 2013 to July 2020 GVD/EIU/SEC/GOV/01/095 DD090321	1	270,000
Section 7.3, 6.3.2 and Annexure D of the Consumer Protection Regulation (CPR) as well as circular PSM/CON/COW/07/127	(1). Narrations in account statements did not disclose transaction location (2). Annual Percentage Rate (APR) was not disclosed in offer letters. (3). Information on how to lodge and escalate complaints to CBN was not disclosed in offer letters.	1	2,000
Contravation of Section 14 CBN AML & CFT Regulations 2013 (as Amended)	(1). The bank did not report some suspecious transactions. (2). Non compliance with the CBN Post - No Debit (PND) directives on 38 customers.	1	26,500
Contravention of CBN Circular BSD/DIR/GEN/LAB/14/001 on Cryptocurrency	Failing to close customers accounts (Thanas fasio Experts, Quadrant Emergencia Golden Global, Cryset Limited, Royal Jingling Enterprise) identified to be involved in cryptocurrency.	1	400,000

During the year ended 31 December 2021, other subsidiaries of the Group paid penalties as detailed below:

Subsidiary	**Nature**	**No of times**	**Penalties N'000**
CSL Strockbrokers Limited	Penalty imposed by SEC violation of Legacy Debt Fund (LDF) non-compliance on 70% total asset allocation for Bonds investments	1	1,270
CSL Strockbrokers Limited	Penalty imposed Lagos Internal Revenue Service (LIRS) on final liability for 2017 tax year.	1	263
FCMB Capital Markets Limited	Penalty imposed by SEC for late submission of 2020 FY audited financial statement.	1	180
FCMB Pensions Limited	Penalty imposed by PENCOM for advertisement without the Commission's approval	1	10,000
FCMB Pensions Limited	Penalty imposed by PENCOM for unethical conduct and demarketing another PFA	1	10,000
FCMB Pensions Limited	Penalty imposed by PENCOM for sanctionable errors contained in upload of transfers details	1	3,100

The penalties totalling N723.31million were paid during the year (31 December 2020: N183.37million).

Notes to the consolidated and separate financial statements
For the year ended

50 Events after the Reporting Period

Subsequent to year, the following are the updates to some events which the directors of the Group deem to be significant;

i) None of the subsidiaries within the group are affected by the impact of the crisis between Ukraine and Russia

ii) Subsequent to year end, FCMB Pensions Limited obtained approval for an additional 36.3% shareholding of AIICO Pension Limited bringing the total interest in the entity to 96.3% as at March 2022. With the integration FCMB Pensions Limited and AIICO Pensions Limited , FCMB Pensions Limited will be one of the largest PFAs in Nigeria with a combined total Assets Under Management of N592billion and increase in the number of contributors nationwide.

iii) The Group is still awaiting regulatory approvals for the Note issuance.

Aside the events mentioned above, 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 2021 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed (2020:none).

51 Reconciliation notes to consolidated and separate statement of cashflows

	Note	GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
(i) Net gain / (loss) on debt securities at Fair value through profit or loss					
Gross trading income before fair value adjustments		**5,876,484**	5,984,355	**-**	-
Fair value gain on financial assets adjustments		**3,490,652**	(280,602)	**-**	-
Net trading income (see note 12)	12	**9,367,136**	5,703,753	**-**	-
(ii) Interest received					
Balance at end of the year (interest receivables, overdue interest and loan fees)		**68,979,506**	60,849,206	**-**	-
Accrued Interest income during the year	8	**162,041,604**	151,023,356	**433,307**	418,881
Non cash related adjustments		**394,944**	558,602	**-**	-
Balance at start of the year (interest receivables, overdue interest and loan fees)		**(68,944,771)**	(55,836,464)	**-**	-
Interest received during the year		**162,471,283**	156,594,700	**433,307**	418,881

