FCMB

FCMB GROUP PLC
ANNUAL REPORT AND ACCOUNTS
2019

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ANNUAL REPORT AND ACCOUNTS

FCMB Group Plc
First City Plaza, 44 Marina, Lagos, Nigeria

www.fcmbgroupplc.com

FCMB GROUP PLC

OUR VISION

To be the premier financial services group of African origin.

OUR MISSION

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

OUR CORE VALUES

- Execution
- Professionalism
- Innovation
- Customer Focus

ANNUAL REPORT 2019

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

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

Contents

1 Introduction

2 Operating Review

3 Corporate Governance

4 Financial Statements

5 Other National Disclosures

6 Shareholder Information

7 Branches and Account Opening Information

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

Introduction

About FCMB Group Plc

FCMB Group Plc is a bank-led financial services group, headquartered in Lagos, Nigeria, with operating companies divided along three business groups – Commercial and Retail Banking (First City Monument Bank Limited (the Bank), Credit Direct Limited, FCMB (UK) Limited and FCMB Microfinance Bank Limited); Corporate & Investment Banking (the Corporate Banking Division of the Bank, FCMB Capital Markets Limited and CSL Stockbrokers Limited); and Asset & Wealth Management (FCMB Pensions Limited, FCMB Asset Management Limited and FCMB Trustees Limited). Listed on the Nigerian Stock Exchange (NSE) with the ticker symbol 'FCMB', FCMB Group Plc has 19.8 billion ordinary shares held by over 517,000 shareholders.

First City Monument Bank Limited, the wholly owned flagship company of FCMB Group Plc, is a top-10 lender in Nigeria and has about 6.4 million customers and 206 branches in Nigeria and a banking subsidiary in the United Kingdom through FCMB Bank (UK) Limited (which is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA in the United Kingdom).

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

1977

1977: Founded

City Securities Limited is established

1982

1982: Acquired Banking Licence

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

2001

2001: Name Change

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

2004

2004: Private Placement

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

2005

2005: Initial Public Offering

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

2007

2007: Public Offering

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

2012

2012: Merger with FinBank

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

2013

2013: Group Restructuring

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

2014

2014: FCMB (UK) Licence

FCMB (UK) Limited obtains commercial banking licence to operate in the United Kingdom

2017

2017: Acquired Legacy Pensions

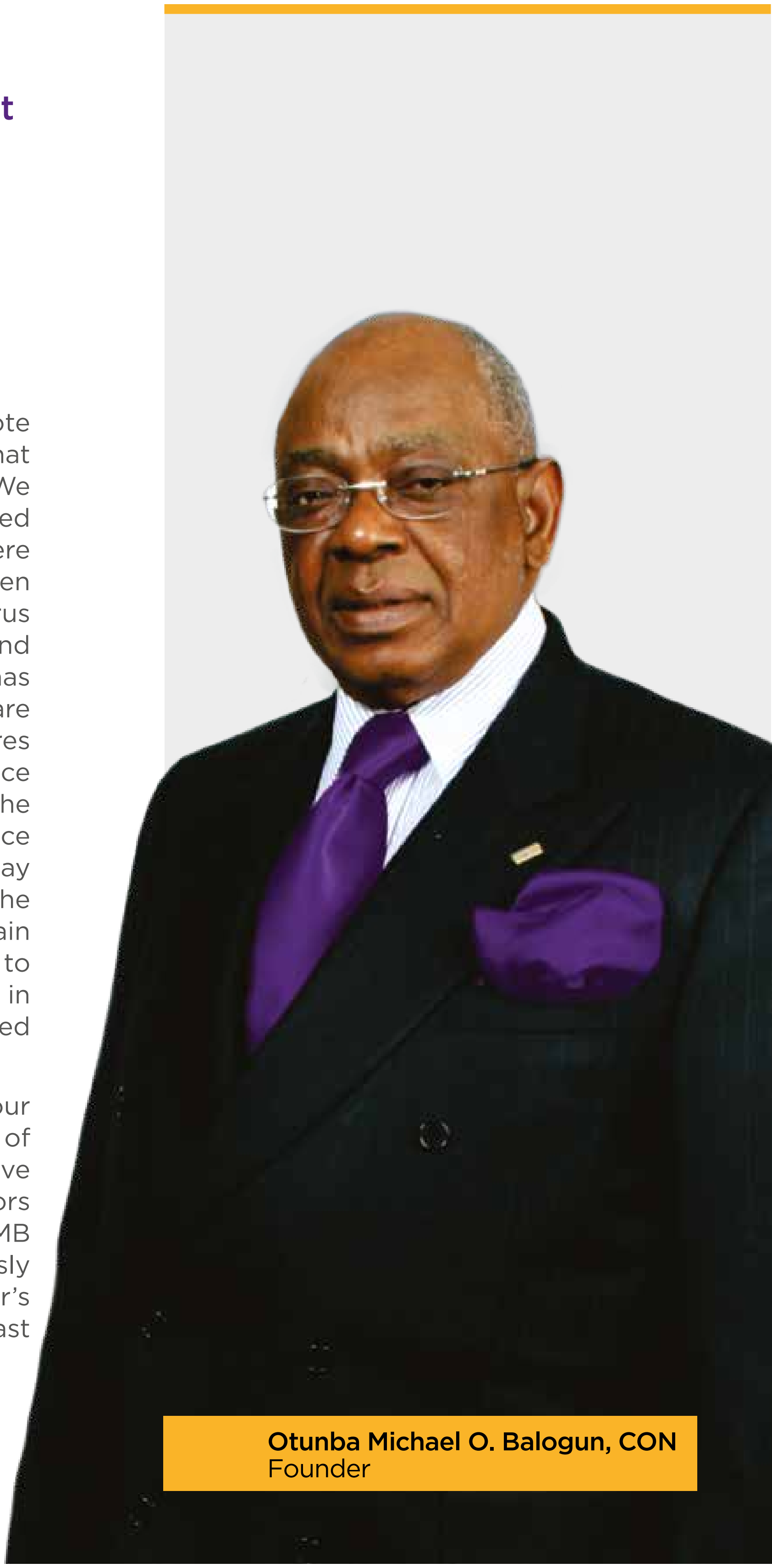
FCMB acquires majority stake in Legacy Pension Managers Limited (now FCMB Pensions Limited)

From the Archives of the Founder

"The emergence of the Coronavirus Pandemic will only make us to be very cautious about the way forward; but we are however confident that with the resourcefulness of the leadership of the group and also of the subsidiaries, we will definitely overcome!"

We finished the year 2019 on an upbeat note particularly as all the parameters indicated that we are firm on our feet and on the right track. We do not have any doubt that we have improved on the previous year's performance. We were confidently looking on the new year, when suddenly in the last few weeks, the Coronavirus Pandemic descended on the entire world and this has caused some destabilization which has affected our focus for the year 2020. We are however confident that with all the measures that we have put in motion, our performance will not be on the reverse, as I believe that the Management of the Group has put in place necessary strategies to move us ahead. It may not be smooth, but we are confident that the indications will not be disastrous. We remain confident that we are on the right track to achieving the goals we have set for ourselves in this new year. This is my view as a concerned observer.

We have spent over one year with our reorganization of the leadership structure of our Group, with the Group Chief Executive associating the different Managing Directors of the subsidiaries, particularly the Bank, FCMB Limited, in our new strategy. We are cautiously embarking on making the current year's performance better than our immediate past performance.



Otunba Michael O. Balogun, CON
Founder

I am looking at our situation as an observer but I can see that the Group Chief Executive and the Managing Directors of the subsidiaries of the Group, particularly FCMB Limited are fairly confident that all will be well with the measures that we have put in place. We should be able to reduce the incidence of bad loans. At the same time, Capital Markets and all other units within the Investment Banking Services appear this year to be well organized to improve on their performance. We are also expecting that our proposed subsidiary, CSL Capital (UK) Limited will add considerable value to our bottom line. The emergence of Coronavirus Pandemic will only make us trepid and very cautious about the way forward.

As of the time I am writing this statement, I am somehow confident that with the determination of the leadership of the Group, as well as the subsidiaries, we will definitely overcome. The new subsidiary, FCMB Pensions, is making effort to enlarge its business and indications are that we will acquire a few more pension funds to manage. These are my observations as an interested observer with our usual determination to overcome any problem.

I am still able to expect that all will be well and that our performance will not deteriorate because of the Coronavirus Pandemic. Something I have noticed as an observer is that the entire management of the Group is more sure-footed, and I am confident that all will be well. I am not just an observer, but also a stakeholder and as usual, I am always associating the good Lord with what is happening. We continue to pray to the good Lord that we will overcome the Coronavirus Pandemic, so that we will have the correct and conducive environment to operate, so help us God. Amen.

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

Chairman's Statement

Mr Oladipupo Jadesimi
Chairman

Distinguished ladies and gentlemen, fellow shareholders, it is my pleasure and privilege to present to you the FCMB Group Plc's ('the Group's') Annual Report and Accounts for the year ended 31 December 2019.

2020 marks the beginning of a new decade and I would like to use this opportunity not just to welcome you all to the seventh Annual Meeting of the Group, since our corporate reorganisation and restructuring in 2013, but also to thank you for your continued loyalty and support over the years. I am happy to inform you that all of our three business groups – namely: Commercial & Retail Banking, Asset & Wealth Management and Corporate & Investment Banking – reported improved performances, in terms of higher earnings and profits, compared to what we achieved in 2018.

FCMB Group Plc is a group of companies – and an investment – that benefits from a combination of profitability and the dedication of its staff, so I would also like to begin by saying thank you to each and every member of the FCMB Group: you make the Group what it is – and our success is powered by your hard work, energy and commitment.

Reinforcing Our Foundations

The last few years have seen a lot of changes in our industry, ranging from the negative – an economic slowdown, regulatory pressure and negative interest rates – to the positive digital disruption and transformation that is redefining the industry, and the world, as we once knew it. As a result of the decisions that we have made over the past few years, we remain well positioned to continue to succeed, in this evolving landscape, in the years to come. Although we have to change and continuously adapt in order to thrive in our changing operating environment, it is noteworthy that the foundations that underpin our performance – i.e. our diversification and dedication to execution, professionalism, innovation and customer focus – have remained unchanged. By remaining focused on and reinforcing these values, we aim to continuously grow earnings and improve our profitability from where we are today.

Our Board's Focus

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

In 2019, we continued to move forward on the path of good governance, strengthening and improving our corporate governance structure and bringing it into line with our long-term strategy and with the highest international standards in order to increase the confidence of our shareholders, investors and other stakeholders, in an environment that is demanding even more transparency.

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

Board Changes

2019 saw a couple of Board changes as we said goodbye, on 8 March, to Mr Bismarck Rewane, who provided wise advice, valuable service and excellent support to the Board for many years. We also welcomed Mr Olufemi Badeji to the Board on 2 October, as he became the Executive Director overseeing our Corporate & Investment Banking business.

Board Composition and Committees

As at 31 December 2019, the Board, led by myself as Non-Executive Chairman, was composed of nine other Directors (six Non-Executive Directors and three Executive Directors), in line with international best practice that requires the number of Non-Executive Directors to be more than the Executive Directors. Mr Ladi Balogun (as the Group Chief Executive), Mr Peter Obaseki (as the Chief Operating Officer) and the newly appointed Mr Olufemi Badeji (as Executive Director: Corporate & Investment Banking) made up the three Executive Directors, while the Non-Executive Directors (besides myself) comprised Alhaji Mustapha Damcida, Mr Olutola O Mobolurin, Mrs Olapeju Sofowora, Professor Oluwatoyin Ashiru and Dr (Engr) Gregory O Ero. Mr Olusegun Odubogun and Mr Bismarck Rewane (up until 8 March 2019) served as Non-Executive Independent Directors.

The Board met five times during 2019, with an average attendance rate of 92%. The Board was supported by the Statutory Audit Committee and two Board Committees that reported to it, namely the Board Risk, Audit and Finance Committee and the Board Governance and Remuneration Committee. The Board Risk, Audit and Finance Committee, which consisted of Mr Bismarck Rewane (Chairman up until 8 March 2019), Mr Olusegun Odubogun (Chairman from April 2019), Dr (Engr) Gregory O Ero and Mrs Olapeju Sofowora (from April 2019), met four times in 2019 with an average attendance rate of 91%. The Board Governance and Remuneration Committee, which was made up of only Non-

Chairman's Statement

Continued

Executive Directors (the Group Chief Executive and the Chief Operating Officer attend meetings when required), consisted of the following as members during the year: Mr Olutola O Mobolurin (Chairman), Professor Oluwatoyin Ashiru, Alhaji Mustapha Damcida and Mrs Olapeju Sofowora. The committee met four times within the year, with a 100% attendance rate.

The Statutory Audit Committee, which consisted of Evangelist Akinola Soares (Chairman), Alhaji S B Daranijo, Mr Hakeem Batula, Mr Bismarck Rewane (up until 8 March 2019), Mr Olutola O Mobolurin, Mr Olusegun Odubogun and Mrs Olapeju Sofowora (from April 2019) also met four times, with a 100% attendance rate.

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

Profit After Tax and Earnings Per Share Information

FCMB Group Plc's Board of Directors has adopted a policy that seeks to provide investors with a stable and sustainable form of capital distribution, with consideration given to the growth and capital requirements of the business, thereby maximising long-term share value for shareholders. For the full year ended 31 December 2019, the Group declared a profit before tax of ₦20.1 billion, up 9% from full year 2018. These improved results demonstrate both the strength and the potential of the Group. Consequently, our Board has recommended a dividend of 14 kobo per share, representing a dividend appropriation of ₦2.77 billion, the same as for full year 2018. Earnings per share, in 2019, was ₦0.87, compared to ₦0.75 in 2018. More details on the performance will be provided by the Group Chief Executive.

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

Mr Oladipupo Jadesimi
Chairman

Group Chief Executive's Report

Ladi Balogun
Group Chief Executive

Distinguished Shareholders, it gives me great pleasure to welcome you to the 7th annual general meeting of FCMB Group Plc and to present a summary of the performance of our businesses in 2019.

Macroeconomic Environment

On the global scene, intensified trade tensions between the United States (US) and China, lingering Brexit uncertainties and geopolitical tensions in the Middle East weighed on economic activities. This resulted in a slowdown in business investment, subdued activities across factories and industries and weakened global manufacturing output. Notably, the US ISM Manufacturing Purchasing Managers Index (PMI) dipped to the lowest level since 2016 in November 2019. Manufacturing output in the Eurozone, indicated by the PMI, drifted into the negative territory Q2-2019. Economic growth in the US slowed to 2.3% (2018: 2.9%) on the back of trade concerns and the waning impact of President Trump's 2017 tax cuts. Similarly, in the Euro Area, growth declined sharply to 1.2% from 1.9%, reflecting the impact of weak demand, poor business confidence and Brexit uncertainties. In a bid to shield the economy from the impact of the trade spat with China, the US Fed cut its benchmark rate by a cumulative 75bps to a range of 1.5–1.75% before indicating a pause in rate cuts at its December 2019 meeting. In a similar fashion, the European Central Bank reduced its benchmark deposit rate further into the negative territory and relaunched its assets purchase program. Brent traded at an average of US$64/bpd.

For the Nigerian economy, it was a tale of two halves as the conduct of the general elections heated the political climate, resulting in subdued economies activities in the first half of the year. Although the political environment returned to normalcy in the second half of the year following the successful conduct of the elections, the late passage of the budget, accompanied by a lack of any kind of fiscal stimulus, a tight monetary policy and the delay in the appointment of ministers, conspired against business confidence and private sector investment.

In August 2019, the Nigerian Customs Service shut the country's land borders to curtail the importation of smuggled products as both

Group Chief Executive's Report

Continued

a security measure and a means to promote domestic production. This led to a surge in the prices of major consumer staples, which is evident in the accelerated pace of inflation to 12.1% in November 2019 from a 43-month low of 11.0% in August 2019. Food inflation trended upwards from 13.2% in August to 14.7% in December.

Although there was relative stability in the FX market in 2019, it was mainly due to sustained capital flows into high-yielding open market operations (OMO) bills despite widening deficit in the current account balance. The impact of the deficit in the current account is reflected in the 14.5% decline in the external reserves from a high of US$45.1 billion in July 2019 to US$38.6 billion at the close of the year. In total, external reserves fell 10.5% year-on-year (y-o-y) in 2019.

According to the National Bureau of Statistics, the nation's GDP grew by 2.27% y-0-y in 2019, higher than 1.91% y-0-y in 2018. Notably, this was the highest expansion in economic activities since the economic recession in 2016. However, the fact that the growth still lags behind population growth implies a continued decline in per capita income. Meanwhile, growth in the oil sector improved to 4.59% y-0-y from 0.97% y-0-y in 2018, while activity in the non-oil sector also rose marginally to 2.06% y-0-y in 2019 from 2.00% y-0-y in 2018. The performance in the non-oil sector was mainly driven by finance and telecommunications, which made up for the rather modest expansion in agriculture and manufacturing.

The banking sector experienced a few headwinds to profitability in 2019. CBN's minimum loan-to-deposit (LDR) policy of 65% resulted in steep competition for loans as strong borrowers sought to refinance existing loans at lower rates. Demand for loans also decreased as many corporates had the option of issuing commercial papers at significantly low rates. With returns on risk assets and liquid assets down, average yields have started to decline. The banks that failed to meet the CBN's minimum LDR were also debited at various times, which meant that funds that should be earning interest were further sterilised.

The industry-wide rate reduction also came on the heels of CBN's policy, prohibiting non-banking financial institutions (NBFIs), local corporates and retail investors from participating in its OMO at the primary and secondary markets. This led to a sharp decline in yields in Treasury bills (NTbills) and bonds, as these segments of the market scrambled for existing instruments to invest maturing OMO bills. The apex bank noted that its decision was aimed at discouraging banks and local corporates from investing in high-yield government securities. There has been a sharp decline in the NTbills rate over a one-month period from 11.5% to 5.7% at the last auction.

The total assets of the Nigerian pension industry grew by 18.2% to ₦10.2 trillion in 2019. The industry took advantage of the relatively high returns in the fixed income market in the first three quarters of the year, with investments in bonds (government and corporate) and treasury bills making up 77.4% of total assets at the end of the year. Investments in money market instruments increased to 11.5% in 2019 from 8.21% in 2018, while investments in equities reduced from 7.7% in 2017 to 6.2% in the same period. PenCom continued its programme of reducing the fees chargeable by pension fund administrators in 2019, thus dampening fee income for operators.

The Nigeria Stock Exchange extended its bearish run to the second consecutive year, with the NSE All-Share Index showing a negative return of 14.6% in 2019. This is in spite of the listing of MTN Nigeria and Airtel Africa on the Exchange during the year. The performance in the Nigerian market contrasts with that of other emerging markets and frontier markets in 2019. The MSCIEM and FM index posted positive returns of 15.4% and 13.5% respectively. Net foreign portfolio flows were negative for the second year running with a net outflow of ₦104.3 billion compared to ₦66.2 billion in 2018.

Overall Group Performance

FCMB Group's post-tax profits increased by 16% to ₦17.3 billion. This translates to return on average equity of 9.0% and earnings per share of 87 kobo, an improvement on 8.2% and 75 kobo respectively in 2018. Our businesses continue to improve with growth in other key indicators such as loans and advances, deposits and assets under management (AUM), which grew by 13.1%, 14.7% and 28.3% respectively. Our customer base also grew by 27.5% across the Group from 5.5 million to 7.0 million. Overall customer satisfaction has shown positive trends, with a net promoter score of 31 in banking and 23 in asset management. Asset quality has continued to improve, with the Group-wide NPL ratio coming down to 3.7% from 5.9%. Similarly, capital adequacy ratio has remained steady at 17.2% for our Commercial and Retail Banking Group. We see room for improvement in the overall Group cost-to-income ratio, which sits at 69.4%. Efficiency gains will be a focus area in 2021.

Business Groups' Performance

The Commercial and Retail Banking Group grew its profits by 20%, driven by improved performance in our consumer finance business, as we continue to expand our digital products offerings and channels. Commercial and Retail Banking remains the largest contributor to group profits with 92%.

The reduction in the value and volume of trades on the stock exchange, coupled with a reduced appetite for capital market transactions, had a significant negative impact on the performance of our Investment Banking businesses, with pre-tax profits dropping by 58%.

Assets managed by our Asset and Wealth Management businesses increased by 28% to over ₦403 billion at the end of the year. The reduction in fees charged by pension fund administrators by PenCom coupled with significant investments in sales, marketing and service delivery impacted pre-tax profits, with a 3.8% drop in 2019.

A new Executive Director, Mr Femi Badeji joined the board in 2019 and has overall responsibility for driving all corporate and investment banking activities in the Group.

Outlook

Current macro indices signal that the economy will remain challenged in 2020. The IMF predicts a 2020 economic growth of 2.0% revised down from its previous forecast of 2.5%. On the other hand, the World Bank projects a 2.1% growth for the Nigerian economy in 2020. Forecast growth is expected to be driven by growth in the non-oil sector, with the Federal government expected to spend more in the 2020 budget year (following restoration to a January–December Budget cycle) in a bid to stimulate growth. Furthermore, we expect the CBN to maintain its pro-growth stance in an effort to support growth.

The coronavirus epidemic arrived as an unanticipated trigger of global economic weakness, with key economic managers citing the possibility of a global recession should the virus not be properly contained. Furthermore, a knock-on effect is the negative impact of the virus on oil prices, which remain a key driver of the Nigerian economy. We believe the Nigerian economy is not adequately prepared for an oil price shock in case it occurs.

The CBN remains committed to defending the exchange rate in a bid to maintain stability and investor confidence in the naira. While we think the CBN may be able to sustain a defence of the naira in 2020, we do not see this as a long-term option for the apex bank. Furthermore, we expect pressure on oil prices, which could weaken reserves and test the resolve of the CBN. As the CBNs defences are relatively thin, a sustained fall in oil prices could bring significant volatility in the foreign exchange market.

The interest rate environment remains low following the CBN's pro-growth stance. With yields remaining low, the equity markets are yet to see any respite. AUM growth will be in the single digits for the pension industry, but we expect AUM beyond pensions to grow more strongly due to customers switching from fixed deposits to money market funds.