	Note		GROUP 31 DEC 2021	GROUP 31 DEC 2020	COMPANY 31 DEC 2021	COMPANY 31 DEC 2020
(iii) Interest paid						
Balance at end of the year (interest payables, interest prepaid and deferred FCY charges)			**8,474,925**	6,079,953	**-**	-
Accrued Interest expense during the year	9		**71,127,766**	60,265,792	**-**	-
Amortised cost on financial liabilities adjustments			**235,410**	(813,135)	**-**	-
Balance at start of the year (interest payables, interest prepaid and deferred FCY charges)			**(6,025,827)**	(7,257,442)	**-**	-
			73,812,274	58,275,168	**-**	-
(iv) VAT paid						
This relates to monthly remittances to the tax authorities with respect to vatable services			**1,260,353**	571,272	**50,406**	41,362
(v) Acquisition of investment securities and proceeds from sale and redemption of investment securities						
Balance at start of the year	24		**406,665,569**	239,935,756	**4,359,999**	3,799,741
Non cash related adjustments			**(20,494,047)**	(3,335,106)	**(1,109,247)**	272,536
Add: Acquisition of investment securities during the year			**63,443,691**	245,209,578	**2,756,410**	452,236
Less: Proceeds from sale and redemption of investment securities			**(77,066,880)**	(75,144,659)	**-**	(164,514)
Balance at end of of the year	24	406,665,569	**372,548,333**	406,665,569	**6,007,162**	4,359,999
(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			**334,140,265**	69,568,383	**7,484,792**	6,588,054
Balance at start of the year on net translated foreign balances at opening exchange rates			**(319,255,373)**	(67,724,770)	**(3,537,710)**	(4,743,838)
			14,884,892	1,843,613	**3,947,082**	1,844,216
(vii) Net decrease in other liabilities						
At 31 December	37		**199,465,224**	111,457,615	**7,505,765**	2,442,832
Total amounts remitted under retirement benefit obligations	36		**(1,432,232)**	(990,616)	**(19,418)**	(18,292)
Non cash related adjustments			**7,612,133**	3,700,040	**-**	-
At 1 January	37		**(111,457,615)**	(103,105,601)	**(2,442,832)**	(1,995,973)
Net decrease in other liabilities			**94,187,510**	11,061,438	**5,043,515**	428,568

Notes to the consolidated and separate financial statements
For the year ended

		Note	GROUP		COMPANY	
			31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
(viii)	**Net increase /(decrease) in provision**					
	Opening balance for the year	38	**(6,325,375)**	(5,598,177)	**-**	-
	Provisions made during the year	38	**1,228,198**	-	**-**	-
	Effects of movement in exchange rates	38	**115,783**	-	**-**	-
	Closing balance for the year	38	**6,747,270**	6,325,375	**-**	-
	Net increase /(decrease) in provision		**1,765,876**	727,198	**-**	-
(viii)	**Proceeds from sale of property and equipment**					
	Gain on sale of property and equipment	14(a)	**514,557**	-993,603	**(266)**	109
	Cost eliminated on disposal during the year	31	**182,287**	2,621,674	**49,990**	20,787
	Accumulated depreciation and impairment losses - eliminated on Disposal	31	**(498,045)**	(1,299,334)	**(18,317)**	(20,632)
	Proceeds from sale of property and equipment		**198,799**	328,737	**31,407**	264
(ix)	**Net interest income**					
	Interest income	8	**162,041,604**	151,023,356	**433,307**	418,881
	Interest expense	9	**(71,127,766)**	(60,265,792)	**-**	-
			90,913,838	90,757,564	**433,307**	418,881
(x)	**Net decrease/ (increase) in restricted reserve deposits**					
	Opening balance for the year	28	**311,746,155**	208,916,226	**-**	-
	Closing balance for the year	28	**(329,739,147)**	(311,746,155)	**-**	-
			(17,992,992)	(102,829,929)	**-**	-
(xi)	**Net decrease/(Increase) in derivative assets held held for risk management**					
	Opening balance for the year	23(a)	**1,884,398**	11,666,095	**-**	-
	Fair value gain on financial assets adjustments		**-**	-	**-**	-
	Closing balance for the year	23(a)	**-**	(1,884,398)	**-**	-
			1,884,398	9,781,697	**-**	-
(xii)	**Net increase in non-pledged trading assets**					
	Opening balance for the year	22(a)	**9,301,789**	51,087,200	**-**	-
	Fair value gain on financial assets adjustments		**-**	-	**-**	-
	Closing balance for the year	22(a)	**(41,538,274)**	(9,301,789)	**-**	-
			(32,236,485)	41,785,411	**-**	-
(xiii)	**Net increase in loans and advances to customers**					
	Opening balance for the year	26	**869,283,265**	754,390,866	**-**	-
	Non cash related adjustments		**(333,266)**	(2,126,788)	**-**	-
	Closing balance for the year	26	**(1,113,157,620)**	(869,283,265)	**-**	-
			(244,207,621)	(117,019,187)	**-**	-
(xiv)	**Net decrease in assets pledged as collateral**					
	Opening balance for the year	25	**189,216,506**	118,653,230	**-**	-
	Non cash related adjustments		**(8,281,658)**	6,041,552	**-**	-
	Closing balance for the year	25	**(115,456,683)**	(189,216,506)	**-**	-
			65,478,165	(64,521,724)	**-**	-