2020 will also see a number of our digital initiatives coming of age. We will begin reporting on the growing impact that our technology platforms and products are having on our performance and competitiveness. We expect this to be substantial and are excited about the prospects of these initiatives for all our stakeholders.

Thank you very much for your attention.

Ladi Balogun
Group Chief Executive

Operating Review

2019 Awards Won

FCMB Group Plc's commitment to excellence was recognised in 2019 by a number of awards:

KPMG Nigeria Banking Industry Customer Experience Survey Report 2019

Number One Bank in Customer Experience for SMEs

December 2019

First City Monument Bank (FCMB) Limited

BusinessDay Banking and Financial Institutions Award 2019

Most Business-Friendly Bank

October 2019

First City Monument Bank (FCMB) Limited

Finnovex Awards West Africa 2019

Excellence in Customer Experience Enhancement

October 2019

First City Monument Bank (FCMB) Limited

BusinessDay Banking and Financial Institutions Award 2019

Consumer Finance Company of the Year

October 2019

Credit Direct Limited

CFI.co Awards 2019

Best Social Impact Finance Partner in Nigeria

2019

Credit Direct Limited

Phillips Consulting Annual Digital Learning Roundtable Series 2019

Best Digital Learning Adoption Award

July 2019

First City Monument Bank (FCMB) Limited

Africa Foresight Group Award 2019

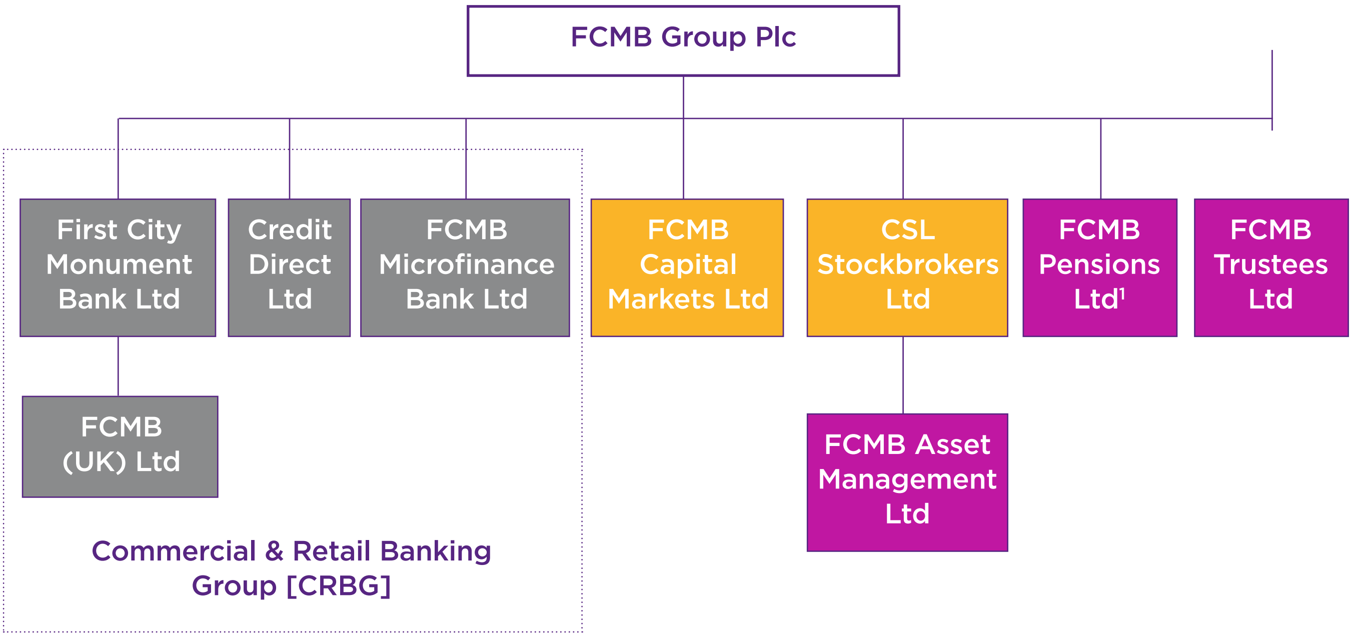
AFG Future Global Champion

September 2019

Credit Direct Limited

Our Group of Companies

There are 10 operating entities in the FCMB Group, including the holding company



Commercial & Retail Banking
Asset & Wealth Management
Corporate & Investment Banking

1. All subsidiaries are wholly owned except FCMB Pensions Limited, which is owned 91.6%.

Operating Companies' Performance Highlights

Commercial & Retail Banking Group

Adam Nuru
Managing Director
First City Monument Bank Limited

Distinguished Shareholders, it is with pleasure that I present to you the operating and financial performance of the Bank for the year 2019.

Year in Perspective

2019 commenced on a slow note as electioneering activities and swearing-in characterised the first half of the year, with the government struggling to implement fiscal policies over the latter half. Following this was the closure of the nation's land borders in a bid to curb smuggling and block revenue leakages. This, among other implications, resulted in the noted increase of headline inflation to 11.9% at the end of 2019 from 11.4% in December 2018.

The banking sector was not isolated from the vicissitudes of the macro-economy as the Central Bank of Nigeria (CBN) retained a tight monetary stance by reducing the Monetary Policy Committee rate from 14% to 13.5% in Q1 2019 and maintained same throughout the year. This was followed by a wave of regulations including the minimum Loan to Deposit (LDR) ratio of 60% in Q3 2019, (later increased to 65% with a compliance deadline of December 2019). This exerted pressure on lending rates from increased liquidity and mandated the creation of new risk assets, in compliance with regulation, as well as new guidelines restricting local investors from participation in the OMO market in Q4 2019.

The Industry's competitive landscape was also heightened with the licensing of payment service banks, Fintechs and super agents providing alternative payments and lending platforms to challenge commercial banks.

Our Scorecard

Despite all these, the Bank remained on track with the strategic imperatives to strengthen our balance sheet, improve asset quality and leverage emerging technologies, including big data analytics and artificial intelligence to increase engagement with existing and prospective

Commercial & Retail Banking Group

Continued

customers. We also achieved the convergence of our digital channels to deliver seamless customer experience, exponentially scaling up customer acquisition and executing transactions at a lower cost-to-serve. The resolve to be different and create a unique user experience for our customers was not lost on them or the industry, as it earned us some awards in 2019, including:

- Number One Bank in Customer Experience for SMEs (KPMG Nigeria Banking Industry Customer Experience Survey Report December 2019);
- Excellence in Customer Experience Enhancement, awarded in October 2019 by Finnovex West Africa; and
- Most Business-Friendly Bank, awarded in October 2019 by Business Day.

Regarding our financial performance, I am pleased to announce that we delivered a Profit before Tax (PBT) of ₦14.8 billion for the year 2019, representing a 4% growth compared to ₦14.2 billion recorded in 2018. This performance, though moderate, was a result of the resilient operating model the Bank has built over the years, positioning us to adequately respond to regulatory headwinds with minimal impact on our operations.

Net interest income reduced marginally by 4% in response to the decline in yield on the back of the new CBN OMO policy, with non-interest revenue also towing this path to experience a marginal dip of 5% from ₦16.8 billion in 2018 to ₦15.9 billion in 2019. However, worthy of note is the fact that the drop was due to one-off exceptional items, notably, card recoverable expense and FX revaluation gain. These gaps were, however, augmented by the significant growth of about 33% in electronic fees and commission from ₦8.3 billion in 2018 to ₦11.0 billion in 2019. This trend is expected to continue in subsequent years as we continue to gain traction with our digital infrastructure.

We maintained our focus on operating expense to achieve a 9% (₦6.5 billion) reduction in operating costs from ₦73.1.8 billion in 2018 to ₦66.6 billion in 2019. The reduction in overhead costs was on the back of some proactive decisions made earlier to provide for some expenses which were no longer required. Some portion of this was utilised to expand the investment in our human capital and to accommodate the 24% and 21% growth in regulatory NDIC and AMCON charges respectively. In the same vein, we recorded success with the effective implementation of the robust risk management framework, and this resulted in the achievement of a 4% improvement in our net impairment losses from ₦13.9 billion in 2018 to ₦13.4 billion in 2019.

Overall, our balance sheet grew 17% from ₦1.39 trillion in 2018 to ₦1.62 trillion in 2019 in line with our resolve to strengthen our balance sheet. Deposit volume grew 15% from ₦825 billion in 2018 to ₦946 billion in 2019, sustaining the growth trajectory of 2017, with about 70% of the growth coming from low-cost deposits. Risk asset volume also grew 12% from ₦616 billion in 2018 to ₦692 billion in 2019 as the Bank pursued a cautious loan growth strategy in compliance with the revised CBN LDR guideline.

The cost of risk also declined to 1.3% in 2019 compared to 1.4% in 2018 and 3.1% in 2017 respectively, attesting to an improvement in our risk management practices.

Business Segment Performance

On a segment basis, our Personal Banking and SME business continued to lead the Bank's retail-led commercial banking strategy.

Our Personal Banking business had a strong performance in 2019, with PBT growing 43% to ₦8.6 billion compared to 2018 (adjusted for the impact of Credit Direct Limited in 2018). Fees and commissions grew by 17%, from ₦4.9 billion in 2018 to ₦5.8 billion in 2019, from strong growth in our mobile banking and Unstructured Supplementary Service Data (USSD) customer base. Customer acquisition also peaked at about 1.4 million during the year, with the launch of FCMB Easy Account, which has made it possible to carry out transactions using your phone number as your account number. 849,676 FCMB Easy Account customers were acquired in 2019.

In the same vein, our SME segment profitability improved on the back of 15% growth in net interest income from ₦18.9 billion in 2018 to ₦21.9 billion in 2019. This performance was also supported by the 13% growth in fees and commissions despite the CBN policy changes introduced around domiciliary account transfers in the informal SME segment, where FCMB plays strongly. In addition, the enhanced risk management framework also continued to show results with about a 45% decline in impairment charges in the segment from ₦4.5 billion in 2018 to ₦2.4 billion in 2019, despite about 57% increase in risk asset volume from ₦68.4 billion in 2018 to ₦104.0 billion in 2019.

Subsidiaries Performance

Our UK subsidiary sustained its profitability trend, reporting an 11% growth in PBT from ₦0.51 billion in 2018 to ₦0.57 billion in 2019. The balance sheet also grew 57% from ₦84 billion in 2018 to ₦132 billion in 2019. These results are despite a series of issues the Bank had to deal with in 2019 as it settled down fully to leverage its recently acquired retail license. This performance is expected to improve considerably in subsequent periods as most of the subsidiary initiatives start to gain traction.

Outlook

Going into 2020, the challenge nodes appear severe as we position our operations to contend with the COVID-19 virus and its impact on oil price, global trade and the investment landscape. To this end, we will continue to reinforce our strategy to build a healthy balance sheet to withstand any financial shock. Optimisation of the risk management framework will continue, even as we pursue our diversification strategy to reduce the Bank's exposure in sectors that may be very vulnerable to any shocks, while also reviewing our asset deployment strategy by playing on the tenure and nature of transactions to be financed even in sectors considered healthy. Overall, the asset book will be stress-tested continuously to develop proactive resolution strategies.

On the product side, the Bank will consolidate the gains from the array of new digital products deployed in 2019 including the new FCMB mobile App, Easy Account, the digital lending platform for both personal banking and SME segments, etc., which are already showing growth potential. We will continue to drive traction in the key growth segments that we have identified and spent some time understanding, including the youth, women in business, health and pharmaceuticals, the extractive industry and agricultural value chain, while positioning us to leverage our agile structure to develop more innovative products that will address customers needs in our operating environment.

Conclusion

Our task for 2020 is well cut out before us and the drive to excel would be a key factor in executing strongly in the emerging landscape. Without doubt, I believe we have the right team and resources to see this stage through. I say a very big thanks for the support thus far, to my colleagues for driving execution of the strategies, to our board members providing unparalleled leadership and of course the shareholders for the trust reposed in us.

Our commitment to building "the premier financial services group of African origin" remains sacrosanct and the start of this new decade will play a pivotal role in the achievement of this vision. Once again, on behalf of myself and the entire executive management team, I wish you all a prosperous 2020.

Adam Nuru
Managing Director and Chief Executive Officer

Commercial & Retail Banking Group

Continued

FCMB Microfinance Bank Limited's

Business Performance Highlights

Sustainable Growth – 2019

The 2019 financial year witnessed the sustainability of a profitable Oyo State-licensed subsidiary, FCMB MFB Ltd. Despite its inability to secure CBN approval for the roll out of a proposed six additional business outlets, the business grew its PBT by 172%, from ₦33 million in 2018 to ₦94 million in 2019.

The year witnessed the introduction of asset loans and collaboration with registered cooperatives to improve portfolio quality and size. The first tranche of BOI funds in the sum of ₦40 million was accessed during the year under review to facilitate the disbursement of additional loans (prosperity loans) at lower prices to proven customers, thereby growing client loyalty. Similarly, the business embarked on aggressive low cost to close the year with a 78% low cost deposit mix, while the LDR stood at 124%.

The loan disbursement increased by 73% (₦0.69 billion) from ₦0.95 billion in 2018 to ₦1.64 billion in 2019, while the loan portfolio balance grew by 27% (₦102 million) from ₦373 million in 2018 to ₦475 million in 2019. The portfolio at risk was 2.78%, while the NPL was 1.99%.

On the other hand, the deposit portfolio grew by 97% from ₦194 million in 2018 to ₦382 million in 2019. Similarly, the business closed the 2019 financial year with a PBT of ₦94 million, an increase on the ₦33 million recorded in 2018.

In line with its social goals, the Group has sealed collaboration with Future Minds Development Initiative to offer 'eDokita' micro-health care services to low cost savings customers. It is expected that this initiative will also help to promote a savings culture among clients.

In pursuit of the digitalisation strategy aimed at improving efficiency and scalability and providing exciting customer service experiences, mobile banking and social lending solutions were piloted during the year under review. In addition, the integration of a group lending application into an agent banking solution has commenced the facilitation of a synergy that would offer micro-lending businesses through agency channels.

More so, the business is at an advanced stage of implementation of digitalised social lending products and integration phase (second phase) of the workflow process. These offerings are expected to be delivered within the first half of 2019.

It is noteworthy to state that the CBN increased the Share capital requirement for a State MFB, from ₦100 million to ₦1 billion (₦0.5 billion by April 2020 and ₦1 billion by April 2021), thereby necessitating prompt business decisions in this regard.

The year also witnessed the approval of a Non-Executive Director (Mr Promise Nwankwo) by the CBN, thereby ensuring that the Group satisfies regulatory requirements on board membership.

Adetunji Lamidi
Managing Director
FCMB Microfinance Bank Limited

Credit Direct Limited's
Business Performance Highlights

The 2019 financial year was characterised by more intense price competition in the lending market, leading to a decline in interest yields. An increase in active participation by some of the major banks in our unsecured credit market caused a subtle price war in our price-sensitive market.

Despite the economic and market headwinds, we achieved a disbursement performance of ₦31.2 billion in FY2019. This performance represents a 15% favourable variance relative to our budget and a 30% y/y growth. During the year, we also achieved our highest disbursement in a single month and in a single day, owing to improvements in customer experience, competitive pricing and a strengthened sales and support workforce.

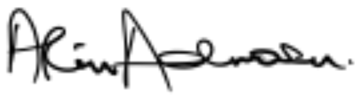
To manage and sustain this business growth, we launched our wholly digital and in-house developed Enterprise Loan Management System, 'Nimble X', signifying the beginning of our journey to becoming Nigeria's largest lending-focused fintech company.

2020 in Perspective

While we enter the new year with cautious optimism on the local economy and the lending market, we are mindful of the possibility of a further contraction in market interest rates due to excess liquidity in the market and regulatory pressure to increase lending to the real sector. This has the potential to create an even fiercer competitive landscape in the unsecured retail market.

We will continue to prioritise global best practice in our risk management, continue the automation of all our processes and invest more in technology, research and development to create a sustainable competitive advantage in the market and ensure operational efficiencies within our business.

We expect the 2020 financial year to see us make significant progress on our digital journey and launch new and exciting product offerings to consolidate our market share, which we anticipate will help us achieve and even surpass all stakeholders' expectations financially and otherwise.



Akinwande Ademosu
Managing Director
Credit Direct Limited

Asset & Wealth Management Group

FCMB Pensions Limited

Business Performance Highlights

In 2019, our PFA consolidated its transition as a member of the FCMB Group. To leverage the inherent synergy in the Group, we commenced the implementation of a new three-year Strategy Plan, embedded in the Group's larger wealth management strategy. This Plan is designed to accelerate our growth trajectory and position the PFA in the top quartile of the industry.

As at 31 December 2019, FCMB Pensions recorded growth in most of the key performance indices. Cumulative Retirement Savings Accounts (RSAs) enrolled rose to 431,948 from its 2018 figure of 409,850, while assets under management (AUM) closed at ₦318.59 billion, up from ₦273 billion in 2018. This is despite growing arrears and often defaults by contributing employers. However, investment activities delivered year-on-year growth of 32.6%, moving from ₦26.95 billion in 2018 to ₦35.73 billion in 2019.

Financial Highlights

In January 2019, the management fee allowed by the National Pension Commission dropped by an average of 8% across all active RSA funds. As this income line typically accounts for 90% of PFAs' gross revenue, the effect was impactful. Coupled with increased costs of doing business, the Company's Profit Before Tax (PBT) declined by 13.85% to ₦1,305 billion, even as the 2019 PBT budget performed at 99%.

Year-on-year growth in the balance sheet of the Company was flat at 2% on the back of an elevated dividend payout that has averaged 85% of profit after tax (PAT) over the last two years. The shareholders' fund closed at ₦3.90 billion compared to ₦3.86 billion in 2018, while the balance sheet grew from ₦4.45 billion to ₦4.62 billion. Also, the return on average shareholders' fund ended the year at 23%, while the return on total assets was 19%.

2020 Outlook

The programmed reduction in management fees by PenCom continues in 2020 with a further drop of 8% effective 1 January, to bring the weighted average fee to 1.16% across the active RSA funds. This, when combined with the increase in VAT and elevated inflation rate, implies a cost control challenge in 2020. It is expected that the current low interest rate regime will endure for most of the year, thus dampening growth in investment income for both the funds under management and the Company.

Our response, therefore, is to intensify the implementation of the 2019–2021 Wealth Management Strategy Plan and unlock the strength in our Group synergy. This will enable us to scale up RSA acquisition and grow AUM at a faster rate. With the planned opening of the transfer window by midyear, this is even more imperative. We will ensure revenue optimisation, which, with cost efficiency, will place us in a better position to deliver on our 2020 estimates and ensure value for our shareholders.

On the investment side, our strategy is to exploit opportunities in the alternative assets space and remain industry competitive in the equities sector. Our fixed income investment activities will focus more on corporate bonds and commercial papers, and for the money market, we will position at the short end of the curve while playing in the longer tenor segment of the sovereign. All informed forecasts on the macroeconomics in 2020 indicate no clear pathway to better performance in 2020 given the existing Central Bank monetary policy and DMO's public debt and financing plan. We will, therefore, remain alert and active and work to exploit all available opportunities for improved performance.

Misbahu Yola
Managing Director
FCMB Pensions Limited

FCMB Trustees Limited

Business Performance Highlights

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

We have also developed specific products to meet our clients' needs and have a client base that encompasses both individuals and corporate organisations locally and offshore across various economic sectors, including manufacturing, shipping, oil & gas, information technology and real estate, among others.

Developing Our Footprint in Private Trusts in 2019

As envisaged, the first half of the year was devoted to general elections in Nigeria and the inauguration of elected leaders at both the state and federal levels. The company was able to commence the implementation of its Wealth Management Strategy and succeeded in changing the Company's name from CSL Trustees Limited to FCMB Trustees Limited in order to:

- align its brand with FCMB Group; and
- improve service offerings through digital innovation.

In an attempt to deepen our stake in private trusts, we have developed a number of products under estate planning and commissioned a portal for e-wills and trusts.

Outlook for 2020

We are focused on broadening our participation in private trusts by offering a seamless and robust e-platform for efficient service delivery. We will also continue to maintain our presence in corporate and public trusts. Our appointment as a co-trustee to the Lagos State Government's ₦100 billion bond will positively impact our AUM and profitability.

Conclusion

We are confident and better positioned to deliver more value as we leverage the FCMB brand and continue our digital innovation.

Samuel Adesanmi
Managing Director
FCMB Trustees Limited

Asset & Wealth Management Group

Continued

FCMB Asset Management Limited's Business Performance Highlights

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

2019 – Building for Sustainable Growth

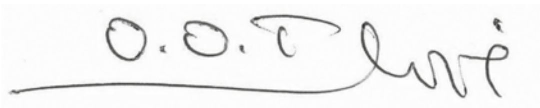
The Nigerian economy grew by 2.28% y/y in 3Q 2019, versus 1.81% in Q3 2018. Total public debt rose by 17% y/y to ₦26.22 trillion (USD85.39 billion) in Q3 2019, with external debt accounting for 32%. The Headline CPI of 11.40% (12.10% in 2018) exceeded the upper limit of the CBN's annual target range of 6–9%. Also, the CBN's decision to restrict access to OMO treasury bills led to excess demand for treasury bills sold by the DMO. Therefore, the yield on the 1-year DMO bill fell from 17.34% in 2018 to 5.50% by the end of 2019, compared with 13.28% for the 1-year OMO bill. In the equity market, the NSE All-Share Index returned -14.60% in 2019 (-17.81% in 2018), with a PE ratio of 7.08x (9.57x in 2018).

In 2019, we aimed to offer investors more products and relatively higher returns, provide a superior customer experience in distributing our products and services, and increase brand visibility. Our name changed from First City Asset Management Limited to FCMB Asset Management Limited; the change enables us to better leverage the strength of the FCMB Group brand. We also launched a Customer portal, with an integrated payment platform, that allows customers to invest in our products online. The Offer to invest in our mutual fund, the Legacy Money Market Fund, raised ₦1.18 billion in February 2019; the Fund closed the year at ₦10.74 billion. Total assets under management grew by 98%.

Outlook for 2020

We forecast a GDP growth rate of 1.50%. A significant shortfall in government revenue, due to lower oil prices internationally, is expected to result in a devaluation of the Naira by the CBN. Inflationary pressure will, therefore, rise. We expect yields on debt instruments to increase in 2H, and the Equity market index to generate a negative total return.

We should complete the integration of our customer portal with the FCMB Mobile Application, in 1H. Also, we will work more closely with partner groups to access new customer segments and will continue to promote a culture of execution, professionalism, innovation and customer focus.



James Ilori
Chief Executive Officer
FCMB Asset Management Limited

Corporate & Investment Banking Group

FCMB Capital Market Limited's
Business Performance Highlights

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

2019 Review

At the start of 2019, the Monetary Policy Committee of the Central Bank of Nigeria ("CBN") stated that Nigeria's low output left scope for non-inflationary GDP and monetary growth; consequently, the CBN cut the monetary policy rate from 14% to 13.5% to support economic growth. This focus on economic growth was further emphasised by:

- setting a minimum loan-to-funding ratio of 65% for banks, with incentives for lending to some priority industries;
- Restricting the participation in OMO bills transactions to foreign investors and banks;
- Closing the country's land borders in October 2019 resulting in a huge supply gap for food staples;
- Continued CBN intervention in the FX market.

These interventions helped to stabilize macro indices and improve lending to the 'real sector'; the effectiveness of these actions was helped by stable crude oil production and price.

The absence of major political conflict after the general elections enabled an uptick capital markets activities, which supported the listing of two telecommunication companies and a few equity and debt capital raising transactions.

FCMB Capital Markets' key performance highlights during 2019

During the year we executed some notable transactions including:

- corporate restructuring of a leading FMCG company;
- the first bond issuance by a fintech company with a 255% subscription;
- commercial paper issuance by the largest cement company and a multinational brewer;
- equity capital raising and financial advisory services to the leading quick service restaurant, and
- completed a sell-side advisory mandate for a downstream oil and gas company.

Outlook for 2020

We commence 2020 on a positive note. With the prompt passage of Nigeria's budget for 2020 and the Finance Act (designed to support budget implementation and create an enabling environment for businesses), we expect an early pick-up in economic activity. This should be supported by the anticipated increase in disposable income with the implementation of the minimum wage increase.

We expect high activity in the debt capital market as issuers take advantage of historically low yields. We also expect banks to sustain lending to the real sector, which will present debt arranging opportunities for corporates and project sponsors. We remain committed to providing advisory and financing solutions on ongoing and new transactions.

Tolu Osinibi
Managing Director
FCMB Capital Markets Limited

Corporate & Investment Banking Group

Continued

CSL Stockbrokers Limited's

Business Performance Highlights

Heightened political risk ahead of the 2019 general elections led to significant levels of investor apathy which continued beyond the elections. In addition to this, a number of global events (US-China trade war, Brexit uncertainty) continued to dampen investor interest in emerging and frontier markets, while local events, such as the inauguration of the highly regarded economic advisory council, failed to boost market activities. Consequently, the NSE All-Share Index (ASI) closed the year 14.6% lower, though market capitalisation increased 10.5% on the back of the listing of MTN Nigeria and Airtel Africa. Trading activity on the NSE also recorded a decline of 19.70% from ₦1.2 trillion in 2018 to ₦0.96 trillion. This performance reflected concerns around the direction of economic policy and stability of the naira.

CSL recorded trades valued at ₦119.5 billion, representing a decrease of 50.02% from the ₦238.9 billion recorded in 2018. We also dropped from the third to fourth-ranked stockbroker in terms of value, while our market share dropped to 6.20% from 9.9% in 2018. Consequently, total revenue for the year was ₦861.1 million compared with ₦1.253 billion in 2018. While offshore client activity weakened, local client activities recorded significant growth driven by increased engagement with pension fund clients and increased trading by retail clients on our online platform.

As part of our efforts to diversify revenues, the Company began work on the establishment of a UK subsidiary, CSL Capital (UK), to ring-fence (and expand upon) its existing operations within FCMB Bank (UK). Regulatory approval is expected in early 2020 and operations are expected to commence in H1 2020. CSL Capital (UK) will be a pan-African boutique with a focus on equity, fixed income and foreign exchange broking for foreign portfolio investors and other eligible counterparties, raising private capital for corporates with a focus on Africa and acting as an investment advisor to various strategies in its investment management arm.

We are, however, optimistic that our UK (and other) initiatives will start to bear fruit and return the company to profitability in 2020.

Abiodun Fagbulu
Chief Executive Officer
CSL Stockbrokers Limited

Sustainability Report – Creating Shared Value with Innovation

Sustainability in FCMB

Business results and positive societal impact should be mutually reinforcing for long-term success. At FCMB, we believe in **'Shared Value'** as an integral part of our strategy for creating value for both shareholders and society. In this report, we share details about how FCMB is aligning its business to the Sustainable Development Goals, Nigerian Sustainable Banking Principles and Nigerian Stock Exchange (NSE) disclosure guidelines.

In 2019, we improved our social and environmental performance, while saving more in operational cost. We continued to satisfy our customers through innovative services and, by partnering with key stakeholders, we have contributed to solving social challenges faced by our host communities. Our work with communities, councils and not-for-profit organisations has seen us scale up impact in our journey to building a sustainable business.

Our Business Activities: Environmental and Social Risk Management

As a leading brand, FCMB continuously improves on its lending processes to meet global best practices in environmental and social risk management. The Bank provides lines of credit to business and corporate banking customers through efficient screening evaluation processes. An integral part of this is working with its Social and Environmental Management System (SEMS) categorisation process and due diligence procedures to identify Climate Smart Businesses.

The Bank strengthened its advocacy of climate finance and its opportunities by organising workshops and trainings. FCMB also undertook a review of SEMS policy to capture emerging environmental and social risk, as well as put appropriate structures in place to track environmental impact and human rights and labour practices, among others.

Our Business Operations: Environmental and Social Footprint

Our success stories this year include:

- Fully operational bank-wide '7:00 pm lights-out' policy, with a consequent 30% reduction in the Bank's CO_2 emissions and diesel consumption in 2019, as shown in the energy efficiency audit carried out at the Head office and its extensions.
- Currently, 101 branches and 303 ATMs run on solar energy, compared to 27 branches and 78 ATMs in 2018, further reducing our carbon footprint by 50%.
- Launch of Hub One, a co-working space developed to support early-stage tech start-ups. Currently, over 10 start-ups are benefiting from this facility.
- Sponsorship of tech events/conferences including Tech Point Inspired, Pitch Perfect, the Agri-tech Incubation program and more, with grants of over ₦8 million awarded to winners at various contests.
- Launch of SheVentures, a unique proposition to support women in business with access to financial advisory services, loans, mentorship, etc.
- Re-certification on the ISO 45001 International Standards on Occupational Health and Safety (OHS) Management System.
- Increase in customer adoption of alternate banking channels to 85%, versus 75% in 2018.
- Deepened investment in digital communication tools to foster online meetings and e-learning, leading to reduced travel and fuel costs, and higher employee efficiency.
- Continued utilisation of corporate recycling, resulting in an 85% increase in the upcycling of waste items generated.
- Six editions of SME capacity building clinics held nationwide to facilitate the acquisition of new-to-bank customers, with over 2,150 SMEs attending. The sessions featured seminars on tax, business registration, bookkeeping and access to quick loans.

Sustainability Report

Continued

- Launch of 'Service Hall of Fame' aimed at celebrating staff whose diligence and dedication helped deliver exceptional service experiences to our customers.

Digital Transformation

FCMB further extended its digital transformation through the digitalisation of processes such as account opening, loan application/disbursement, self-service, etc. These offerings deliver unprecedented speed and convenience, and are accessible via the Bank's FCMB New Mobile App and *329# USSD platform. The goal remains to reduce footfalls in physical branches, vastly improve customer experience and drive inclusion, especially in difficult-to-reach areas nationwide.

Women Empowerment and Diversity in the Workplace

- In 2019, 43% of our workforce were women (see Figure 1 below), with a 40% female representation on the Management Team.
- Six out of the Bank's 15-member Executive Management Committee are women.
- Executed several initiatives to financially support women and promote education for girls.
- Four physically challenged employees.
- FCMB observes 60 minimum hours of training per employee.
- Annual Employee Health Week celebration and HMO health benefits for all employees.
- Strict adherence to non-discrimination policy.
- Through its Women-In-Business initiative (SheVentures), in 2019, the Bank mentored 240 women and granted zero-interest loans to 120 women-owned/led enterprises. The Bank also organised free entrepreneurship capacity building sessions for over 2,000 women in business in Lagos, Ibadan and Port Harcourt.

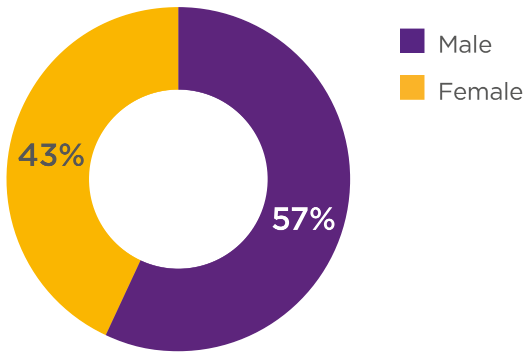


Figure 1. FCMB Workforce

Youth Empowerment

Through the Flexxpreneurship Masterclass Series, the youth segment reached 15 institutions, with over 20,000 students in total. The beneficiaries were trained on design, business plan writing, digital marketing, employability, etc. Grants were also awarded to students that showed outstanding creativity and hard-work.

Financial Inclusion

To further deepen its role in driving financial inclusion, FCMB launched Easy Account, a wallet-driven account that enables customers' phone numbers to serve as their account numbers. So far, over 500,000 accounts have been opened in the six months since the launch.

The Group consolidated its micro-lending business through FCMB Microfinance Bank Limited and a robust Agent Banking strategy, which currently comprises 962 Fixed Agents, with a target to grow this to 1,900 Agents in 2020. FCMB seeks to broaden the reach of its financial services to the unbanked and under-banked populations through technology-driven alternate channels that minimise the need for them to visit branches.

Capacity Building

FCMB continues to embrace the digital learning culture for service and excellence. In 2019, the Bank received the Best Digital Learning Adoption award for its commitment to creating the right learning and working environment for employees and customers.

Other initiatives achieved are:

- trained over 800 SMES customers on Business Finance Optimization in Lagos, Uyo and Ibadan;
- held a Digital Innovation and Innovation Governance Workshop for Senior Management;
- hosted the annual Vendors' Forum on supply chain management best practices with over 50 vendors in attendance; and
- introduced Live streaming Knowledge Improvement Prog sessions, intermediate and advanced credit training, as well as an Advanced Management Program at LBS to promote participation and build an organisational culture of continuous learning.

Reporting

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

Community Initiatives and Specific Engagements

The Bank's Corporate Social Responsibility (CSR) pillars are Economic Empowerment, Environmental Sustainability and Poverty Alleviation.

Figure 2. CSR expenses in 2019

ECONOMIC EMPOWERMENT

Waste to Wealth

Forty women and youths in the riverine community of Iwopin, Waterside LGA and Ogun State completed a 10-day training on how to transform water hyacinths into items of economic value. These women expressed creativity in weaving sellable items like key-holders, foot-mats, pillows, earrings, bangles, walking sticks and slippers and home decor items like flower vases and pen holders. This laudable empowerment initiative is the third edition sponsored by FCMB in partnership with MitiMeth.

Youth UPGRADE

To work towards achieving Sustainable Development Goals 1, 8 and 10, 80 start-ups at the **'UPGRADE 2019'** initiative organised by **SOCASEMP** (Sought Out Cities, Arts, Skills and Empowerment) received start-up funds from FCMB of up to ₦4 million. The 80 individuals excelled during the maiden Skill Acquisition and Entrepreneurial Training organised by SOCASEMP after being empowered with vocational skills on catering, music production, hairdressing, web design, fine-arts, event planning and more.

Flexxtern 4.0 Initiative

In the fourth edition of the FCMB Youth internship programme tagged '#FCMBFlexxtern', 30 young Nigerian graduates gained first-hand work experience and employment opportunities in the corporate world. Each intern gets a 3-month paid internship slot with FCMB and other partner organisations with a chance of being retained for full employment.

Empowered for the Future

FCMB, in partnership with Youth Empowerment Foundation, commenced the second edition of 'Empowered for the Future', a 12-month programme designed to empower youths in Lagos State. The project directly benefited 50 youths finished with secondary school, with each beneficiary expected to, in turn, reach 750 peers with information on financial literacy, employment strategies, life-skills and social support.

Sustainability Report

Continued

Youth Entrepreneurship Empowerment Programme (YEEP)

FCMB sponsored the YEEP initiative which was simultaneously held in the NYSC Camps in Abuja, Lagos and Owerri. This was designed to encourage entrepreneurship among Nigerian youths through a business idea challenge. The Bank offered grants to each of the top 10 business ideas presented.

Young Innovation Leaders (YIL)

FCMB co-sponsored the 2019 edition of YIL programme to train 40 young exceptional lead innovators in their spheres. During the 4-month fellowship, participants were trained on innovation management skills and given capstone projects to develop viable solutions. They are then given access to career mentorship. The boot camp involved intensive participant activities to scale-up excellence and develop innovative solutions for the capstone projects.

ENVIRONMENTAL SUSTAINABILITY

Central Business District (CBD) Cleaning Project

FCMB continued its partnership with the Lagos State Government CBD on the 'Cleaner-Greener Lagos Initiative' to clean up the Tinubu/Marina business axis. Since 2016, FCMB has provided monthly salaries, equipment and apparel for the cleaners who ensure the environment remains neat and tidy.

World Environment Day Celebration (WED)

FCMB, the NCF and other eco-friendly organisations celebrated the 2019 WED. The exciting event brought together over 300 pupils from 20 schools in Lagos to create awareness and host exhibitions and a panel session with seasoned professionals to discuss the 2019 theme, '#BeatAirPollution'. The programme was designed to enlighten Nigerians in their formative years on the importance of taking action to prevent pollution and improve air quality

POVERTY ALLEVIATION

#PricelessGiftofSightis10

Since 2009, FCMB has restored the hope of Nigerians with visual impairment by helping them regain sight through the 'Priceless Gift of Sight' initiative. Over 200,000 beneficiaries from Katsina, Owerri, Yola, Ogun, Kebbi, Cross Rivers and FCT have enjoyed free access to eye care delivered by world-class ophthalmologists, including eye surgeries, primary eye testing and the provision of eyeglasses. In 2019, FCMB held three outreaches in FCT, Cross Rivers and Kebbi, performing over 800 eye surgeries to tackle avoidable visual impairment.

Supporting the Less-Privileged

Since 2007, FCMB has continued to support Bethesda Child Support Limited by providing scholarships to less privileged children. Our support has contributed significantly to the academic progress of more than 500 children to date.

#ArtintheSlum

To celebrate the 2019 Children's Day, FCMB taught artistic skills to over 200 children in the slums of Ijora Badia, while simultaneously educating them on the SDGs. The parents and beneficiaries were exposed to new opportunities, despite the limiting environment.

2019 International Women's Day

Women from FCMB trained 50 underprivileged widows in the production of various household items. The skills acquisition programme will help the widows generate the income they need to live better lives. This is in line with FCMB's commitment to continually impact lives through the goodwill and support of its female employees.

Donations

FCMB donated a 2019 model 25-seater Coaster bus to the Nigerian Tulip International Colleges and furniture to the Nigerian police.

OTHERS

Financial Literacy/World Savings Day Celebration

FCMB continues to participate in the annual CBN/Bankers' Committee-led Financial Literacy and World Savings Day initiatives to mark Global Money Week. The goal is to teach young Nigerians the fundamentals of financial literacy, reinforce the need for a healthy savings culture and equip them with basic financial skills. The Bank has impacted nearly 600,000 young Nigerians in secondary schools since inception.

Race against Cancer

FCMB participated in the 6th edition of the NSE Corporate Challenge. The 5 km walk, jog and run challenge featured over 500 participants from various sectors in a bid to raise cancer awareness and support those living with the disease through the purchase of 37 mobile cancer centres to kick cancer out of our communities.

FCMB AS A RESPONSIBLE CORPORATE CITIZEN

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

Corporate Governance

Board of Directors

Mr Oladipupo Jadesimi

Non-Executive Director (Chairman)

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

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

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

Mr Ladi Balogun

Group Chief Executive

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

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

He has worked in various areas of the Bank, including Treasury, Corporate Banking and Investment Banking. He was appointed an Executive Director in charge of the Institutional Banking Group (IBG) in 1997. In 2000, he was made Executive Director in charge of Strategy and Business Development, and in 2001 he rose to the position of the Bank's Deputy Managing Director and was subsequently appointed Managing Director of First City Monument Bank Plc (now First City Monument Bank Limited).

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

Board of Directors

Continued

Mr Peter Obaseki

Executive Director – Chief Operating Officer (COO)

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

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

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

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

Mr Olufemi Badeji

Executive Director (Corporate & Investment Banking Group)

Mr Olufemi Badeji was born on 9 January 1975. He has over 15 years of investment banking experience in the US, Nigeria and South Africa. Femi has worked for the now defunct Lehman Brothers and Houlihan Lokey in the US. Moving back to Nigeria in October 2009, he worked as a Vice President for FCMB Capital Markets. In September 2011 Femi joined Rand Merchant Bank and was the Head of Corporate Finance for Nigeria until he joined FCMB Group Plc on 2 October 2019.

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

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

Alhaji Mustapha Damcida

Non-Executive Director

Alhaji Mustapha Damcida was born on 20 March 1963. He holds a diploma in Law from Ahmadu Bello University and a BSc in Business Administration from Robert Morris University, Pittsburgh, US. He is the MD/CEO of Damus International Limited, Damus Security Solutions Limited and Damson Properties Limited. He was a Director at the Nigerian American Bank Limited between 2004 and 2005. He also sits on the Boards of Chanrai Nigeria Ltd., Trevi Foundations Ltd., Unique Pharmaceuticals Ltd. and Kewalram Nig. Ltd.

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

Mr Olusegun Odubogun

Non-Executive Director

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

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

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

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

Mr Odubogun joined the Board of FCMB Group Plc on 1 July 2013. In addition to being on the Board of FCMB Group Plc, he is also on the Board of First City Monument Bank Limited.

Board of Directors

Continued

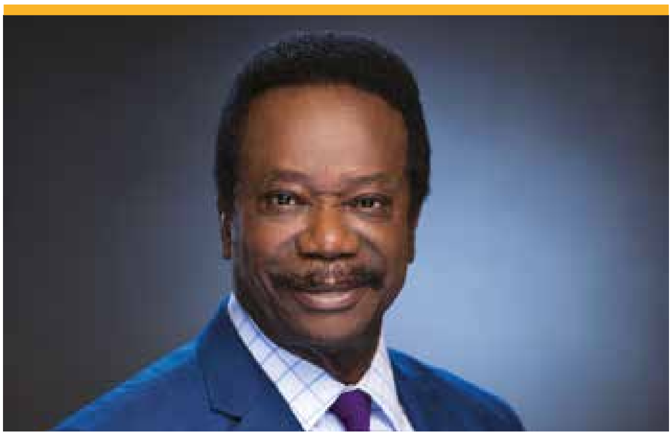
Mr Olutola O Mobolurin

Non-Executive Director

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

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

Mr Mobolurin joined the Board of FCMB Group Plc on 1 July 2013. In addition to being on the Board of FCMB Group Plc, he is also on the Board of First City Monument Bank Limited.



Dr (Engr) Gregory Omosigho Ero

Non-Executive Director

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

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

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

He joined the Board of FCMB Group Plc on 23 December 2013 as a Non-Executive Director.

Professor Oluwatoyin Ashiru
Non-Executive Director

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

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

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

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

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

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

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

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

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

Board of Directors

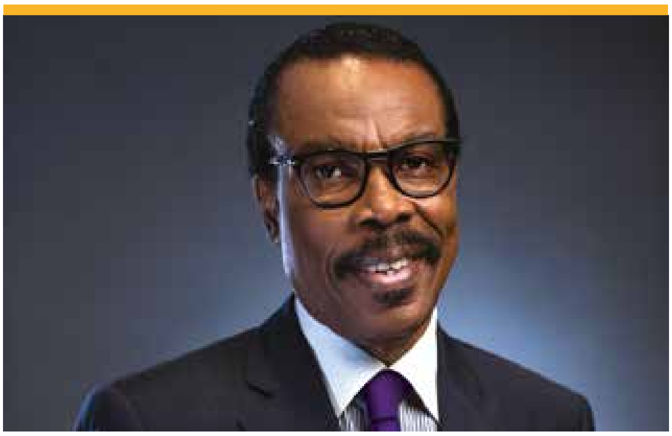
Continued

Mrs Olapeju Sofowora

Non-Executive Director

Mrs Olapeju Sofowora was born on 5 August 1964. She is a Fellow, Institute of Chartered Accountants of Nigeria and a member of the Chartered Institute of Taxation of Nigeria. She holds a treasurer's dealership certificate jointly issued by the Chartered Institute of Bankers of Nigeria and Money Market Association of Nigeria (now the Financial Markets Dealers Association of Nigeria) and is also a certified information systems auditor. The founding partner of Abax-Oosa Professionals, a firm of chartered accountants, Mrs Sofowora has several years of professional work experience that cuts across banking, human resources consultancy, tax advisory, finance and accounting.

Mrs Sofowora joined the Board of FCMB Group Plc on 27 December 2017 as a Non-Executive Director.



Mr Bismarck Rewane

Non-Executive Director until 8 March 2019

Mr Bismarck Rewane was born on 22 April 1951. He holds a BSc degree in Economics from the University of Ibadan and is an Associate of the Institute of Bankers (England and Wales). He began his banking career with Barclays Bank, UK in 1973 and moved to Nigeria, where he joined the First National Bank of Chicago and moved on to International Merchant Bank, Nigeria before leaving in 1996 to start his own company.

Bismarck is an outstanding scholar who has addressed many professional and business gatherings. He is the Managing Director/Chief Executive of Financial Derivatives Company Limited.

He became a Director at incorporation on 19 November 2012. He retired from the Board on 8 March 2019.