Notes to the consolidated and separate financial statements
For the year ended

		Note	GROUP		COMPANY	
			31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
(xv)	**Net decrease in other assets**					
	Opening balance for the year	27	**25,258,857**	31,554,348	**2,084,505**	2,908,633
	Non cash related adjustments		**5,643,335**	5,011,321	**13,206**	34,451
	Closing balance for the year	27	**(127,410,850)**	(25,258,856)	**(7,849,591)**	(2,084,505)
			(96,508,658)	11,306,813	**(5,751,880)**	858,579
(xvi)	**Net increase in trading liabilities**					
	Closing balance for the year	23(b)	**5,174,902**	8,361,951	**-**	-
	Fair value gain on financial assets adjustments		**-**	-		-
	Opening balance for the year	23(b)	**(8,361,951)**	(37,082,002)	**-**	-
			(3,187,049)	(28,720,051)	**-**	-
(xvii)	**Net (decrease) / increase in deposits from banks**					
	Closing balance for the year	34	**160,746,916**	119,365,158	**-**	-
	Opening balance for the year	34	**(119,365,158)**	(90,060,925)	**-**	-
			41,381,758	29,304,233	**-**	-
(xviii)	**Net increase/(decrease) in deposits from customers**					
	Closing balance for the year	35	**1,554,413,623**	1,257,130,907	**-**	-
	Opening balance for the year	35	**(1,257,130,907)**	(943,085,581)	**-**	-
			297,282,716	314,045,326	**-**	-
(xix)	**Net increase in on-lending facilities**					
	Closing balance for the year	39	**157,873,774**	60,366,840	**-**	-
	Amortised cost on financial liabilities adjustments		**-**	(131,207)	**-**	-
	Opening balance for the year	39	**(60,366,840)**	(70,912,203)	**-**	-
			97,506,934	-10,676,570	**-**	-
(xx)	**Net decrease in derivative liabilities held held for risk management**					
	Closing balance for the year	23(b)	**-**	1,871,869	**-**	-
	Fair value gain on financial liabilities adjustments		**-**	(12,529)	**-**	-
	Opening balance for the year	23(b)	**(1,871,869)**	(7,563,600)	**-**	-
			(1,871,869)	(5,704,260)	**-**	-
(xxi)	**Net increase in debt securities issued**					
	Opening balance for the year	40	**101,531,205**	71,864,898	**-**	-
	Additions during the year		**848,220**	79,313,842	**-**	-
	Repayments during the year		**(26,000,000)**	(51,210,896)	**-**	-
	Accrued coupon interest for the year		**-119,189**	1,339,088	**-**	-
	Coupon interest paid during the year		**(574,910)**	(1,723,297)	**-**	-
	Amortised cost on financial liabilities adjustments		**235,410**	-	**-**	-
	Translation difference		**2,572,756**	1,947,570	**-**	-
	Closing balance for the year	40	**78,493,492**	101,531,205	**-**	-
(xxii)	**Dividend received**					
	Dividend receivable as at beginning of year		**-**		**4,685,330**	2,893,084
	Dividend accrued within the year		**-**	529,464	**4,903,114**	2,046,470
	Dividend received within the year		**-**	(529,464)	**(2,374,047)**	(254,224)
	Dividend receivable as at end of year		**-**	-	**2,529,067**	4,685,330
(xxiii)	**Investment in subsidiaries**					
	Opening balance for the year		**-**	-	**127,378,197**	127,200,705
	Additional investment for the year		**-**	-	**-**	177,492
	Closing balance for the year		**-**	-	**127,378,197**	127,378,197
(xxiv)	**Investment in asociates**					
	Opening balance for the year		**-**	-	**-**	-
	Additional investment for the year		**6,715,273**	-	**-**	-
	Closing balance for the year		**6,715,273**	-	**-**	-