Board Evaluation Report

28 February 2020

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

DCSL Corporate Services Limited

Report of the External Consultants on the Performance of the Board of Directors of FCMB Group Plc for the Year Ended 31 December 2019

In line with the provisions of **Section 2.8.3 of the CBN Code of Corporate Governance for Banks and Discount Houses, 2014** (the CBN Code), **Section 15.6 of the Code of Corporate Governance for Public Companies (the SEC Code)** 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, 2019.

The appraisal involved the benchmarking of the performance of the Board against the provisions of the CBN Code, the SEC Code and the NCCG and entailed a review of the Company's corporate and statutory documents, Minutes of Board and Committee meetings, policies and other ancillary documents made available to us, the administration of questionnaires as well as interviews with the Directors and select members of the Executive Management team. To ascertain the extent of compliance with relevant corporate governance principles, and the performance of the Board in general, we benchmarked the Company's corporate governance structures, policies and processes against the provisions of the CBN, SEC and NCCG Codes as well as global Best Practices and considered the following seven key corporate governance themes:

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

Having reviewed the policies and processes put in place by the Board, we confirm that FCMB Group has substantially complied with the provisions of the CBN, SEC and the NCCG Codes of Corporate Governance and that the activities of the Board and the Group significantly align with corporate governance best practices. The Board's oversight of the activities of the Group's Operating Companies is worthy of commendation and is an indication of the Board's commitment to the achievement of the Group's strategic objectives and initiatives. We believe that the Board is committed to the sustenance of best corporate governance practices in the Group and would continue to provide effective leadership for the Group.

We have noted a few areas of improvement which we have communicated to the Board and remain optimistic that necessary steps would be taken to address the highlighted gaps.

Please accept the assurances of our highest regards and esteem.

Yours faithfully,

For: DCSL Corporate Services Limited

Bisi Adeyemi
Managing Director
FRC/2013/NBA/00000002716

Corporate Governance

Commitment to Corporate Governance

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

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 10 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 Cap C.20 LFN 2004, 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 National Code of Corporate Governance.

Changes on the Board

- Mr Bismarck Rewane retired from the Board of the Company effective 8 March 2019.
- Mr Olufemi Badeji joined the Board of the Company effective 2 October 2019.

Board Selection and Appointment Process

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

Appointed candidates must:

- be analytically strong;
- be financially savvy;
- contribute to a gender-diverse Board;
- be experienced in asset management;
- be suitably educated and professionally qualified;
- hold extensive relevant experience;
- be able to support business generation;
- have a good relationship with the regulatory authority;
- be well respected in society;
- demonstrate very high levels of integrity;
- pass the fit and proper person test.

The process involves:

- a careful analysis of the existing Board's strengths and weaknesses, its skills, experience gaps and diversity considering the Company's current business priorities and future plans;
- identification, shortlisting and interviewing 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's approval to the appointment;
- upon approval by the CBN, the appointment and approval is communicated to the new Director in writing; and
- other required regulatory authorities are notified of the appointment in writing.

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

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

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

Role of the Board

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

Corporate Governance

Continued

- 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 2019

	8 Mar 2019	25 Apr 2019	25 Jul 2019	25 Oct 2019	6 Dec 2019
Mr Oladipupo Jadesimi	-	-	✔	-	✔
Mr Ladi Balogun	✔	✔	✔	✔	✔
Mr Peter Obaseki	✔	✔	✔	✔	✔
Mr Olufemi Badeji	N/A	N/A	N/A	✔	✔
Mr Bismarck Rewane	✔	N/A	N/A	N/A	N/A
Alhaji Mustapha Damcida	✔	✔	✔	✔	✔
Mr Olusegun Odubogun	✔	✔	✔	✔	✔
Mr Olutola Mobolurin	✔	✔	✔	✔	✔
Dr (Engr) Gregory O Ero	-	✔	✔	✔	✔
Professor Oluwatoyin Ashiru	✔	✔	✔	✔	✔
Mrs Olapeju Sofowora	✔	✔	✔	✔	✔

Board Induction and Training

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

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

Furthermore, the induction programme is aimed at deepening Directors' understanding of the Company, and the environment and markets in which it operates. The programme may include formal/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)	Bank 4.0 " Banking Everywhere, Never at a Bank";	Brett King;	9/20/2019;
	Cyber Security Risks	Internal	12/6/2019
Mr Ladi Balogun (Group Chief Executive)	Innovation Governance;	Bebee Nelson;	4/5/2019;
	Bank 4.0 " Banking Everywhere, Never at a Bank";	Brett King;	9/20/2019;
	Anti Money Laundering & Countering Financing of Terrorism titled "Emerging Trends in AML/CFT risks, Expectation from the Board;	Nigeria Financial Intelligence Unit (NFIU);	10/25/2019;
	Cyber Security Risks	Internal	12/6/2019
Mr Peter Obaseki (Executive Director/COO)	Innovation Governance;	Bebee Nelson;	4/5/2019;
	Bank 4.0 " Banking Everywhere, Never at a Bank";	Brett King;	9/20/2019;
	FITC Continous Education for Directors	FITC;	9/24-25/2019;
	Anti Money Laundering & Countering Financing of Terrorism titled "Emerging Trends in AML/CFT risks, Expectation from the Board;	Nigeria Financial Intelligence Unit (NFIU);	10/25/2019;
	Cyber Security Risks	Internal	12/6/2019
Mr Olufemi Badeji (Executive Director)	Anti Money Laundering & Countering Financing of Terrorism titled "Emerging Trends in AML/CFT risks, Expectation from the Board;	Nigeria Financial Intelligence Unit (NFIU);	10/25/2019;
	Cyber Security Risks	Internal	12/6/2019
Mr Olusegun Odubogun (Non-Executive Director)	Bank 4.0 " Banking Everywhere, Never at a Bank";	Brett King;	9/20/2019;
	Anti Money Laundering & Countering Financing of Terrorism titled "Emerging Trends in AML/CFT risks, Expectation from the Board"	Nigeria Financial Intelligence Unit (NFIU);	10/25/2019;
	Cyber Security Risks	Internal	12/6/2019

Corporate Governance

Continued

Name of Director	Training Title	Faciliating Faculty (Course Vendor)	Date
Mr Olutola O Mobolurin (Non-Executive Director)	Bank 4.0 " Banking Everywhere, Never at a Bank";	Brett King;	9/20/2019;
	Anti Money Laundering & Countering Financing of Terrorism titled "Emerging Trends in AML/CFT risks, Expectation from the Board"	Nigeria Financial Intelligence Unit (NFIU);	10/25/2019;
	Cyber Security Risks	Internal	12/6/2019
Alhaji Mustapha Damcida (Non-Executive Director)	FITC Continous education programme for Directors;	FITC;	09/24-25/2019;
	Anti Money Laundering & Countering Financing of Terrorism titled "Emerging Trends in AML/CFT risks, Expectation from the Board"	Nigeria Financial Intelligence Unit (NFIU);	10/25/2019;
	Cyber Security Risks	Internal	12/06/2019
Prof Oluwatoyin Ashiru (Non-Executive Director)	Anti Money Laundering & Countering Financing of Terrorism titled "Emerging Trends in AML/CFT risks, Expectation from the Board";	Nigeria Financial Intelligence Unit (NFIU);	10/25/2019;
	Cyber Security Risks	Internal	12/06/2019;
Dr (Engr) Gregory O Ero (Non-Executive Director)	Anti Money Laundering & Countering FinancinTerrorism titled "Emerging Trends in AML/CFT risks, Expectation from the Board"	Nigeria Financial Intelligence Unit (NFIU);	10/25/2019;
	Cyber Security Risks	Internal	12/6/2019
Mrs Olapeju Sofowora (Non-Executive Director)	Company Direction Course 1 – The Effective Director	Institute of Directors Nigeria (IOD);	10/15-16/2019
	Anti Money Laundering & Countering FinancinTerrorism titled "Emerging Trends in AML/CFT risks, Expectation from the Board"	Nigeria Financial Intelligence Unit (NFIU);	10/25/2019;
	Cyber Security Risks	Internal	12/6/2019

Online Training

The Executive Directors were also enrolled for e-learning courses covering Focus on AML CFT for Nigeria, FCMB QMS and BCM Course 2019, Sustainability in Banking 2019, FCMB Information Security Course 2019 as well as FCMB Values & Code of Conduct 2019.

Re-election of Directors by Rotation

Pursuant to section 259 (1) and (3) of the Companies and Allied Matters Act, Cap C.20 LFN, 2004, three of the Directors are due for retirement by rotation and have offered themselves for re-election by the Annual General Meeting.

The three Directors offering themselves for re-election are Mr Olutola Mobolurin, Dr (Engr) Gregory O Ero and Professor Oluwatoyin Ashiru, whose profiles are on pages 36 and 37.

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, chaired by an Independent Director. The Group Chief Executive and the Chief Operating Officer are required to be in attendance at the meetings of the Committee.

Committee composition: Mr Bismarck Rewane (Chairman up until March 2019), Mr Olusegun Odubogun (Chairman from April 2019), Dr (Engr) Gregory O Ero and Mrs Olapeju Sofowora (Member from 25 April 2019).

Board Risk, Audit and Finance Committee Meetings Held in 2019

	23 Apr 2019	22 Jul 2019	21 Oct 2019	2 Dec 2019
Mr Olusegun Odubogun	✔	✔	✔	✔
Dr (Engr) Gregory O Ero	✔	✔	-	✔
Mrs Olapeju Sofowora	N/A	✔	✔	✔

Board Governance and Remuneration Committee (GRC)

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

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

Committee Composition: Mr Olutola O Mobolurin (Chairman), Alhaji Mustapha Damcida, Professor Oluwatoyin Ashiru and Mrs Olapeju Sofowora.

Board Governance and Remuneration Committee Meetings Held in 2019

	23 Apr 2019	22 Jul 2019	21 Oct 2019	2 Dec 2019
Mr Olutola Mobolurin	✔	✔	✔	✔
Alhaji Mustapha Damcida	✔	✔	✔	✔
Professor Oluwatoyin Ashiru	✔	✔	✔	✔
Mrs Olapeju Sofowora	✔	✔	✔	✔

Statutory Audit Committee (SAC)

Section 359 (3) of the Companies and Allied Matters Act Cap C.20 LFN 2004 requires every public company to establish a Statutory Audit Committee (SAC) composed of an equal number of its Directors and representatives of the shareholders.

Subject to such other additional functions and powers that the Company's Articles of Association may stipulate, the objectives and functions of the SAC shall be 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 auditors and departmental responses therein;
- keep under review the effectiveness of the Company's system of accounting and internal control;

Corporate Governance

Continued

- make recommendations 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 activity of the Company which may be of interest or concern to the Committee; and
- examine the Auditors' Report and make recommendations thereon to the Annual General Meeting as it may think fit.

Membership

- The SAC consists of an equal number of Directors and representatives of the shareholders (subject to a maximum of six members). Such members of the SAC are not entitled to remuneration and are subject to re-election annually.
- The members nominate any member of the Committee as the Chairman of the SAC from time to time.
- Any member may nominate a shareholder as a member of the SAC by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.
- A quorum for any meeting is a simple majority of three members with a minimum of two representatives of the shareholders.
- The SAC is chaired by Evangelist Akinola Soares.

Statutory Audit Committee Meetings Held in 2019

	7 Mar 2019	24 Apr 2019	23 Jul 2019	22 Oct 2019
Evangelist Akinola Soares	✔	✔	✔	✔
Alhaji S B Daranijo	✔	✔	✔	✔
Mr Hakeem Batula	✔	✔	✔	✔
Mr Bismarck Rewane	✔	N/A	N/A	N/A
Mr Olutola Mobolurin	✔	✔	✔	✔
Mr Olusegun Odubogun	✔	✔	✔	✔
Mrs Olapeju Sofowora	N/A	N/A	✔	✔

Management Committees

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

Executive Management Committee (EMC)

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

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

Group Executive Committee (GEC)

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

Shareholder Participation

The Group leverages the significant experience, contributions and advice of shareholder members of the Statutory Audit Committee.

The Group continues to take necessary steps to promote shareholder rights.

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

Remuneration Policy

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

The Non-Executive members of the Board shall be entitled to a sitting allowance and Directors' fee as well as reimbursable travel and hotel expenses, in line with the CBN Code of Corporate Governance and as may be agreed by the Board from time to time. Additionally, they are entitled to be reimbursed for expenses incurred in the course of 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.

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.

Security Trading Policy

The Company has a security trading policy which is being adhered to.

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 of sound Corporate Governance and behaviour as enunciated in the CBN Code of Corporate Governance for banks and other financial institutions in Nigeria. One of the several ways a breach of regulatory requirements and management and staff misconduct can be addressed is through a 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 2020 shall be fixed at ₦200,000,000.00 only and a resolution to approve the same shall be proposed.

Post Audit Event

The Board at its meeting of 6 March 2020 appointed Mrs 'Tokunboh Ishmael as a Non-Executive Director on the Board subject to the approval of the Central Bank of Nigeria.

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

Management Report on Certification of Financial Statements

To the Board of Directors of FCMB Group Plc

In compliance with Section 34 (2) Code of Corporate Governance for Public Companies in Nigeria of the Securities and Exchange Commission, we certify that the financial statements of FCMB Group Plc (Separate and Consolidated), comprising of statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity, statement of cash flows and the accompanying notes to the account for the year ended 31 December 2019 present a true and fair view of the affairs of the Company and the Group.

Kayode Adewuyi
Chief Financial Officer
FRC/2014/ICAN/00000006884

6 March 2020

Ladi Balogun
Group Chief Executive
FRC/2013/IODN/00000001460

6 March 2020

Financial Statements

Directors' Report

for the year ended 31 December 2019

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 2019.

a. Legal Form

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

b. Principal Activity and Business Review

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

Through ownership of FCMB Group Plc, shareholders own 100% of the following subsidiaries; FCMB Capital Markets Limited, FCMB Trustees Limited (formerly CSL Trustees Limited), FCMB Microfinance Bank Limited, Credit Direct Limited, CSL Stockbrokers Limited (including its subsidiary FCMB Asset Management Limited) and First City Monument Bank Limited (and its subsidiaries – FCMB (UK) Limited and FCMB Financing SPV Plc) and 91.64% of FCMB Pensions Limited.

The Group does not have any unconsolidated structured entity.

c. Operating Results

The gross earnings and profit after income tax recorded by the Group for the year ended 31 December 2019 was ₦181.25 billion and ₦17.34 billion respectively. The Directors affirm that the Group is strategically poised for continued growth and development. Highlights of the Group's operating results for the year under review are as follows:

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Gross earnings	**181,249,930**	177,248,909	**3,501,949**	4,808,316
Profit before minimum tax and income tax	**20,130,397**	18,442,297	**3,614,493**	3,675,692
Dividend tax	**-**	(107,102)	**-**	(107,102)
Minimum tax	**(1,040,558)**	(952,422)	**(8,159)**	-
Income tax expense	**(1,752,565)**	(2,411,245)	**(4,874)**	(16,198)
Profit after tax	**17,337,274**	14,971,528	**3,601,460**	3,552,392
Appropriations:				
Transfer to statutory reserve	**1,960,712**	1,853,262	**-**	-
Transfer to AGSMEIS reserve	**1,353,596**	-	**-**	-
Transfer to regulatory risk reserve	**3,986,879**	-	**-**	-
Transfer to forebearence reserve	**1,960,712**	-	**-**	-
Transfer to retained earnings	**8,075,375**	13,118,266	**3,601,460**	3,552,392
	17,337,274	14,971,528	**3,601,460**	3,552,392
Basic and diluted earnings per share (Naira)	**0.87**	0.75	**0.18**	0.18
Dividend per share (Naira)	**0.14**	0.14	**0.14**	0.14
Total non-performing loans and advances	**27,685,683**	40,195,497	**-**	-
Total non-performing loans to total gross loans and advances (%)	**3.67%**	5.90%	**0.00%**	0.00%

Proposed Dividend

The Board of Directors recommended a cash dividend of 14 kobo per issued and paid up ordinary share for the year ended 31 December 2019 (2018: 14 kobo). This is subject to approval at the Annual General Meeting.

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

d. Directors' Shareholding

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

	Shareholding as at 31 December 2019 Number of 50k Ordinary Shares held		**Shareholding as at 31 December 2018** 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**	-	**200,166,756**	-
Mr Peter Obaseki (Chief Operating Officer)	**6,969,945**	-	**5,369,945**	-
Mr Olufemi Badeji (Executive Director)*	**-**	-	**-**	-
Mr Olusegun Odubogun (Non-Executive Independent Director)	**400,000**	-	**400,000**	-
Alhaji Mustapha Damcida (Non-Executive Director)	**-**	-	**-**	-
Mr Olutola O Mobolurin (Non-Executive Director)	**2,120,000**	-	**2,120,000**	-
Professor Oluwatoyin Ashiru (Non Executive Director)	**2,055,187**	-	**2,055,187**	-
Dr (Engr) Gregory Omosigho Ero (Non-Executive Director)	**-**	-	**-**	-
Mrs Olapeju Eniola Sofowora (Non-Executive Director)	**128,000**	-	**-**	-
Mr Bismarck Rewane (Non-Executive Independent Director) **	**1,112,280**	-	**1,112,280**	-
Dr Jonathan A D Long (Non-Executive Director) ***	**11,149,220**	-	**11,149,220**	-
Mr Martin Dirks (Non-Executive Director) ****	**3,400,000**	-	**3,400,000**	-

* Joined the Board on 2 October 2019
** Retired from the Board on 8 March 2019
*** Retired from the Board on 11 April 2018
**** Retired from the Board on 25 October 2018

Directors' Report

for the year ended 31 December 2019 continued

e. Directors' Interests in Contracts

For the purpose of section 277 of the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria 2004, 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 value shown in the financial statements.

g. Shareholding Analysis

The shareholding pattern of FCMB Group Plc as at 31 December 2019 is as stated below:

31 December 2019

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

31 December 2018

Share range	No. of Shareholders	% of Shareholders	No. of Holdings	% of Shareholdings
1–10,000	486,277	93.94	387,093,783	1.95
10,001–50,000	23,717	4.58	477,378,257	2.41
50,001–100,000	3,417	0.66	239,282,614	1.21
100,001–500,000	3,287	0.63	652,748,213	3.30
500,001–1,000,000	428	0.08	307,514,274	1.55
1,000,001–5,000,000	481	0.09	938,895,553	4.74
5,000,001–10,000,000	61	0.01	449,447,438	2.27
10,000,001–50,000,000	73	0.01	1,424,482,217	7.19
50,000,001–100,000,000	17	0.00	1,272,111,001	6.42
100,000,001–500,000,000	25	0.00	5,938,026,408	30.00
500,000,001–1,000,000,000	7	0.00	4,796,367,786	24.22
1,000,000,001–19,802,710,781	2	0.00	2,919,363,237	14.74
Total	**517,792**	**100.00**	**19,802,710,781**	**100.00**

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

31 December 2019

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

31 December 2018

Shareholder category	No. of Shareholders	% of Shareholders	No. of Holdings	% of Shareholdings
Domestic shareholders	517,404	99.93	14,729,416,725	74.38
Foreign shareholders	388	0.07	5,073,294,056	25.62
Total	**517,792**	**100.00**	**19,802,710,781**	**100.00**

h. Substantial Interest in Shares

The Company's authorised share capital is ₦15 billion divided into 30 billion ordinary shares of 50 kobo each of which 19,802,710,781 ordinary shares are issued and fully paid. According to the register of members, no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2019:

	31 December 2019		31 December 2018	
Shareholder category	No. of Shares	% of Holdings	No. of Shares	% of Holdings
1. Capital IRG Trustees Limited	1,741,363,762	8.79	1,691,554,197	8.54
2. Stanbic Nominees Nig. Limited – Custody	2,482,214,072	12.53	2,502,833,804	12.64
3. Asset Management Corporation of Nigeria (AMCON)	880,813,602	4.45	1,112,601,793	5.62

i. Donations and Charitable Gifts

The Group made contributions to charitable and non-political organisations amounting to ₦299,349,230 (31 December 2018: ₦315,802,766) during the year.

Beneficiary	Amount (₦)
Kano State Technology/Innovation Centre	51,424,675
Nigerian Tulip International Colleges	35,000,000
Chartered Institute of Bankers of Nigeria	34,305,556
Lagos State Security Trust Fund	30,000,000
St. Saviour School Ikoyi	20,000,000
Awujale Palace - Ojude Oba Festival	15,000,000
STARUF Sports Development Limited	10,000,000
Tulsi Chanrai Foundation	8,000,000
FHAN Leasing	7,000,000
Wennovation Hub Initiative	6,750,000
Nigeria Economic Summit Group (NESG)	6,000,000
Kwara State Muslim Welfare Board	5,500,000
Laz Edward Nnanyelu Ekwueme	5,000,000
Success International Foundation	5,000,000

Beneficiary	Amount (₦)
Nigeria Israel Business Forum	3,600,000
Bethesda Child Support Agency	3,000,000
Nigerian Stock Exchange sponsorship of 2019 corporate challenge	3,000,000
Sought Out Cities Arts Skills & Empowerment Initiative	2,617,965
Center for Values in Leadership	2,500,000
Events, Marketing, Conferencing & Concierge Limited	2,500,000
Women in Successful Careers	2,500,000
Central Bank of Nigeria - Financial Literacy Campaign	2,041,034
IJST Cheerful Entertainment Limited	2,000,000
Kwara State Polytchnic	2,000,000
Theseabilities	1,600,000
Eko Innovation Centre	1,500,000

Directors' Report

for the year ended 31 December 2019 continued

Beneficiary	Amount (₦)
Lagos Small Business Summit	1,500,000
Nigeria Canada Investment Summit	1,500,000
African Association of Agricultural Economists	1,000,000
Bata Media Limited	1,000,000
Bauchi State Government sponsorship of special sanitation day	1,000,000
Invent Youth Leadrship Innovation	1,000,000
Joy Media Production Limited	1,000,000
Nejo Omotola Elizabeth	1,000,000
Temple Secondary School	1,000,000
Youth Empowerment Foundation	1,000,000
Special Youth Summer	820,000
Nigeria Society for the Blind	800,000
Bookcraft Limited	750,000
Faculty of Science, University of Lagos	750,000
Akwa Ibom Polytechnic	500,000
Bridge Club	500,000
Hutzpa Centre for Innovation and Development	500,000
Ibitayo Fawehinmi Foundation	500,000
Indian Cultural Association	500,000
Jakinminis N.G.O	500,000
Lions Club of Maryland	500,000
Ministry of Defence	500,000
National Council for Women Societies of Nigeria	500,000
National Youth Soccer Association	500,000
Nigerian Belgian Commercial Information & Documentation Center	500,000
Nigerian Red Cross Society	500,000
Prof. Ogundipe Innovative Challenge	500,000
When in need Foundation	500,000
Corona School Ikoyi	500,000
Finance Correspondents Association of Nigeria	300,000
MISEDI Empowerment Initiative for Africa	300,000
Niger Delta Chief Executive Officer	300,000
Pharmaceutical Association of Nigeria	300,000
Association of Assets Custodians of Nigeria	250,000
Guards Brigade	250,000
Independent Shareholders Association of Nigeria	250,000

Beneficiary	Amount (₦)
Nigeria Police Force	250,000
Nigerian Bar Association, Ikeja Branch	240,000
Association of Prof. Women Bankers	200,000
Capital Market Correspondents Association of Nigeria	200,000
Crime Reporters Association of Nigeria	200,000
Customer Passion Point Limited	200,000
Indian Professional Forum	200,000
International Chambers of Commerce	200,000
Living Etcetera Communications Limited	200,000
Pace Setters College	200,000
Watch Word Group Shareholders Associations	165,000
Nigeria Media Nite-Out	150,000
Nigerian Association of Christain Journalist	150,000
Pacesetters Shareholders Association of Nigeria	150,000
Sokoto Bankers, Central Bank of Nigeria	150,000
Opebi High School	110,000
Arch Bishop Vinning Memorial Church Cathederal	100,000
Blissful Affairs	100,000
Corona School Trust Council	100,000
Daily Pride Communication	100,000
Institute of Chartered Secretaries & Administrators of Nigeria	100,000
Prestige International Magazine	100,000
Voice of Faith Ministries	100,000
Mums in Business International	70,000
Association of Medical Laboratory Scientists of Nigeria	50,000
Crown Jewel Educational Limited	50,000
Honeybols Foundation	50,000
Leadcity Orientation	50,000
Omega Power Ministry	50,000
Tumi Bamiro	50,000
Grubz Edible Safari World	40,000
Araromi Youth Forum	30,000
Rotary Club of Alagbado	25,000
King of Kings International School	20,000
Maxihill Preparatory School	20,000
Others	3,770,000
Total	**299,349,230**

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 2019 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 2018: 4)

Health, Safety and Welfare at Work

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

Code of Business Conduct and Ethics

Employees are bound by the code of business conduct and ethics signed at the time of employment while the Directors are bound by the CBN Code of Conduct attested to annually by the individual Directors.

Diversity in Employment

The number and percentage of men and women employed during the financial year ended 31 December 2019 and the comparative year vis-a-vis total workforce is as follows:

	2019				
	Number			%	
	Male	Female	Total	Male	Female
Employees	2,339	1,554	3,893	60	40

	2018				
	Number			%	
	Male	Female	Total	Male	Female
Employees	2,277	1,505	3,782	60	40

Directors' Report

for the year ended 31 December 2019 continued

Gender analysis of Top Management is as follows:

	2019				
	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager (AGM)	28	7	35	42	11
Deputy General Manager (DGM)	13	2	15	20	3
General Manager (GM)	11	5	16	17	8
Total	52	14	66	79	21

	2018				
	Number			%	
	Male	Female	Total	Male	Female
Assistant General Manager (AGM)	25	6	31	45	11
Deputy General Manager (DGM)	16	3	19	29	5
General Manager (GM)	3	3	6	5	5
Total	44	12	56	79	21

Gender analysis of the Board is as follows:

	2019				
	Number			%	
	Male	Female	Total	Male	Female
Executive Director (ED)	11	2	13	25	5
Group Chief Executive/Chief Executive Officer (GCE/CEO)	8	-	8	18	-
Non-Executive Directors	17	6	23	38	14
Total	36	8	44	82	18

	2018				
	Number			%	
	Male	Female	Total	Male	Female
Executive Director (ED)	9	2	11	22	5
Group Chief Executive/Chief Executive Officer (GCE/CEO)	8	-	8	19	-
Non-Executive Directors	15	7	22	37	17
Total	32	9	41	78	22

The Group is committed to bringing female representation to 30% while ensuring that the highest standards and meritocracy is maintained in selection.

Gender analysis of the Board in the Company is as follows:

	2019				
	Number			%	
	Male	Female	Total	Male	Female
Group Chief Executive (GCE)	1	-	1	10	0
Executive Director (ED)	2	-	2	20	0
Non-Executive Directors	6	1	7	60	10
Total	9	1	10	90	10

	2018				
	Number			%	
	Male	Female	Total	Male	Female
Managing Director	1	-	1	10	0
Executive Director (ED)	1	-	1	10	0
Non-Executive Directors	7	1	8	70	10
Total	9	1	10	90	10

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 and so the Company has put in place a Complaint Management Policy in compliance with the Securities and Exchange Rule on management of complaints arising from capital market operations by public companies which became effective in 2015. Also, 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 1,202 at the beginning of the year and received additional 33,705 (31 December 2018: 31,671) during the year ended 31 December 2019, of which 33,422 (31 December 2018: 30,716) complaints were resolved (inclusive of pending complaints brought forward) and 1,473 (31 December 2018: 1,202) complaints remained unresolved and pending with the Bank as at the end of the reporting period. The total amount resolved was ₦6.11 billion (31 December 2018: ₦9.08 billion) while the total disputed amount in cases which remained unresolved stood at ₦502.04 million (31 December 2018: ₦479.03 million). These unresolved complaints were referred to the Central Bank of Nigeria for intervention. The Directors are of the opinion that these complaints will be resolved without adverse consequences for the Banking subsidiary. No provisions are therefore deemed necessary for these claims.

Directors' Report

for the year ended 31 December 2019 continued

Description	Number 2019	Number 2018	Amount claimed (₦'000) 2019	Amount claimed (₦'000) 2018	Amount refunded (₦'000) 2019	Amount refunded (₦'000) 2018
Pending complaints B/F	**1,202**	266	**1,254**	1,335	**-**	-
Received complaints	**33,705**	31,671	**6,614,477**	9,559,040	**-**	-
Total complaints	**34,907**	31,937	**6,615,731**	9,560,375	**-**	-
Resolved complaints	**33,422**	30,716	**6,111,555**	9,080,089	**40,730**	92,545
Unresolved complaints escalated to CBN for intervention	**12**	19	**502,041**	479,032	**-**	236
Unresolved complaints pending with the bank carry forward*	**1,473**	1,202	**2,135**	1,254	**-**	-

* Some of the outstanding complaints include complaints on failed bill payments, dispense errors on other Bank terminals, excess charges, etc.

n. Directors' Remuneration

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

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

Type of package Fixed	Description	Timing
Basic Salary	Part of gross salary package for Executive Directors only. Reflects the industry competitive salary package and the extent to which the Group's objectives have been met for the financial year.	Paid monthly during the financial period.
Other allowances	Part of gross salary package for Executive Directors only. Reflects the industry competitive salary package and the extent to which the Group's objectives have been met for the financial year.	Paid at periodic intervals during the financial year.
Productivity bonus	Paid to executive directors only and tied to performance of the line report. It is also a function of the extent to which the Group's objectives have been met for the financial year.	Paid annually in arears.
Director fees	Paid quarterly 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.

o. Auditors

By virtue of the provision of section 5.2.12 of the CBN Code of Corporate Governance for Banks and Discount House, the tenure of auditors in a given bank shall be for a maximum period of ten (10) cumulative years after which the audit firm shall not be reappointed in the bank until after a period of another ten (10) consecutive years

Following the expiration of the 10-year tenure of Messrs KPMG Audit Services with First City Monument Bank Limited (the Bank), the Board of the Bank approved the appointment of Messrs Deloitte Audit Services as its external Auditors.

With the Bank being the largest subsidiary in the FCMB Group and to ensure timely conclusion of the Group's audit, the Board of Directors of FCMB Group Plc always adopted the strategy of appointing the same Audit firm to audit both the bank and the Group. This is to enhance easy coordination of the Group's audit process and support quick review of the consolidated financial statements to meet regulatory deadlines on audits.

The Board is of the opinion that maintaining the same audit firm as was the case when KPMG was auditing both the bank and the Group would improve efficiency and ultimately enhance the integrity of the company's financial reporting process.

The Board hereby recommend the appointment of Messrs Deloitte Audit Services to members of the Company.

By Order of the Board

Mrs Olufunmilayo Adedibu
Company Secretary
44 Marina
Lagos State
Nigeria

FRC/2014/NBA/00000005887

6 March 2020

Statement of Directors' Responsibilities in Relation to the Financial Statements

for the year ended 31 December 2019

The Directors accept responsibility for the preparation of the annual consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, Financial Reporting Council of Nigeria Act, 2011 , the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 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.

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

Signed on behalf of the Board of Directors by:

Oladipupo Jadesimi
Chairman

FRC/2015/IODN/00000006637

6 March 2020

Ladi Balogun
Group Chief Executive

FRC/2013/IODN/00000001460

6 March 2020

Audit Committee Report

for the year ended 31 December 2018

In compliance with section 359 (6) of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria 2004, 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, 2019 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 2019 was ₦4.22 billion (31 December 2018: ₦4.70 billion) and also these related party loans are performing.

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

(i) Evangelist Akinola Soares
Chairman/Shareholders' representative

(ii) Alhaji S B Daranijo
Shareholders' representative

(iii) Mr Hakeem Batula
Shareholders' representative

(iv) Mrs. Olapeju Eniola Sofowora
Non-Executive Director

(v) Mr Olusegun Odubogun
Non-Executive Director

(vi) Mr Olutola Mobolurin
Non-Executive Director

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

Evangelist Akinola Soares, FCNA
Chairman, Audit Committee

FRC/2013/ANAN/00000004356

5 March 2020

Independent Auditor's Report

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo Lagos

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To the Shareholders of FCMB Group Plc

Report on the Audit of 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"), which comprise the consolidated and separate statements of financial position as at 31 December 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 67 to 269.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the Consolidated and Separate financial position of the Company and its subsidiaries as at 31 December, 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011 and the Banks and other Financial Institutions Act, Cap B3 , Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated and Separate financial statements of the current period. These matters were addressed in the context of our audit of the 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.

Impairment of Loans and Advances

The impairment of loans and advances using the expected credit loss approach in line with IFRS 9 is considered to be a key audit matter due to the level of subjectivity involved in estimating the key assumptions that impact the recoverability of loans and advances , including the application of industry knowledge and prevailing economic conditions in arriving at the level of impairment allowance required.

The Group estimates risk parameters, such as probability of default (PD), loss given default (LGD) and exposure at default (EAD), for individual loan exposures or for homogenous groups of exposures on the basis of their historical performance, taking into account the expected macroeconomic conditions.

IFRS 9 – Financial Instruments requires the Expected Credit Loss (ECL) measurement to reflect:

- an unbiased and probability-weighted amount;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date, including forecasts of future economic conditions.

The level of judgment and subjectivity inherent in estimating the key assumptions on the recoverability of loan balances, the volume of inputs estimated, the complexity of the estimation process, including the application of industry knowledge and prevailing economic conditions in arriving at the level of impairment allowance required makes the impairment of loans and advances a matter of significance to the audit.

How the Matter Was Addressed in Our Audit

Our audit procedures included the following:

- We evaluated the design and implementation of the key controls over the impairment assessment by obtaining and inspecting the credit committee reports containing the review and approval of new loans, inspecting management's review of the impairment calculation, macroeconomic variables and other external data utilized in the impairment model.
- We tested the Group's ECL methodology by considering whether it reflects unbiased and probability-weighted amounts, evaluated a range of possible outcomes, the time value of money and reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.
- We examined the staging of loans and advances by assessing whether the staging analysis used in the ECL measurement are consistent with the Group's credit risk management policy and is accurate and complete. We assessed the appropriateness of the Group's determination of significant increase in credit risk and the resultant classification of loans into the various stages by examining the performance of the loans and advances on a sample basis.

  For loans and advances which have shown a significant increase in credit risk, we evaluated the level of past due obligations and qualitative factors such as available industry information about the obligors to determine whether the Group should make an estimate based on the losses expected to result from default events within a year or defined default events over the life of the facilities. We also agreed significant loans and advances to relevant documentation such as offer letters, repayment schedules and the customers' bank statements and performed analytical procedures on non-significant loans and advances in order to ascertain the appropriateness of the staging of loans and advances.
- We challenged the key data and assumptions for the data input into the ECL model used by:
  (i) Assessing whether the inputs and assumptions on exposure at defaults, probability of default, loss given default, forward looking information used in the estimate are consistent with the Group' s impairment policy.
  (ii) Agreeing the data used in making the estimate of the impairment to relevant documentation and evaluated the relevance and reliability of data used to develop assumptions from external information sources to confirm the accuracy and applicability of these information and tested the relevance and reliability of internal information.
  (iii) Assessing the appropriateness of the basis on which management has segmented or grouped the loans and advances. i.e. whether they are appropriately segmented or grouped based on similar credit risk characteristics and consistent with internal credit management of the Group.
  (iv) For forward looking assumptions comprising inflation rate, exchange rate and Gross Domestic Product (GDP) growth rate used by the Group's management in its ECL calculations, we corroborated management's assumptions using publicly available information from external sources.

Independent Auditor's Report

KPMG

(v) Evaluating the appropriateness of the basis of determining Exposure at Default, including the contractual cashflows, outstanding loan balances, loan repayment types, loan tenors and effective interest rates by comparing, for a sample of loans, the exposure at default computed by the Group's loan application to the recomputed exposure at default and investigating all material differences.

(vi) For Probability of Default (PD) used in the ECL calculations, we reviewed the historicalmovement in facilities between default and non-default categories for all product; We reviewed the calculation of the Loss Given Default (LGD) used by the Group in the ECL calculations for accuracy. We also reviewed the calculation of the Loss Given Default (LGD) used by the Group in the ECL calculations.

- Assessing the impairment allowance for loans and advances using key inputs to recalculate the ECL, factoring the significant increase in credit risk which determines the use of either the lifetime ECL or the twelve months ECL.

The Group's accounting policy on impairment and related disclosures on credit risk are shown in notes 3(k)(vii) and 4(b) respectively.

Recoverability of deferred tax assets

At 31 December 2019, the Group recognized deferred tax assets of ₦7.9 billion (₦7.9 billion at 31 December 2018) arising from unused tax losses, unutilized capital allowances and impairment allowance on loans and advances. The tax losses were primarily as a result of the tax exemption of income from investment in government securities.

The recoverability of deferred tax assets is deemed a key audit matter as it involves significant judgment and high estimation uncertainty as management supports the recoverability of its deferred tax assets mainly with assumptions and forecasts on future earnings which contain estimates of future taxable profit.

How the Matter Was Addressed in Our Audit

As part of our audit procedures, we assessed:

- the components that gave rise to the deferred tax asset to determine whether they are appropriate and in line with the requirements of the accounting standards and tax laws;
- the accuracy of forecast future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit, including where applicable their consistency with business plans and forecasts used for impairment testing purposes; and
- evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

The Group's accounting policy on deferred tax and related disclosures are shown in notes 3(j)b and 31(c) respectively.

Information Other Than the Financial Statements and Audit Report Thereon

The Directors are responsible for the other information which comprises the Directors' report, Board Evaluation Report, Statement of Directors' responsibilities, Corporate governance report, Report of the Board Audit and Risk Management Committee, Details of Board of Directors, Officers and Professional Advisors and Other national disclosures which we obtained prior to the date of this auditors' report, but does not include the Consolidated and separate financial statements and our auditor's report thereon. Other information also include information about FCMB Group Plc, the Archives of the Founder, Chairman's Statement, Group Chief Executive's Report, 2019 Awards Won, Operating Companies Performance Highlights, Sustainability report, Management's Certification of the Financial Statements, Notice of Annual General Meeting and list of branches, together the "Outstanding reports", which are expected to be made available to us after that date.

KPMG

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

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

When we read the Outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011 and the Banks and other Financial Institutions Act, Cap B3 , Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars, and for such internal control as the directors determine is necessary to enable the preparation of the 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 and 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 Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

Independent Auditor's Report

KPMG

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee 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, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with Section 27 (2) of the Banks and other Financial Institutions Act Cap B3, Laws of the Federation of Nigeria, 2004 and Central Bank of Nigeria circular BSD/1/2004

i. The Group paid penalties in respect of contravention of the Central Bank of Nigeria guidelines during the year ended 31 December 2019. Details of penalties paid are disclosed in note 48 to the financial statements.

ii. Related party transactions and balances are disclosed in note 45 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1 /2004.

Nneka

Nneka Eluma, FCA
FRC/2013/ICAN/00000000785
For: KPMG Professional Services
Chartered Accountants

18 March 2020
Lagos, Nigeria

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

for the year ended 31 December 2019

	Note	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
Gross earnings		**181,249,930**	177,248,909	**3,501,949**	4,808,316
Interest and discount income	*8*	**137,447,224**	131,662,948	**427,608**	440,429
Interest expense	*9*	**(61,470,839)**	(59,089,590)	**-**	-
Net interest income		**75,976,385**	72,573,358	**427,608**	440,429
Fee and commission income	*11*	**29,722,680**	27,986,346	**-**	-
Fee and commission expense	*11*	**(9,000,588)**	(6,379,466)	**(4)**	(6)
Net fee and commission income		**20,722,092**	21,606,880	**(4)**	(6)
Net trading income	*12*	**6,904,490**	6,193,705	**(1,396)**	147,064
Net income from financial instruments mandatorily measured at fair value through profit or loss	*13*	**1,952,495**	(345,819)	**-**	(345,819)
Other revenue	*14(a)*	**4,075,888**	9,871,768	**3,017,697**	3,196,914
		12,932,873	15,719,654	**3,016,301**	2,998,159
Other income	*14(b)*	**1,147,153**	1,879,961	**58,040**	1,369,728
Impairment losses on financial instruments	*10(a)*	**(13,747,603)**	(14,113,282)	**(49,295)**	(62,355)
Impairment writeback on investment in subsidiaries	*10(b)*	**-**	-	**795,331**	-
Personnel expenses	*15*	**(29,603,426)**	(25,927,891)	**(307,650)**	(336,181)
Depreciation and amortisation expenses	*16*	**(6,712,909)**	(5,537,314)	**(12,817)**	(18,358)
General and administrative expenses	*17*	**(31,892,574)**	(29,730,408)	**(495,077)**	(512,154)
Other operating expenses	*18*	**(8,691,594)**	(18,028,661)	**182,056**	(203,570)
Profit before minimum tax and income tax		**20,130,397**	18,442,297	**3,614,493**	3,675,692
Excess dividend tax	*20*	**-**	(107,102)	**-**	(107,102)
Minimum tax	*20*	**(1,040,558)**	(952,422)	**(8,159)**	-
Income tax expense	*20*	**(1,752,565)**	(2,411,245)	**(4,874)**	(16,198)
Profit for the year		**17,337,274**	14,971,528	**3,601,460**	3,552,392
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Unquoted equity investments at fair value through other comprehensive income:					
Net change in fair value	*26(i)*	**5,047,594**	2,465,800	**-**	-
Quoted equity at fair value through other comprehensive income:					
Net change in fair value	*26(i)*	**(309,752)**	(432,576)	**-**	-
		4,737,842	2,033,224	**-**	-

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

for the year ended 31 December 2019 continued

	Note	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
Items that may be subsequently reclassified to profit or loss					
Debt investments at fair value through other comprehensive income:					
Net change in fair value	*26(i)*	**(2,263,237)**	(644,994)	**4,298**	(1,481)
Net impairment reclassified to profit or loss	*26(c)*	**20,505**	9,747	**-**	-
Losses arising from derecognition of financial assets	*26(i)*	**-**	(659,184)	**-**	-
		(2,242,732)	(1,294,431)	**4,298**	(1,481)
Foreign currency translation differences for foreign operations		**246,453**	1,148,941	**-**	-
		(1,996,279)	(145,490)	**4,298**	(1,481)
Other comprehensive income/(loss) for the year, net of tax		**2,741,563**	1,887,734	**4,298**	(1,481)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**20,078,837**	16,859,262	**3,605,758**	3,550,911
Profit attributable to:					
Equity holders of the Company		**17,259,992**	14,885,691	**3,601,460**	3,552,392
Non-controlling interests		**77,282**	85,837	**-**	-
		17,337,274	14,971,528	**3,601,460**	3,552,392
Total comprehensive income attributable to:					
Equity holders of the Company		**20,000,017**	16,775,554	**3,605,758**	3,550,911
Non-controlling interests		**78,820**	83,708	**-**	-
		20,078,837	16,859,262	**3,605,758**	3,550,911
Basic and diluted earnings per share (Naira)	*19*	**0.87**	0.75	**0.18**	0.18