Notes to the consolidated and separate financial statements
For the year ended

52 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 during the period.

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
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/2012/0000000000130	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/2013/00000000001227	Property & Valuation Experts
40	YINKA KAYODE & CO.	FRC/2013/00000000001197	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/2013/00000000001601;FRC/2015/NIESV/00000012433	Property & Valuation Experts
44	CHIKA EGWUATU & PARTNERS	FRC/2013/NIESV/00000000862;FRC/2013/NIESV/00000000857	Property & Valuation Experts
45	DIYA FATIMILEHIN & CO.	FRC/2013/NIESV/00000000754;FRC/2013/NIESV/00000002773	Property & Valuation Experts
46	EMEKA OKORONKWO & ASSOCIATES	FRC/2013/NIESV/00000002548	Property & Valuation Experts
47	EMMA OFOEGBU AND PARTNERS	FRC/2014/NIESV/00000007527	Property & Valuation Experts
48	GBOYEGA AKERELE & PARTNERS	FRC/2012/00000000117	Property & Valuation Experts
49	GODWIN KALU & CO	FRC/2012/NIESV/00000000470	Property & Valuation Experts

S/N	NAME OF PROFESSIONAL	FRC_NUMBER	ROLE
50	J AJAYI PATUNOLA & CO.	FRC/2013/0000000000679	Property & Valuation Experts
51	JUDE ONUOHA & CO	FRC/2012/NIESV/00000000477	Property & Valuation Experts
52	LEKAN DUNMOYE & PARTNERS	FRC/2013/00000000001142	Property & Valuation Experts
53	ODUDU & CO.	FRC/2012/0000000000124;FRC/2012/NIESV/00000000198	Property & Valuation Experts
54	OMOBAYO ADEGOKE AND PARTNERS	FRC/2014/00000005787	Property & Valuation Experts
55	OSAS & OSEJI ESTATE SURVEYORS & VALUEF	FRC/2012/0000000000522	Property & Valuation Experts
56	REMI OLOFA & CO.	FRC/2013/00000000001631	Property & Valuation Experts
57	SOLA BADMUS & CO	FRC/2012/NIESV/00000000256	Property & Valuation Experts
58	TOKUN & ASSOCIATES	FRC/2013/00000000001353	Property & Valuation Experts
59	YAYOK ASSOCIATES	FRN/2013/NIESV/0000000000834	Property & Valuation Experts

53 Provision of non-audit services

The details of non-audit services and the applicable fees paid during the year ended 31 December 2021 were;

	Description of non-audit services	**Fee paid (N'000)**
(i)	Nigeria Deposit Insurance Corporation (NDIC) certification for the year ended 31 December 2020	3,225
(ii)	Post audit support on IFRS9 solution	10,750
(iii)	Professional service - CBN IFRS 9 Expected Credit Loss Model Validation.	8,063
		22,038