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

Consolidated and Separate Statements of Financial Position

as at 31 December 2019

		GROUP		COMPANY	
	Note	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
ASSETS					
Cash and cash equivalents	*21*	**223,545,838**	185,147,549	**19,482**	297,957
Restricted reserve deposits	*22*	**208,916,226**	146,497,087	**-**	-
Non-pledged Trading assets	*23(a)*	**51,087,200**	47,469,113	**-**	-
Derivative assets held for risk management	*24(a)*	**11,666,095**	10,538	**-**	-
Loans and advances to customers	*25*	**715,880,600**	633,034,962	**-**	-
Assets pledged as collateral	*27*	**118,653,230**	87,409,893	**-**	-
Investment securities	*26*	**239,935,756**	235,921,932	**3,799,741**	3,727,938
Investment in subsidiaries	*28*	**-**	-	**127,200,705**	126,405,374
Property and equipment	*29*	**43,697,159**	37,281,754	**91,259**	17,846
Intangible assets	*30*	**15,624,505**	15,320,782	**-**	-
Deferred tax assets	*31*	**7,944,838**	7,944,838	**-**	-
Other assets	*32*	**31,554,348**	35,259,574	**2,908,633**	2,342,951
Total assets		**1,668,505,795**	1,431,298,022	**134,019,820**	132,792,066
LIABILITIES					
Trading liabilities	*23(b)*	**37,082,002**	32,474,632	**-**	-
Derivative liabilities held for risk management	*24(b)*	**7,563,600**	10,538	**-**	-
Deposits from banks	*33*	**90,060,925**	39,140,044	**-**	-
Deposits from customers	*34*	**943,085,581**	821,747,423	**-**	-
Borrowings	*35*	**133,344,085**	108,731,522	**-**	-
On-lending facilities	*36*	**70,912,203**	57,889,225	**-**	-
Debt securities issued	*37*	**71,864,898**	54,651,172	**-**	-
Retirement benefit obligations	*38*	**132,542**	80,207	**-**	-
Current income tax liabilities	*20(v)*	**4,743,683**	5,038,371	**84,386**	178,455
Deferred tax liabilities	*31*	**345,852**	307,703	**-**	-
Provision	*39*	**5,598,177**	11,583,432	**-**	303,630
Other liabilities	*40*	**103,105,600**	116,216,647	**1,995,973**	1,203,898
Total liabilities		**1,467,839,148**	1,247,870,916	**2,080,359**	1,685,983

Consolidated and Separate Statements of Financial Position

as at 31 December 2019 continued

		GROUP		COMPANY	
	Note	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
EQUITY					
Share capital	*41(b)*	**9,901,355**	9,901,355	**9,901,355**	9,901,355
Share premium	*42(i)*	**115,392,414**	115,392,414	**115,392,414**	115,392,414
Retained earnings	*42(ii)*	**34,187,857**	28,962,144	**6,642,875**	5,813,795
Other reserves	*42(iii)*	**40,952,603**	28,950,679	**2,817**	(1,481)
Total equity attributable to owners of the Company		**200,434,229**	183,206,592	**131,939,461**	131,106,083
Non-controlling Interests	*43*	**232,418**	220,514	**-**	-
		200,666,647	183,427,106	**131,939,461**	131,106,083
Total liabilities and equity		**1,668,505,795**	1,431,298,022	**134,019,820**	132,792,066

The financial statements and the accompanying notes and significant accounting policies were approved by the Board of Directors on 6 March 2020 and signed on its behalf by:

Oladipupo Jadesimi
Chairman
FRC/2015/IODN/00000006637

Ladi Balogun
Group Chief Executive
FRC/2013/IODN/00000001460

Kayode Adewuyi
Chief Financial Officer
FRC/2014/ICAN/00000006884

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 2019

GROUP

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	AGSMEIS reserve ₦'000	For-bearance reserve ₦'000	Translation reserve ₦'000	Fair value reserve ₦'000	Regulatory risk reserve ₦'000	Non-controlling interest ₦'000	Total equity ₦'000
Balance at 1 January 2019	**9,901,355**	**115,392,414**	**28,962,144**	**10,741,073**	**-**	**-**	**8,001,202**	**10,061,614**	**146,790**	**220,514**	**183,427,106**
Profit for the year	-	-	17,259,992	-	-	-	-	-	-	77,282	17,337,274
Other comprehensive income											
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	4,737,842	-	-	4,737,842
Debt investments at fair value through other comprehensive income	-	-	-	-	-	-	-	(2,244,270)	-	1,538	(2,242,732)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	246,453	-	-	-	246,453
Total comprehensive income for the year	**-**	**-**	**17,259,992**	**-**	**-**	**-**	**246,453**	**2,493,572**	**-**	**78,820**	**20,078,837**
Transfer between reserves											
Transfer to statutory reserve	-	-	(1,960,712)	1,960,712	-	-	-	-	-	-	-
Transfer to AGSMEIS reserve	-	-	(1,353,596)	-	1,353,596	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	(3,986,879)	-	-	-	-	-	3,986,879	-	-
Transfer to forebearence reserve	-	-	(1,960,712)	-	-	1,960,712	-	-	-	-	-
Transactions with owners recorded directly in equity											
Dividend paid	-	-	(2,772,380)	-	-	-	-	-	-	-	(2,772,380)

Consolidated and Separate Statements of Changes in Equity

for the year ended 31 December 2019 continued

GROUP

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	AGSMEIS reserve ₦'000	For-bearance reserve ₦'000	Translation reserve ₦'000	Fair value reserve ₦'000	Regulatory risk reserve ₦'000	Non-controlling interest ₦'000	Total equity ₦'000
Transactions with minority shareholders recorded directly in equity											
Dividend paid	-	-	-	-	-	-	-	-	-	(66,916)	(66,916)
Total contributions and distributions	**-**	**-**	**(12,034,279)**	**1,960,712**	**1,353,596**	**1,960,712**	**-**	**-**	**3,986,879**	**(66,916)**	**(2,839,296)**
Balance at 31 December 2019	**9,901,355**	**115,392,414**	**34,187,857**	**12,701,785**	**1,353,596**	**1,960,712**	**8,247,655**	**12,555,186**	**4,133,669**	**232,418**	**200,666,647**
Balance at 1 January 2018	**9,901,355**	**115,392,414**	**28,761,146**	**8,887,811**	**-**	**-**	**6,852,261**	**2,547,807**	**14,756,812**	**362,206**	**187,461,812**
Adjustments on initial application of IFRS 9, net of tax:											
Equity investments at FVOCI	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,772,885**	**-**	**-**	**6,772,885**
Loans and receivables	**-**	**-**	**(25,149,831)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(25,149,831)**
Transfer from regulatory risk reserve	-	-	14,204,674	-	-	-	-	-	(14,204,674)	-	-
Restated balance as at 1 January 2018	9,901,355	115,392,414	17,815,989	8,887,811	-	-	6,852,261	9,320,692	552,138	362,206	169,084,866
Profit for the year	-	-	14,885,691	-	-	-	-	-	-	**85,837**	**14,971,528**
Other comprehensive income											
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	**2,033,224**	-	-	**2,033,224**
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(1,292,302)	-	(2,129)	(1,294,431)

GROUP

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	AGSMEIS reserve ₦'000	For-bearance reserve ₦'000	Translation reserve ₦'000	Fair value reserve ₦'000	Regulatory risk reserve ₦'000	Non-controlling interest ₦'000	Total equity ₦'000
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	1,148,941	-	-	-	1,148,941
Total comprehensive income for the year	**-**	**-**	**14,885,691**	**-**	**-**	**-**	**1,148,941**	**740,922**	**-**	**83,708**	**16,859,262**
Transfer between reserves											
Transfer to statutory reserve	-	-	(1,853,262)	1,853,262	-	-	-	-	-	-	-
Transfer from regulatory risk reserve	-	-	405,348	-	-	-	-	-	(405,348)	-	-
Transactions with owners recorded directly in equity											
Dividend paid	**-**	**-**	**(1,980,270)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,980,270)**
Transactions with minority shareholders recorded directly in equity											
Dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(142,288)**	**(142,288)**
Acquisition of interest in NCI	**-**	**-**	**(311,352)**	**-**			**-**	**-**	**-**	**(83,112)**	**(394,464)**
Total Contributions and distributions	-	-	(3,739,536)	1,853,262	-	-	-	-	(405,348)	(225,400)	(2,517,022)
Balance at 31 December 2018	**9,901,355**	**115,392,414**	**28,962,144**	**10,741,073**	**-**	**-**	**8,001,202**	**10,061,614**	**146,790**	**220,514**	**183,427,106**

Consolidated and Separate Statements of Changes in Equity

for the year ended 31 December 2018 continued

COMPANY

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	AGSMEIS reserve ₦'000	For-bearance reserve ₦'000	Translation reserve ₦'000	Fair value reserve ₦'000	Regulatory risk reserve ₦'000	Non-controlling interest ₦'000	Total equity ₦'000
Balance at 1 January 2019	**9,901,355**	**115,392,414**	**5,813,795**	**-**	**-**	**-**	**-**	**(1,481)**	**-**	**-**	**131,106,083**
Profit for the year	-	-	3,601,460	-	-	-	-	-	-	-	3,601,460
Other comprehensive income											
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Debt investments at fair value through other comprehensive income	-	-	-	-	-	-	-	4,298	-	-	4,298
Total comprehensive income for the year	**-**	**-**	**3,601,460**	**-**	**-**	**-**	**-**	**4,298**	**-**	**-**	**3,605,758**
Transactions with owners recorded directly in equity											
Dividend paid	-	-	(2,772,380)	-	-	-	-	-	-	-	(2,772,380)
Total contributions and distributions	-	-	(2,772,380)	-	-	-	-	-	-	-	(2,772,380)
Balance at 31 December 2019	**9,901,355**	**115,392,414**	**6,642,875**	**-**	**-**	**-**	**-**	**2,817**	**-**	**-**	**131,939,461**

COMPANY

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	AGSMEIS reserve ₦'000	For-bearance reserve ₦'000	Translation reserve ₦'000	Fair value reserve ₦'000	Regulatory risk reserve ₦'000	Non-controlling interest ₦'000	Total equity ₦'000
Balance at 1 January 2018	**9,901,355**	**115,392,414**	**4,350,828**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**129,644,597**
Adjustments on initial application of IFRS 9, net of tax:											
Loans and receivables	-	-	(109,154)	-	-	-	-	-	-	-	(109,154)
Restated balance as at 1 January 2018	9,901,355	115,392,414	4,241,674	-	-	-	-	-	-	-	129,535,443
Profit for the year	-	-	3,552,392	-	-	-	-	-	-	-	3,552,392
Other comprehensive income											
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Debt investments at fair value through other comprehensive income	-	-	-	-	-	-	-	(1,481)	-	-	(1,481)
Total comprehensive income for the year	**-**	**-**	**3,552,392**	**-**	**-**	**-**	**-**	**(1,481)**	**-**	**-**	**3,550,911**
Transactions with owners recorded directly in equity											
Dividend paid	-	-	(1,980,271)	-	-	-	-	-	-	-	(1,980,271)
Total contributions and distributions	-	-	(1,980,271)	-	-	-	-	-	-	-	(1,980,271)
Balance at 31 December 2018	**9,901,355**	**115,392,414**	**5,813,795**	**-**	**-**	**-**	**-**	**(1,481)**	**-**	**-**	**131,106,083**

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

Consolidated and Separate Statements of Cash Flows

for the year ended 31 December 2019

	Note	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
Cash flows from operating activities					
Profit for the year		**17,337,274**	14,971,528	**3,601,460**	3,552,392
Adjustments for:					
Net impairment losses on financial instruments	*10(a)*	**13,747,603**	14,113,282	**49,295**	62,355
Net impairment writeback on investment in subsidiaries	*10(b)*	**-**	-	**(795,331)**	-
Fair value gain on financial assets held for trading	*50(i)*	**(1,556,516)**	(1,125,296)	**-**	-
Net loss from other financial instruments at fair value through profit or loss	*13*	**(1,952,495)**	345,819	**-**	345,819
Amortisation of intangibles	*16*	**1,423,702**	1,246,371	**-**	-
Depreciation of property and equipment	*16*	**5,289,207**	4,290,943	**12,817**	18,358
Gain on disposal of property and equipment	*14(b)*	**(115,214)**	(63,456)	**(306)**	(46)
Gain on disposal of investment securities	*14(b)*	**(1,323)**	(1,313,358)	**-**	(1,310,609)
Unrealised foreign exchange gains	*14(a)*	**(3,549,033)**	(9,334,192)	**(48,613)**	(243,702)
Other operating expenses – provisions for litigation no longer required	*18(a)*	**(6,457,163)**	-	**(303,630)**	-
Net interest income	*50(ix)*	**(75,976,385)**	(72,573,358)	**(427,608)**	(440,429)
Dividend income	*14(a)*	**(526,855)**	(537,576)	**(2,969,084)**	(2,953,212)
Tax expense	*20*	**2,793,123**	3,470,769	**13,033**	123,300
		(49,544,075)	(46,508,524)	**(867,967)**	(845,774)
Changes in operating assets and liabilities					
Net (increase) in restricted reserve deposits	*50(x)*	**(62,419,139)**	(36,858,528)	**-**	-
Net (increase)/decrease in derivative assets held for risk management	*50(xi)*	**(11,655,557)**	335,246	**-**	-
Net (increase) in non-pledged trading assets	*50(xxiii)*	**(4,122,018)**	(24,170,040)	**-**	-
Net (increase)/decrease in loans and advances to customers	*50(xii)*	**(69,502,048)**	3,883,781	**-**	-
Net decrease/(increase) in other assets	*50(xiv)*	**8,435,990**	9,825,703	**(5,682)**	(1,594,376)
Net increase in trading liabilities	*50(xv)*	**4,605,392**	10,857,972	**-**	-
Net increase in deposits from banks	*50(xvi)*	**50,920,881**	32,784,655	**-**	-
Net increase in deposits from customers	*50(xvii)*	**121,338,158**	131,886,783	**-**	-
Net increase in on-lending facilities	*50(xviii)*	**12,615,000**	11,214,450	**-**	-
Net (increase) in assets pledged as collateral	*50(xiii)*	**(35,671,304)**	(26,679,736)	**-**	-
Net increase/(decrease) in derivative liabilities held for risk management	*50(xix)*	**5,600,567**	(335,246)	**-**	-
Net increase in provision	*50(viii)*	**609,974**	9,143,690	**-**	-
Net (decrease)/increase in other liabilities	*50(vii)*	**(19,011,362)**	48,857,836	**774,559**	(440,180)
		(47,799,541)	124,238,042	**(99,090)**	(2,880,330)
Interest received	*50(ii)*	**133,288,707**	137,984,787	**427,608**	440,429

		GROUP		COMPANY	
	Note	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Interest paid	*50(iii)*	**(63,347,880)**	(59,211,577)	**-**	-
Dividends received	*50(xxi)*	**526,855**	537,576	**2,409,084**	1,184,756
VAT paid	*50(iv)*	**(1,053,949)**	(1,460,608)	**(24,039)**	(2,829)
Income taxes paid		**(2,434,334)**	(1,395,826)	**(107,102)**	(4,760)
Net cash generated from/(used in) operating activities		**19,179,858**	200,692,394	**2,606,461**	(1,262,734)
Cash flows from investing activities					
Purchase of property and equipment	*29*	**(7,579,660)**	(8,721,178)	**(88,856)**	(2,077)
Purchase of intangible assets	*30(a)*	**(1,496,803)**	(648,377)	**-**	-
Purchase of intangible assets – work-in-progress	*30(a)*	**(375,587)**	(1,089,091)	**-**	-
Proceeds from sale of property and equipment	*50(viii)*	**333,695**	709,492	**2,932**	3,941
Acquisition of investment securities	*50(v)*	**(83,975,620)**	(153,697,260)	**(267,765)**	(76,793)
Proceeds from sale and redemption of investment securities	*50(v)*	**72,855,133**	49,515,208	**220,000**	2,682,713
Net cash (used in)/generated from investing activities		**(20,238,842)**	(113,931,206)	**(133,689)**	2,607,784
Cash flows from financing activities					
Investment in subsidiaries	*50(xxii)*	**-**	-	**-**	(810,672)
Dividend paid		**(2,772,380)**	(1,980,270)	**(2,772,380)**	(1,980,271)
Proceeds from long term borrowings	*35(c)*	**152,422,400**	48,769,311	**-**	-
Repayment of long term borrowings	*35(c)*	**(129,381,414)**	(58,135,758)	**-**	-
Proceeds from debt securities issued	*50(xx)*	**17,013,255**	-	**-**	-
Net cash generated from/(used in) financing activities		**37,281,861**	(11,346,717)	**(2,772,380)**	(2,790,943)
Net increase/(decrease) in cash and cash equivalents		**36,222,877**	75,414,471	**(299,608)**	(1,445,893)
Cash and cash equivalents at start of year	*47*	**185,165,525**	103,888,007	**297,957**	146,366
Effect of exchange rate fluctuations on cash and cash equivalents held	*50(vi)*	**2,189,934**	5,863,047	**21,133**	1,597,484
Cash and cash equivalents at end of period	*47*	**223,578,336**	185,165,525	**19,482**	297,957

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

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 (91.64%) 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 2019 comprise the Company and its subsidiaries (together referred to as the 'Group').

These consolidated and separate financial statements were authorised for issue by the Board of Directors on 6 March 2020.

2a. Changes in Accounting Policies

Except as noted below, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these consolidated and separate financial statements. The Group has adopted the following new standards and amendments including any consequential amendments to other standards with initial date of application of 1 January 2019.

The effect of initially applying these standards is mainly attributed to the following:

1) Recognition of right-of-use assets and lease liability for operating leases.
2) Additional depreciation on the right-of-use assets. Also, additional interest expense as a result of the unwinding of the lease liability.
3) Disclosures on IFRS 16.

(i) IFRS 16 Leases

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(i) Definition of a Lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3(i).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16.

(ii) As a Lessee

As a lessee, the Group leases some branch and office premises. The Group previously classified these leases as operating leases under IAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for leases of branch and office premises – i.e. these leases are on-balance sheet.

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019.

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- relied on its assessment of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review;
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low-value assets (i.e. IT equipment); excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and used hindsight when determining the lease term;
- did not recognise right-of-use assets and liabilities for leases of low-value assets;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(iii) As a Lessor

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

If the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances (see (o)).

Finance income earned are computed using the effective interest method which reflects a constant periodic return on the investment in the finance lease. Initial direct costs paid are capitalized to the value of the lease amount receivable and accounted for over the lease term as an adjustment to the effective rate of return.

(iv) Impacts on the Financial Statements

Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

In thousands of Naira	1 January 2019
Right-of-use assets presented in property and equipment	4,304,255
Lease liabilities	1,441,150
Retained earnings	-

For the impact of IFRS 16 on profit or loss for the year, see Note 53(a). For the details of accounting policies under IFRS 16 and IAS 17, see Note 3(i).

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 15.5%.

(ii) IFRIC 23 Uncertainty over income tax treatment

The amendment clarifies how to determine the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

- If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Group has adopted IFRIC 23 effective 1 January 2019.

(iii) Amendments to IFRS 9

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The Group adopted the amendment effective 1 January 2019.

b. Significant Accounting Policies

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

3a. (i) Statement of Compliance

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

(ii) Basis of Accounting

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

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

(iii) Functional and Presentation Currency

These consolidated and separate financial statements are presented in Naira, which is the 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(e) - (f): impairment testing for CGUs containing goodwill: key assumptions underlying recoverable amounts.

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.

(b) Basis of Consolidation

(i) Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) 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.

(iii) 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.

(iv) 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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

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.

(v) Common Control Transactions

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

(vi) 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.

(vii) Non-Controlling Interest

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

(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.

(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; and
- 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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

the measurement of the effective interest rate of financial assets or liabilities.

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

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

(f) Net Trading Income

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

(g) Net Income from Other Financial Instruments at Fair Value Through Profit or Loss

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

(h) Dividend Income

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

(i) Leases

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

Policy applicable from 1 January 2019

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.

This policy is applied to contracts entered into (or changed) on or after 1 January 2019.

(i) Group Acting as a Lessee

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

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

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

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

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

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

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

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

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.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

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

i. As a lessee

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

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

ii. As a lessor

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

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

(j) Income Tax

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

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

(a) Current Income Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, 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; and
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

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

Minimum tax

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

Minimum tax is determined based on:

- 0.5% of gross turnover of the company, less franked investment income.

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.

(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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or signicantly reduces an accounting mismatch that would otherwise arise.

Reclassifications

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

Financial liabilities

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

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual right to the cash flow from the Financial 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 a transaction in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of the asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

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

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

Financial liabilities

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

(iv) Modification of Financial Assets and Financial Liabilities

Financial assets

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

If the cash flow of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and derecognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

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

(v) Offsetting

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

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

(vi) Fair Value Measurement

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

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

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

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e, the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

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.

(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-month ECLs 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’.

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

Measurement of ECL

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

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

- financial guarantee contracts: the expected payments to reimburse the holder less any amount that the Group expects to recover.

Restructured financial assets

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

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

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 bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- Loan commitments and financial guarantee contracts: generally, as a provision.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

- 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.
- 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.

Reversal of impairment

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

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

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

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

Write-off

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

(viii) Designation at Fair Value Through Profit or Loss

Financial assets

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

Financial liabilities

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

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(l) 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 day-to-day operations. They are calculated as a fixed percentage of the 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.

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.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(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.

(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 terms

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

(iv) De-Recognition

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

(s) Intangible Assets

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

Subsequent expenditure on software assets is capitalised only when it increases the future

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

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.

(u) Deposits, Debt Securities Issued, Onlending Facilities and Borrowings

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

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

(v) Sale and Repurchase Agreements

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

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

(w) Provisions

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

(x) Financial Guarantees and Loan Commitments

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

(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.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(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 subsidiary 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 on loans 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 recognised in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

Only the portion of cost of a previous period that is related to the income earned during the reporting period is 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.

(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 2019 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 does 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 Interpretations are not expected to have a significant impact on the Group's consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Effective for the Financial Year Commencing 1 January 2020:

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

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).

4. Financial Risk Management

(a) Introduction and Overview

Risk management at FCMB Group Plc 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 risks such as credit, liquidity, market, operational, strategic, regulatory, reputational and systemic risks. It has put in place a robust risk management framework, policies and processes for the proactive identification, assessment, measurement and management of such risks to ensure that they are managed within the Board approved risk appetite whilst also complying with the regulatory requirements.

The Group has developed, and periodically updates its capital management policy and capital plan to ensure that it operates within its risk capacity while optimising risk and return. The outcomes of 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 there is an equilibrium. The framework seeks to strengthen the administration and supervision of the Group's enterprise risk management and ensure that the Group's corporate governance principles, risk philosophy and culture, risk appetite and risk management processes are implemented in line with the Board's expectations. It also provides management with clear, comprehensive and unbiased analysis of the adequacy, existence and effectiveness of internal controls and risk processes.