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURES
VALUE ADDED STATEMENT

For the year ended In thousands of Naira	GROUP 31 DEC 2021	%	31 DEC 2020	%	COMPANY 31 DEC 2021	%	31 DEC 2020	%
GROSS INCOME	**212,012,446**		198,371,140		**6,461,307**		4,200,172	
INTEREST EXPENSE & CHARGES								
- Local	**(58,800,086)**		(66,509,724)		**(490)**		(40)	
- Foreign	**(19,162,736)**		(15,519,450)		**-**		-	
	134,049,624		116,341,966		**6,460,817**		4,200,132	
IMPAIRMENT LOSSES	**(15,238,207)**		(21,239,664)		**(17,387)**		(22,394)	
	118,811,417		95,102,302		**6,443,430**		4,177,738	
BOUGHT-IN MATERIAL AND SERVICES								
- Local	**34,186,152**		(27,147,943)		**(941,029)**		(740,810)	
- Foreign	**(91,080,693)**		(8,949,698)		**-**		-	
VALUE ADDED	**61,916,876**	**100**	59,004,661	100	**5,502,401**	**100**	3,436,928	100
D I S T R I B U T I O N								
EMPLOYEES								
Wages, salaries, pensions and other employee benefits	**31,262,749**	**50**	29,518,775	51	**374,671**	**7**	332,707	9
GOVERNMENT								
Taxation	**1,799,934**	**3**	2,301,262	4	**19,613**	**0**	17,763	1
THE FUTURE								
Replacement of property and equipment / intangible assets	**8,027,692**	**13**	7,574,170	13	**19,419**	**0**	26,185	1
Dividend paid	**2,970,407**	**5%**	2,772,380	5%	**-**	**-**	2,772,380	0.81
Profit for the year (including statutory and regulatory risk reserves)	**17,738,172**	**29**	16,647,284	28	**5,088,698**	**92**	287,893	8
Non-controlling interest	**213,300**	**0**	190,791	0	**0**	**-**	-	-
VALUE ADDED	**62,012,254**	**100**	59,004,661	100	**5,502,401**	**100**	3,436,928	100

OTHER NATIONAL DISCLOSURES
FIVE-YEAR FINANCIAL SUMMARY

GROUP					
In thousands of Naira	**31 DEC 2021**	31 DEC 2020	31 DEC 2019	31 DEC 2018	31 DEC 2017
ASSETS EMPLOYED					
Cash and cash equivalents	**362,700,083**	221,078,644	223,545,838	185,147,549	103,888,007
Non-pledged trading assets	**41,538,274**	9,301,789	51,087,200	47,469,113	23,936,031
Derivative assets held for risk management	**-**	1,884,398	11,666,095	10,538	345,784
Investment securities	**372,548,333**	406,665,569	239,935,756	235,921,932	153,428,659
Assets pledged as collateral	**115,456,683**	189,216,506	118,653,230	87,409,893	61,330,157
Loans and advances to customers	**1,063,589,192**	822,772,612	715,880,600	633,034,962	649,796,726
Other assets	**127,410,850**	25,258,857	31,554,348	35,259,574	27,604,320
Restricted reserve deposits	**329,739,147**	311,746,155	208,916,226	146,497,087	109,638,559
Property and equipment	**47,084,551**	46,202,464	43,697,159	37,281,754	33,402,173
Intangible assets	**17,155,970**	16,321,660	15,624,505	15,320,782	14,920,960
Deferred tax assets	**9,163,896**	7,944,839	7,944,838	7,944,838	8,233,563
	2,486,386,979	2,058,393,493	1,668,505,795	1,431,298,022	1,186,524,939
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	**62,872,102**	47,482,438	34,187,857	28,962,144	28,761,146
Other reserves	**55,058,784**	53,964,438	40,952,603	28,950,679	33,044,691
Non-controlling Interest	**581,059**	379,555	232,418	220,514	362,206
Trading liabilities	**5,174,902**	8,361,951	37,082,002	32,474,632	21,616,660
Derivative liabilities held for risk management	**-**	1,871,869	7,563,600	10,538	345,784
Deposits from banks	**160,746,916**	119,365,158	90,060,925	39,140,044	6,355,389
Deposits from customers	**1,554,413,623**	1,257,130,907	943,085,581	821,747,423	689,860,640
Retirement benefit obligations	**14,855**	325,557	132,542	80,207	70,364
Current income tax liabilities	**5,449,065**	4,502,688	4,743,683	5,038,371	3,860,163
Deferred tax liabilities	**308,729**	316,090	345,852	307,703	106,821
Other liabilities	**199,465,224**	111,457,615	103,105,601	116,216,647	66,281,783
Provision	**6,747,270**	6,325,375	5,598,177	11,583,432	3,904,717
On-lending facilities	**157,873,774**	60,366,840	70,912,203	57,889,225	42,534,316
Debt securities issued	**78,493,492**	101,531,205	71,864,898	54,651,172	54,691,520
Borrowings	**80,704,066**	159,718,037	133,344,085	108,731,522	109,434,970
	2,493,197,630	2,058,393,492	1,668,505,795	1,431,298,022	1,186,524,939
Acceptances and guarantees	**281,178,633**	223,278,647	209,940,465	234,930,713	167,211,168
PROFIT OR LOSS ACCOUNT					
	12months Dec 2021	*12months Dec 2020*	*12months Dec 2019*	*12months Dec 2018*	*12months Dec 2017*
Gross earnings	**212,012,446**	198,371,140	181,249,930	175,368,948	169,881,972
Profit before tax	**22,716,659**	21,911,716	20,130,397	18,442,297	10,665,166
Tax	**(1,799,934)**	(2,301,262)	(2,793,123)	(3,470,769)	(2,052,188)
Profit after tax	**20,916,725**	19,610,454	17,337,274	14,971,528	8,612,978
Transfer to reserves	**20,916,725**	19,610,454	17,337,274	14,971,528	8,612,978
Earnings per share - basic and diluted (Naira)	**1.05**	0.98	0.87	0.75	0.43