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

FCMB risk management philosophy

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

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

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

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

(c) clear and consistent communication on risks;

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

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

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

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

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

Business segments and risk exposures

GROUP

Commercial and Retail Banking		Investment Banking		Wealth Management	
Credit risk	High	Credit risk	Low	Credit risk	Low
Operational risk	Medium	Operational risk	Medium	Operational risk	Low
Market risk	High	Market risk	High	Market risk	Medium

This chart presents the Group's exposure to each of the risks, being its major risk exposures 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 this 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 likely devaluation of the Naira was moderate compared to the same period in the last financial year due to stable liquidity position of the foreign exchange market on the back of importers and exporters' foreign exchange window and Central Bank of Nigeria (CBN) intervention. However, 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 high benchmark rate during the financial year to achieve exchange rate stability and inflation rate reduction. It increased loans to funding ratio and directed banks to exclude individuals and local corporates from investing in Open Market Operations (OMO) auctions to boost loan growth and divert liquidity away from risk free instruments to the real sector with its attendant implication on interest margin and cost of borrowing. 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.

Corporate and Commercial Banking, having the largest exposure to credit risk, takes most of the capital allocation, followed by Investment Banking

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(treasury, brokerage, advisory) and Wealth Management (pension, asset management and trusteeship businesses). Despite the presence of counterparty risks, credit risk is low for investment banking and wealth management. Market risk remained high in the period due to the monetary policy stance of the Central Bank of Nigeria (CBN). The wealth management business has the least capital allocation due to low portfolio risk. 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 accordingly, 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 Executive Management Committee coordinates the activities of the subcommittees to provide support to the Board in managing risk and ensuring that capital is adequate and optimally deployed. 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 sub-committees) 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 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 Risk Committee focuses on risk governance and provides a strong forward-looking view of risks and their mitigation. The Board Risk Committee is a sub-committee of the Board that assists the Board of of Directors in fulfilling its oversight responsibilities with regard to the risk appetite of the Group and the risk management, internal control and compliance framework and the governance structure that support it. 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

Enterprise risk universe and governance structure

<table>
<tr><th colspan="10">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>Legal risk</td><td>Reputational risk</td><td>Compliance risk</td></tr>
<tr><td>Primary risk owner</td><td colspan="2">Chief Risk Officer</td><td colspan="2">Treasurer</td><td>Head of Operations and Technology Division</td><td>Head of Strategy</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="8">Chief Risk Officer</td><td>Chief Compliance Officer</td></tr>
<tr><td rowspan="2">Management committee</td><td colspan="2">Management Credit Committee</td><td colspan="2">Assets and Liabilities Management Committee</td><td colspan="2">Risk Management Committee</td><td colspan="3">Executive Management Committee</td></tr>
<tr><td colspan="9">Risk Management Committee</td></tr>
<tr><td rowspan="2">Board committee</td><td colspan="2">Board Credit Committee</td><td colspan="6">Board Risk, Audit and Finance Committee</td><td>Board of Directors</td></tr>
<tr><td colspan="9">Board of Directors</td></tr>
</table>

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

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. It 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.

(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 play risk oversight role. Board Risk, Audit and Finance Committee has oversight responsibility for all the risk exposures in the Group while the Board Credit Committee (BCC) is responsible for the various credit risk exposures.

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

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

Board Risk, Audit and Finance Committees

Executive Management, Management Risk Committees

Risk taking (First line of defence)
- Business Line Management

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

Risk oversight (Second line of defence)
- Risk Management
- Internal Control
- Compliance
- FINCON

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

Risk assurance (Third line of defence)
- Group Internal Audit
- External Audit

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

First line of defence

(a) Board level

I. The Board of Directors sets the appetite for risk and ensures that senior management and individuals responsible for managing risks possess sound expertise and knowledge to undertake risk management functions within the Group. The Board of directors approve risk management policies and also has 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) and, as necessary, the subsidiaries' risk committees provide 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 they are appropriately managed for 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 includes:

  – 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.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(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;

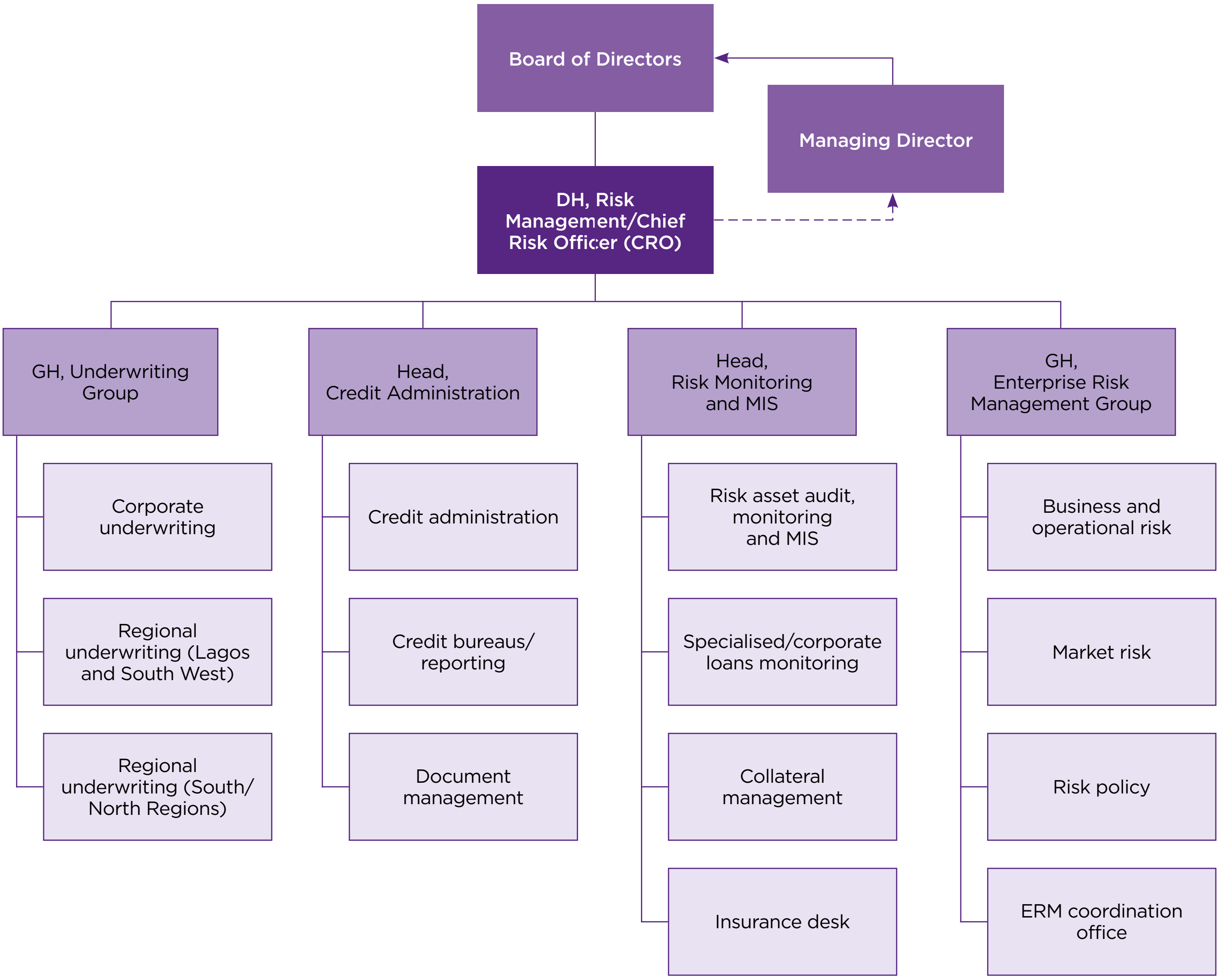
l) coordinates with Financial Control regarding the Group's capital management policies;

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.

Notes to the Consolidated and Separate Financial Statements

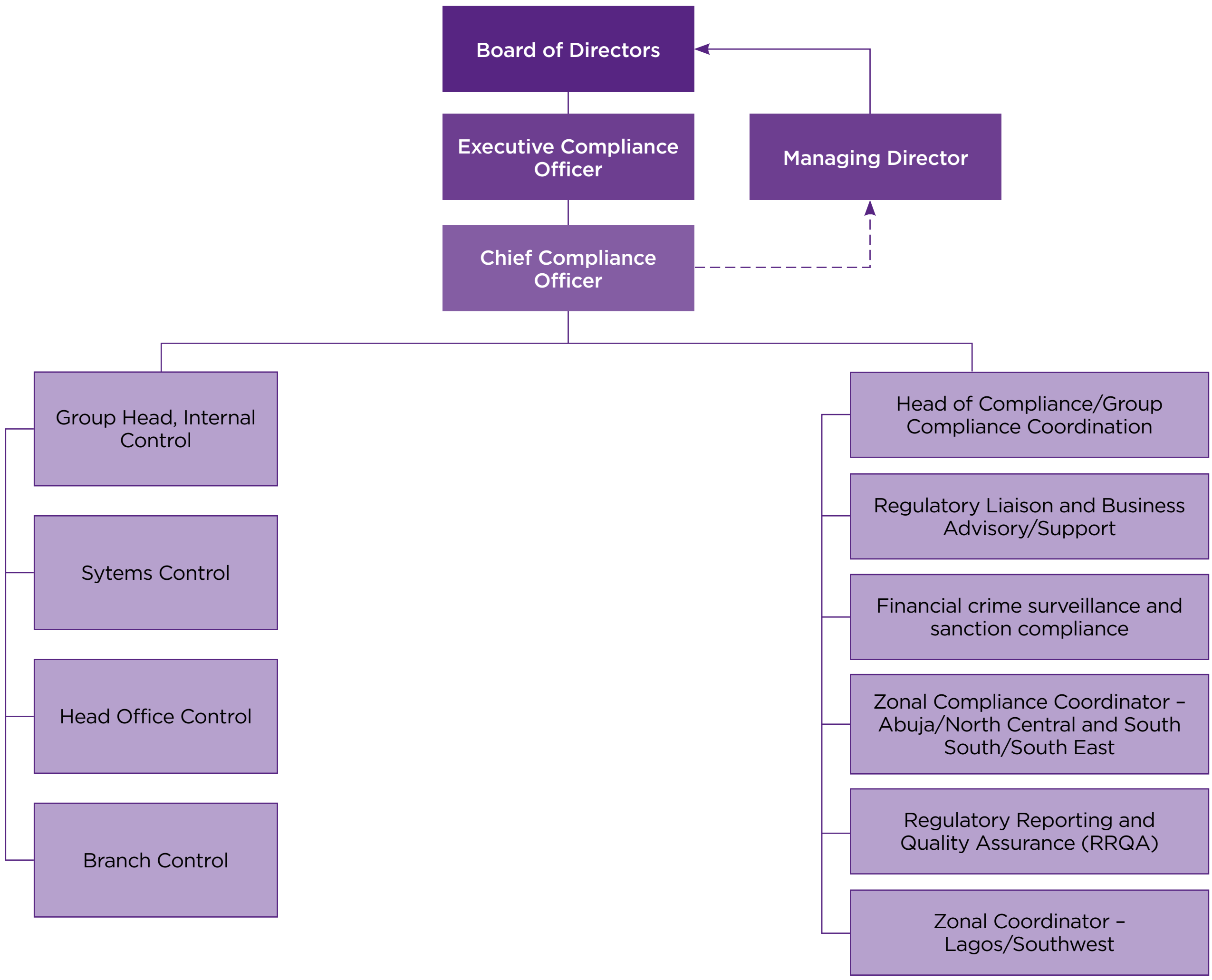
for the year ended 31 December 2019 continued

(b) Compliance and Internal Control Division

The Internal Control Division is primarily charged with the following:

- Internal control is directly responsible for enforcing and confirming compliance with group-wide policies, procedures and internal controls. It conducts routine control checks across all businesses and processes. It is responsible for effective and efficient control environment that ensures minimal operational losses from frauds, errors, operational gaps, and other irregularities. It monitors control activities and ensure compliance with minimum control standards defined by the Board. The Internal Control works hand-in-hand with the Compliance team.
- The Compliance team ensures the Group fully complies with the spirit and letter of laws, corporate governance standards, all regulatory requirements such as Know Your Customer (KYC), Anti-Money Laundering (AML) regulations and indeed all requirements of the Central Bank of Nigeria (CBN) and other authorities such as Nigerian Deposit Insurance Corporation (NDIC), Securities and Exchange Commission, Nigerian Stock Exchange, National Pension Commission, National Information Technology Development Agency (NITDA) among others.

The Compliance and Internal Control Division is functionally structured as shown in the chart below:



(c) Group Finance Division

- Group Finance Division develops the Group's strategic and capital plan and clearly outlines the actual and projected capital needs, anticipated capital expenditure and desired level of capital.
- It reviews the Group's capital structure and ensures the desired level of capital adequacy in the Group.
- It drives all activities relating to the Group's responses to any proposed regulatory change that might affect the Group's capital and provides all necessary information on portfolio, product and profitability metrics and any analysis to support the material risk assessment process.

Third line of defence

(a) Internal Audit

Group Internal Audit provides independent assessment of the adequacy of, and compliance with, the Group's established policies and procedures. The function is responsible, amongst others, for monitoring compliance with the enterprise risk management framework, and validating the adequacy and efficacy of risk assessment systems (including rating and measurement models).

(b) External Audit

External Auditors apart from establishing whether the financial statements reflect a true and fair position of the organisation, also have an important impact on the quality of internal controls through their audit activities and recommendations for improvement of internal controls. Our external auditors have been helpful in providing guidance on new developments in risk management, corporate governance and financial accounting and controls.

(c) Board

The Board Risk, Audit and Finance (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".

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

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; Wealth and Asset 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.

(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.

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.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

- **Loan monitoring and reviews:** the various loans are monitored both at transaction and portfolio levels to ensure a balanced and healthy portfolio in line with the portfolio development and balancing strategy of the Group.

- **Collateral review, monitoring and management:** the Legal department reviews the collateral proposed by customers as part of the credit approval process to determine acceptability of the collateral. Beyond the initial assessment at the point of credit origination however, the Group also has a good collateral management review process in place in order to reduce the risk of loss in the event of default. Our collateral management practices have helped to reduce the estimated expected loss and capital charge on transactions. Collateral management in the Group includes periodic evaluation of coverage for each facility type; mark-to-market for stocks and commodities, revaluation benchmark for properties and acceptable standards for eligibility on all forms of collateral.

  The principal collateral types eligible as security and used primarily to mitigate transaction risk include the following: cash and marketable securities; legal mortgage; all assets debenture; account receivables of highly rated obligors. Other admissible collateral (accepted for comfort only but not eligible as credit risk mitigants) include domiciliation agreements, trust receipts and negative pledges.

  Another mitigant used to reduce the risk of credit exposures is master netting agreements with obligors that have investments in liability products so that in the event of default, exposures to the obligor will be settled on a net basis. These agreements are executed by the representatives of the obligor and are generally enforceable with no further recourse to the obligor or a third party.

  Generally, all the contingent liabilities are also supported by tangible collaterals or a charge over the underlying goods depending on the assessment of the performance risks.

- **Limit concentrations for various exposures:** the Group complies with the concentration policy of the CBN as specified in the prudential guidelines and is even more prudent, having internal limits that are more stringent in some cases than specified by the apex regulatory authority. The limit concentration policy of the Group covers all forms of exposures such as customers, large exposures, counterparties, collateral, geography, sector, products, rating band and facility type among others.

  In recent time, resulting from the devaluation of the naira, some of the concentration limits have been threatened. This is due to notional growth in the areas affected by foreign currency revaluation such as foreign exposures in certain sectors and to some obligors. The Group however continues to monitor, track and manage areas that are vulnerable to this risk.

- **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;

  – incorporation of forward-looking information.

- **Reviewing compliance of business units:** with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.

- **Reporting:** an important part of the Group's risk management framework is reporting to ensure that all vital information are brought to the attention of stakeholders, appropriate decisions are taken to further improve the risk culture and ultimately ensure all identified issues are brought within the Board approved risk appetite. This internal reporting has imposed discipline within the Group, thereby improving its risk management culture. Monitoring and reporting looks at specific transactions that are challenged or vulnerable as well the entire portfolio.

In line with the Group's three-line defence mechanism, each of the business units has primary responsibility for managing the credit relationships with customers, hence responsible for the quality and performance of their credit portfolio. Risk management however continues to provide oversight for the entire credit portfolio and all credit relationships whilst ensuring that the businesses operate within the approved framework and policies. The Risk Management Division is assisted in this role by Internal Control, which does 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 Group and group lending facilities for the bottom of the pyramid for microbusiness owners.
- Portfolio is broken down into asset backed and non-asset backed loans.

(ii) Corporate facilities portfolio

- Large corporates and financial institutions facilities.
- Customers with strong corporate governance and reliable audited financial statements.
- Customer's information is obtained through periodic review of individual customer's audited financial statement, management account, budget and projections. Data from credit reference and credit ratings are also available.

(iii) SME facilities portfolio

- Small and Medium enterprises.
- Corporate governance is considered weak, financials are not reliable.
- Customers in this class are easily affected by macro-economic shocks.

(iv) Public sector facility portfolio

- Facilities to government entities
- High political risk and repayment is dependent on government funding.

(v) Employee loans portfolio

- Facilities granted to staff of the Group.
- Full visibility of repayment source being staff salary.
- Concessionary interest rate.

The following table sets out information about the credit quality of financial assets measured at amortised cost, fair value through other comprehensive income debt instruments. Unless, specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively. Explanation of the terms: stage 1 (12-month ECL), stage 2 (lifetime ECL) and stage 3 (credit impaired) are included in Note 3(k)(vii).

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Exposure to credit risk

		GROUP			
		2019			
	12-month PD ranges	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Consumer facilities portfolio					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	97,905,491	3,399,119	7,521,215	108,825,825
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		97,905,491	3,399,119	7,521,215	108,825,825
Loss allowance		(3,026,450)	(35,625)	(4,955,258)	(8,017,332)
Carrying amount		94,879,041	3,363,494	2,565,957	100,808,493
Corporate facilities portfolio					
Investment grade	0.00-0.59	57,348,364	-	10	57,348,374
Permissible grade	0.60-11.34	57,738,133	44,463,468	1,591,109	103,792,710
Speculative grade	11.35-99.99	235,394,515	103,891,112	7,611,965	346,897,592
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		350,481,012	148,354,580	9,203,084	508,038,676
Loss allowance		(9,395,035)	(4,270,046)	(4,654,078)	(18,319,159)
Carrying amount		341,085,977	144,084,534	4,549,006	489,719,517
SME facilities portfolio					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	5,998,472	-	21,111	6,019,583
Speculative grade	11.35-99.99	82,307,190	17,809,348	10,261,502	110,378,040
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		88,305,662	17,809,348	10,282,613	116,397,623
Loss allowance		(4,593,305)	(891,031)	(6,062,016)	(11,546,352)
Carrying amount		83,712,357	16,918,317	4,220,597	104,851,271
Public sector facility portfolio					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	11,748,417	-	-	11,748,417
Speculative grade	11.35-99.99	4,040,169	18	1,560	4,041,747
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		15,788,586	18	1,560	15,790,164
Loss allowance		(85,297)	-	(921)	(86,218)
Carrying amount		15,703,289	18	639	15,703,946

	GROUP				
		2019			
	12-month PD ranges	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Employee loans portfolio					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	4,656,083	5,284	677,211	5,338,578
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		4,656,083	5,284	677,211	5,338,578
Loss allowance		(141,496)	(154)	(399,554)	(541,204)
Carrying amount		4,514,587	5,130	277,657	4,797,374
Gross carrying amount		557,136,834	169,568,349	27,685,683	754,390,866
Loss allowance		(17,241,583)	(5,196,856)	(16,071,827)	(38,510,266)
Carrying amount		539,895,251	164,371,493	11,613,856	715,880,600

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Exposure to credit risk

	GROUP				
		2018			
	12-month PD ranges	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Consumer facilities portfolio					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	86,508,399	4,113,860	6,276,857	96,899,116
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		86,508,399	4,113,860	6,276,857	96,899,116
Loss allowance		(3,323,554)	(150,768)	(3,242,974)	(6,717,296)
Carrying amount		83,184,845	3,963,092	3,033,883	90,181,820
Corporate facilities portfolio					
Investment grade	0.00-0.59	21,540,201	-	-	21,540,201
Permissible grade	0.60-11.34	34,648,827	41,339,414	7,274	75,995,515
Speculative grade	11.35-99.99	287,784,557	68,059,073	26,628,459	382,472,089
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		343,973,585	109,398,487	26,635,733	480,007,805
Loss allowance		(7,745,070)	(2,996,330)	(20,101,691)	(30,843,091)
Carrying amount		336,228,515	106,402,157	6,534,042	449,164,714
SME facilities portfolio					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	7,466,903	-	533,298	8,000,201
Speculative grade	11.35-99.99	76,605,384	3,922,212	6,286,814	86,814,410
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		84,072,287	3,922,212	6,820,112	94,814,611
Loss allowance		(6,342,527)	(531,374)	(3,410,056)	(10,283,957)
Carrying amount		77,729,760	3,390,838	3,410,056	84,530,654
Public sector facility portfolio					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	-	-	33,354	33,354
Speculative grade	11.35-99.99	5,554,887	-	41,432	5,596,319
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		5,554,887	-	74,786	5,629,673
Loss allowance		(37,827)	-	(37,393)	(75,220)
Carrying amount		5,517,060	-	37,393	5,554,453

	GROUP				
		2018			
	12-month PD ranges	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Employee loans portfolio					
Investment grade	0.00–0.59	-	-	-	-
Permissible grade	0.60–11.34	-	-	-	-
Speculative grade	11.35–99.99	3,584,579	2,620	388,009	3,975,208
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		3,584,579	2,620	388,009	3,975,208
Loss allowance		(177,745)	(138)	(194,004)	(371,887)
Carrying amount		3,406,834	2,482	194,005	3,603,321
Gross carrying amount		523,693,737	117,437,179	40,195,497	681,326,413
Loss allowance		(17,626,723)	(3,678,610)	(26,986,118)	(48,291,451)
Carrying amount		506,067,014	113,758,569	13,209,379	633,034,962

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

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

	GROUP			
	2019			
	Stage 1 ₦'000	**Stage 2 ₦'000**	**Stage 3 ₦'000**	**Total ₦'000**
Performance bonds and guarantees	**121,666,922**	**-**	**-**	**121,666,922**
Loan commitments	**9,751,632**	**224,035**	**-**	**9,975,667**
Clean line letters of credit	**78,297,876**	**-**	**-**	**78,297,876**
Gross carrying amount	**209,716,430**	**224,035**	**-**	**209,940,465**
Loss allowance (see note 39)	**(1,422,660)**	**-**	**-**	**(1,422,660)**
Carrying amount	**208,293,770**	**224,035**	**-**	**208,517,805**

	GROUP			
	2018			
	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Performance bonds and guarantees	173,090,195	-	-	173,090,195
Loan commitments	2,604,173	-	-	2,604,173
Clean line letters of credit	59,236,345	-	-	59,236,345
Gross carrying amount	234,930,713	-	-	234,930,713
Loss allowance (see note 39)	(1,205,367)	-	-	(1,205,367)
Carrying amount	233,725,346	-	-	233,725,346

Credit risk exposure relating to other financial assets.