OTHER NATIONAL DISCLOSURES
FIVE-YEAR FINANCIAL SUMMARY

COMPANY **In thousands of Naira**	**31 DEC 2021**	31 DEC 2020	31 DEC 2019	31 DEC 2018	31 DEC 2017
ASSETS EMPLOYED					
Cash and cash equivalents	**621,755**	818,741	19,482	297,957	146,366
Investment securities	**6,007,162**	4,359,999	3,799,741	3,727,938	5,109,140
Other assets	**7,849,591**	2,084,505	2,908,633	2,342,951	748,575
Investment in subsidiaries	**127,378,197**	127,378,197	127,200,705	126,405,374	125,594,702
Property and equipment	**42,815**	78,313	91,259	17,846	38,022
	141,899,520	134,719,755	134,019,820	132,792,066	131,636,805
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	**9,049,060**	6,930,769	6,642,875	5,813,795	4,350,828
Other reserves	**-**	2,817	2,817	(1,481)	-
Current income tax liabilities	**50,926**	49,568	84,386	178,455	59,915
Other liabilities	**7,505,765**	2,442,832	1,995,973	1,203,898	1,628,663
Provision	**-**	-	-	303,630	303,630
	141,899,520	134,719,755	134,019,820	132,792,066	131,636,805
Acceptances and guarantees	**-**	-	-	-	-
PROFIT OR LOSS ACCOUNT					
	12months Dec 2021	*12months Dec 2020*	*12months Dec 2019*	*12months Dec 2018*	*12months Dec 2017*
Gross earnings	**6,461,307**	4,200,172	3,501,949	3,438,588	2,529,399
Profit before tax	**5,108,311**	3,078,036	3,614,493	3,675,692	1,540,219
Tax	**(19,613)**	(17,763)	(13,033)	(123,300)	(15,333)
Profit after tax	**5,088,698**	3,060,273	3,601,460	3,552,392	1,524,886
Transfer to reserves	**5,088,698**	3,060,273	3,601,460	3,552,392	1,524,886
Earnings per share - basic and diluted (Naira)	**0.26**	0.15	0.18	0.18	0.08