	GROUP				
		2019			
	12-month PD ranges	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Cash and cash equivalents					
Investment grade	0.00-0.59	**88,789,518**	-	-	**88,789,518**
Permissible grade	0.60-11.34	**134,788,818**	-	-	**134,788,818**
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**223,578,336**	-	-	**223,578,336**
Loss allowance		**(32,498)**	-	-	**(32,498)**
Carrying amount		**223,545,838**	-	-	**223,545,838**
Restricted reserve deposits					
Investment grade	0.00-0.59	**208,916,226**	-	-	**208,916,226**
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**208,916,226**	-	-	**208,916,226**
Loss allowance		-	-	-	-
Carrying amount		**208,916,226**	-	-	**208,916,226**
Non-pledged trading assets					
Investment grade	0.00-0.59	**51,087,200**	-	-	**51,087,200**
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**51,087,200**	-	-	**51,087,200**
Loss allowance		-	-	-	-
Carrying amount		**51,087,200**	-	-	**51,087,200**
Assets pledged as collateral					
Investment grade	0.00-0.59	**118,653,230**	-	-	**118,653,230**
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		**118,653,230**	-	-	**118,653,230**
Loss allowance		-	-	-	-
Carrying amount		**118,653,230**	-	-	**118,653,230**

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

		GROUP			
		2019			
	12-month PD ranges	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Investment securities at amortised cost					
Investment grade	0.00-0.59	119,424,745	-	-	119,424,745
Permissible grade	0.60-11.34	4,050,976	2,900,743	1,605,701	8,557,420
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		123,475,721	2,900,743	1,605,701	127,982,165
Loss allowance		(562,997)	(3,459)	(1,605,701)	(2,172,157)
Carrying amount		122,912,724	2,897,284	-	125,810,008
Investment securities at FVOCI - debt instruments					
Investment grade	0.00-0.59	96,776,823	-	-	96,776,823
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		96,776,823	-	-	96,776,823
Investment securities at FVOCI - quoted equity investments					
Investment grade	0.00-0.59	112,365	-	-	112,365
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		112,365	-	-	112,365
Investment securities at FVOCI - unquoted equity investments					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Unrated	-	17,236,560	-	-	17,236,560
Carrying amount	1,572,923	17,236,560	-	-	17,236,560
Other financial assets					
Investment grade	0.00-0.59	-	-	-	-
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Unrated	-	1,138,260	26,590,060	18,527,039	46,255,359
Gross carrying amount		1,138,260	26,590,060	18,527,039	46,255,359
Loss allowance		(318,087)	(586,649)	(18,527,039)	(19,431,775)
Carrying amount		820,173	26,003,411	-	26,823,584

	GROUP				
		2018			
	12-month PD ranges	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Cash and cash equivalents					
Investment grade	0.00-0.59	6,874,412	-	-	6,874,412
Permissible grade	0.60-11.34	178,291,113	-	-	178,291,113
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		185,165,525	-	-	185,165,525
Loss allowance		(17,976)	-	-	(17,976)
Carrying amount		185,147,549	-	-	185,147,549
Restricted reserve deposits					
Investment grade	0.00-0.59	146,497,087	-	-	146,497,087
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		146,497,087	-	-	146,497,087
Loss allowance		-	-	-	-
Carrying amount		146,497,087	-	-	146,497,087
Non-pledged trading assets					
Investment grade	0.00-0.59	47,469,113	-	-	47,469,113
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		47,469,113	-	-	47,469,113
Loss allowance		-	-	-	-
Carrying amount		47,469,113	-	-	47,469,113
Assets pledged as collateral					
Investment grade	0.00-0.59	87,409,893	-	-	87,409,893
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		87,409,893	-	-	87,409,893
Loss allowance		-	-	-	-
Carrying amount		87,409,893	-	-	87,409,893

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	GROUP				
		2018			
	12-month PD ranges	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Investment securities at amortised cost					
Investment grade	0.00-0.59	80,948,249	-	-	80,948,249
Permissible grade	0.60-11.34	8,585,359	-	1,579,681	10,165,040
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Gross carrying amount		89,533,608	-	1,579,681	91,113,289
Loss allowance		(261,059)	-	(1,579,681)	(1,840,740)
Carrying amount		89,272,549	-	-	89,272,549
Investment securities at FVOCI - debt instruments					
Investment grade	0.00-0.59	134,089,224	-	-	134,089,224
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		134,089,224	-	-	134,089,224
Investment securities at FVOCI - quoted equity investments					
Investment grade	0.00-0.59	383,061	-	-	383,061
Permissible grade	0.60-11.34	-	-	-	-
Speculative grade	11.35-99.99	-	-	-	-
Lower speculative grade	100.00	-	-	-	-
Carrying amount		383,061	-	-	383,061
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	-	12,177,098	-	-	12,177,098
Carrying amount	1,572,923	12,177,098	-	-	12,177,098
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	-	20,267,375	-	24,212,915	44,480,290
Gross carrying amount		20,267,375	-	24,212,915	44,480,290
Loss allowance		(808,356)	-	(14,596,193)	(15,404,549)
Carrying amount		19,459,019	-	9,616,722	29,075,741

Loans with renegotiated terms and the forbearance policy

The Group may renegotiate loans when there is a material change in the customer's financial position, operating dynamics, industry and environment or anything that gives reasonable doubt that the debt may not be repaid or serviced as and when due. This is usually done through concessions, which agree new terms and conditions that are more favourable to the borrower in order to increase the chance of collection and recovery and thereby reduce the risk of default. Renegotiation of terms may take forms such as extension of tenor, reduction of pricing, introduction of moratorium or restructuring of facility from one form to the other (e.g. overdraft to term loan) or other forms of amendments to the terms and conditions earlier contracted with the customer. The objective of renegotiation is to ensure recovery of the outstanding obligations and the request could be at the instance of the customer or the Group.

Write-off policy

The Group has a write-off policy approved by the Board of Directors, which also meets the requirements as specified in the prudential guidelines of the Central Bank of Nigeria for deposit money banks.

In line with the Group's approved write-off policy, the Management Credit Committee (MCC) may 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;
- Credit Risk Management sends notification of the balances approved for write-off to the Central Bank of Nigeria (CBN); and
- the write-off must also satisfy the following requirements of Central Bank of Nigeria (CBN):
    - the facility must have been in the Group's book for at least one year after the full provision;
    - there should be evidence of Board approval;
    - if the facility is insider or related party credit, the approval of CBN is required;
    - the fully provisioned facility is appropriately disclosed in the audited financial statement of the Group.

A gross loan amount of ₦23.68 billion and ₦23.68 billion which had been previously impaired were written off during the year ended 31 December 2019 (31 December 2018: ₦15.18 billion and ₦13.69 billion) for the Group and Banking subsidiary respectively.

Collateral held and other credit enhancements and their financial effects

The Group also has a good collateral management policy in place to reduce the risk of loss in the event of default. Our collateral management policy is linked to the internal ratings framework and has helped to reduce the estimated expected loss and capital charge on transactions.

The Group holds collateral and other types of credit enhancements against its credit exposures. The table below gives the principal collateral types eligible as security and used primarily to mitigate transaction risk:

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

		Percentage of exposure that is subject to an arrangement that requires collaterisation	
Type of credit exposure	**Principal type of collateral held for secured lending**	**31 Dec 2019 %**	31 Dec 2018 %
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 2019 and 31 December 2018.

Details of collateral held and the value of collateral as at 31 December 2019 are as follows:

	GROUP		COMPANY	
	Total exposure ₦'000	**Value of collateral ₦'000**	**Total exposure ₦'000**	**Value of collateral ₦'000**
Secured against real estate	**79,952,866**	**121,323,899**	**-**	**-**
Secured by shares of quoted and unquoted companies	**26,982,428**	**36,531,863**	**-**	**-**
Cash Collateral, lien over fixed and floating assets	**428,836,923**	**930,184,027**	**-**	**-**
Otherwise secured	**47,110,907**	**3,660,055**	**-**	**-**
Unsecured	**171,507,742**	**-**	**-**	**-**
	754,390,866	**1,091,699,844**	**-**	**-**

Details of collateral held and their carrying amounts as at 31 December 2018 are as follows:

	GROUP		COMPANY	
	Total exposure ₦'000	**Value of collateral ₦'000**	**Total exposure ₦'000**	**Value of collateral ₦'000**
Secured against real estate	114,347,561	203,157,038	-	-
Secured by shares of quoted and unquoted companies	32,476,851	6,733,414	-	-
Cash Collateral, lien over fixed and floating assets	332,282,953	468,572,019	-	-
Otherwise secured	20,419,318	-	-	-
Unsecured	181,799,730	-	-	-
	681,326,413	678,462,471	-	-

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Loans and advances to corporate customers

The Group's loans and advances to corporate obligors are subject to rigorous credit appraisals commencing with rating of obligor via our Moody's Risk Analysis Methodology to determine the credit worthiness of the customer or its probability of default known as the obligor risk rating (ORR) – the probability of default (PD) of a customer is a measure of the obligor risk rating.

Collateral in the form of first charge over real estate (legal mortgage or mortgage debenture) or floating and fixed charges over corporate assets is usually taken to provide additional comfort to the Group. The measure of the collateral pledged by the customer is given by the facility risk rating (FRR) mapped to the Basel II defined loss given default (LGD) estimates. The FRR or LGD therefore assesses the transaction of the customer – risk of loss on the transaction in the event of default.

All non-retail and retail-SME exposures are assigned a risk grade by independent Credit Analysts within our Risk Management Division based on inputs/discussions with relationship management teams and verifiable facts. While the obligor risk rating model differentiates borrower risk (i.e. risk of default), the facility risk rating model differentiates transaction risk (i.e. risk of loss in the event of default), taking the structure of the facility (availability of credit risk mitigants) into consideration:

The Group's Credit Analysts are fully guided by our internal ratings framework and lending policies, and exhibit a high level of professionalism and 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 non-retail and retail SME) also reflects the expected loss (EL) on each transaction, which fully incorporates both borrower strength (PD) and loss severity (LGD) considerations. The expected loss (EL) generated is used as a guide to price for transactions, being the risk premium.

The Group also holds collateral in the form of cash and marketable securities in respect of sale and repurchase transactions and securities borrowing. Receivables relating to reverse sale and repurchase agreements and securities borrowing transactions are usually collaterised on a gross exposure basis. The Group undertakes master netting agreements with all counterparties and margining agreements with some counterparties.

Derivative assets held for risk management

For derivatives, under margin agreements, collateral is held against net positions that are partially or fully collateralised. Exposures under margin agreements are marked to market daily to assess attendant risks to the Group. There are no derivative trading assets as at the reporting period. However, details of derivative transactions taken for Risk Management is presented below:

	31 December 2019		31 December 2018	
	Notional amount	**Fair value**	Notional amount	Fair value
Derivative assets held for risk management	**-**	**11,666,095**	-	10,538
Derivative liabilities held for risk management	**-**	**7,563,600**	-	10,538

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 2019. Carrying amounts presented in the table below are determined as gross loans less impairment allowances. The non-performing loans (NPL) is presented in accordance with Central Bank of Nigeria (CBN) prudential guidelines.

	GROUP					
	Loans and advances to customers					
	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total gross loan ₦'000	Non-performing loan (NPL) ₦'000	Gross lending commitments and financial guarantees
Administrative and support services	33,027	-	34,633	67,660	34,633	5,273,096
Agriculture	46,386,299	4,486,279	479,475	51,352,053	479,475	15,030,769
Commerce	41,327,610	1,174,776	3,222,523	45,724,909	3,222,523	29,200,384
Construction	1,204,733	-	10,350	1,215,083	10,350	9,994,889
Education	1,818,755	7,434	30,250	1,856,439	30,250	-
Finance and insurance	62,566,146	72,395	1,203,665	63,842,206	1,203,665	3,835,657
General – others	2,795,213	14,996	25,800	2,836,009	25,800	196,051
Government	19,249,473	18	1,547	19,251,038	1,547	-
Hospitality	7,078,837	8	67,552	7,146,397	67,552	9,063,632
Individual	92,566,058	3,409,826	8,216,650	104,192,534	8,216,650	4,562,923
Information and communication	22,454,091	30,351	4,053,308	26,537,750	4,053,308	729,408
Manufacturing	59,991,813	14,610,522	1,756,229	76,358,564	1,756,229	109,341,170
Mining	-	202,894	-	202,894	0	88,941
Oil and gas – downstream	23,969,655	23,310,836	1,130,567	48,411,058	1,130,567	1,184,269
Oil and Gas – upstream	78,785,101	49,398,934	1,000,349	129,184,384	1,000,349	10,138,240
Oil and Gas – services	368,055	38,889,808	24,611	39,282,474	24,611	24,404
Power and energy	23,559,418	25,668,134	-	49,227,552	-	319,203
Professional services	729,155	5	158	729,318	158	497,107
Real estate	66,041,835	8,291,075	6,383,231	80,716,141	6,383,231	10,061,750
Transportation	6,211,560	58	44,785	6,256,403	44,785	398,572
	557,136,834	169,568,349	27,685,683	754,390,866	27,685,683	209,940,465

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Gross loans and advances to customers and the non-performing loan portion per industry sector as at 31 December 2018. 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					
	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total gross loan ₦'000	Non-performing loan (NPL) ₦'000	Gross lending commitments and financial guarantees
Administrative and support services	40,244	19,900	293,888	354,032	293,888	5,890,466
Agriculture	38,991,119	964,180	372,781	40,328,080	372,781	18,394,226
Commerce	36,098,109	639,422	18,773,512	55,511,043	18,773,512	20,825,784
Construction	1,633,896	-	19,383	1,653,279	19,383	29,657,698
Education	4,919,107	3,737	110,455	5,033,299	110,455	-
Finance and insurance	54,938,030	-	29	54,938,059	29	7,453,099
General – others	2,101,352	3	427,039	2,528,394	427,039	-
Government	2,337,816	-	71,499	2,409,315	71,499	-
Hospitality	7,984,067	24,312	314,604	8,322,983	314,604	6,619,061
Individual	88,761,612	4,116,480	6,664,955	99,543,047	6,664,955	-
Information and communication	12,501,757	-	3,740,769	16,242,526	3,740,769	2,849,914
Manufacturing	40,464,737	7,559,738	1,610,035	49,634,510	1,610,035	111,584,983
Mining	-	-	255,927	255,927	255,927	525,941
Oil and gas – downstream	40,833,583	27,511,579	182,851	68,528,013	182,851	8,289,305
Oil and Gas – upstream	74,555,972	40,787,764	-	115,343,736	-	10,046,120
Oil and Gas – services	33,974,049	-	5,921,551	39,895,600	5,921,551	2,437,054
Power and energy	33,833,797	16,179,332	-	50,013,129	-	-
Professional services	58,622	-	808	59,430	808	-
Real estate	44,814,175	19,610,472	1,075,665	65,500,312	1,075,665	9,894,765
Transportation	4,851,693	20,260	359,746	5,231,699	359,746	462,297
	523,693,737	117,437,179	40,195,497	681,326,413	40,195,497	234,930,713

Concentration by location

Concentration by location for loans and advance, and for lending commitments and financial guarantees is based on the customer's region of domicile within Nigeria and Europe. Concentration by location for investment securities is based on the country of domicile of the issuer of the security.

	GROUP					
	Loans and advances to customers					
31 December 2019	**Stage 1 ₦'000**	**Stage 2 ₦'000**	**Stage 3 ₦'000**	**Total Gross Loan ₦'000**	**Non-performing Loan (NPL) ₦'000**	**Gross lending commitments and financial guarantees**
North East	**25,268,988**	**119,171**	**1,688,182**	**27,076,341**	**1,688,182**	**12,002,657**
North Central	**10,856,030**	**146,934**	**300,702**	**11,303,666**	**300,702**	**103,583**
North West	**25,216,399**	**14,828**	**1,293,803**	**26,525,030**	**1,293,803**	**1,161,547**
South East	**8,318,379**	**691,366**	**5,300,554**	**14,310,299**	**5,300,554**	**7,356,467**
South South	**23,900,568**	**266,301**	**1,139,726**	**25,306,595**	**1,139,726**	**4,542,607**
South West	**411,958,238**	**168,329,749**	**17,962,716**	**598,250,703**	**17,962,716**	**166,644,736**
Europe	**51,618,232**	**-**	**-**	**51,618,232**	**-**	**18,128,868**
	557,136,834	**169,568,349**	**27,685,683**	**754,390,866**	**27,685,683**	**209,940,465**

	GROUP					
	Loans and advances to customers					
31 December 2018	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total Gross Loan ₦'000	Non-performing Loan (NPL) ₦'000	Gross lending commitments and financial guarantees
North East	6,043,651	200,907	341,969	6,586,527	341,969	125,702
North Central	30,143,706	721,168	2,621,211	33,486,085	2,621,211	14,946,489
North West	20,225,283	603,766	1,215,015	22,044,064	1,215,015	1,627,598
South East	12,003,497	568,828	508,673	13,080,998	508,673	6,996,128
South South	19,072,420	494,903	1,551,204	21,118,527	1,551,204	5,284,281
South West	389,955,256	114,847,607	33,957,425	538,760,288	33,957,425	205,950,515
Europe	46,249,924	-	-	46,249,924	-	-
	523,693,737	117,437,179	40,195,497	681,326,413	40,195,497	234,930,713

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

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

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

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

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates. So, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposures

- Information obtained during periodic review of customer files e.g. management accounts, budgets and projections. Example 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 include 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 rates, benchmark interest rates and unemployment level. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

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

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

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.

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 advice from the Risk Management Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the The Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

Measurement of expected credit loss (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)
- 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.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

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. This contractual right is not enforced in the normal day-to-day management but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

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

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

Loss allowance

Measurement basis under IFRS 9

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in our accounting policy; see Note 3(k)(vii).

	GROUP			
	31 December 2019			
	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Cash and cash equivalents				
Balance at 1 January	17,976	-	-	17,976
Net remeasurement of loss allowances (see note 10)	14,522	-	-	14,522
Closing balance	32,498	-	-	32,498
Gross amount	223,578,336	-	-	223,578,336
Assets pledged as collateral				
Balance at 1 January	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-
Closing balance	-	-	-	-
Gross amount	118,653,230	-	-	118,653,230
Loans and advances to customers at amortised cost				
Balance at 1 January	17,626,723	3,678,610	26,986,118	48,291,451
Transfer to Stage 1	1,551,949	(553,454)	(998,495)	-
Transfer to Stage 2	(721,711)	791,218	(69,507)	-
Transfer to Stage 3	(104,982)	(3,249)	108,231	-
Net remeasurement of loss allowances (see note 10)	(1,110,396)	1,283,731	13,727,052	13,900,387
Financial assets that have been derecognised (write-off)	-	-	(23,683,036)	(23,683,036)
Foreign exchange and other movements	-	-	1,464	1,464
Closing balance	17,241,583	5,196,856	16,071,827	38,510,266
Gross amount	557,136,834	169,568,349	27,685,683	754,390,866
Investment securities at amortised cost				
Balance at 1 January	261,059	-	1,579,681	1,840,740
Net remeasurement of loss allowances (see note 10)	116,843	-	-	116,843
Foreign exchange and other movements	200,089	-	14,485	214,574
Closing balance	577,991	-	1,594,166	2,172,157
Gross amount	126,376,464	-	1,605,701	127,982,165
Investment securities at FVOCI				
Balance at 1 January	24,047	-	-	24,047
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowances (see note 10)	20,505	-	-	20,505
Closing balance	44,552	-	-	44,552
Gross amount	96,776,823	-	-	96,776,823

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	GROUP			
	31 December 2019			
	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Other assets				
Balance at 1 January	808,356	-	14,596,193	15,404,549
Transfer to Stage 1	(179,388)	-	179,388	
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowances (see note 10)	(159,601)	586,649	3,817,060	4,244,108
Write-offs	-	-	(218,251)	(218,251)
Foreign exchange and other movements	-	-	1,369	1,369
Closing balance	469,367	586,649	18,375,759	19,431,775
Gross amount	1,138,260	26,590,060	18,527,039	46,255,359
Performance bonds and guarantees, clean line letters of credit and other commitments				
Balance at 1 January	1,205,367	-	-	1,205,367
Transfer to Stage 1	10,922	-	-	10,922
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowances (see note 10)	204,495	1,876	-	206,371
Foreign exchange and other movements	-	-	-	-
Closing balance	1,420,784	1,876	-	1,422,660
Gross amount	209,716,430	224,035	-	209,940,465

	GROUP			
	31 December 2018			
	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Cash and cash equivalents				
Balance at 1 January	17,976	-	-	17,976
Net remeasurement of loss allowances (see note 10)	-	-	-	-
Closing balance	17,976	-	-	17,976
Gross amount	185,165,525	-	-	185,165,525
Assets pledged as collateral				
Balance at 1 January	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-
Closing balance	-	-	-	-
Gross amount	87,409,893	-	-	87,409,893
Loans and advances to customers at amortised cost				
Balance at 1 January	-	-	-	-
Transfer to Stage 1	21,229,565	-	-	21,229,565
Transfer to Stage 2	-	278,652	-	278,652
Transfer to Stage 3	-	-	28,151,628	28,151,628
Net remeasurement of loss allowances (see note 10)	(3,602,842)	3,399,958	14,012,216	13,809,332
Financial assets that have been derecognised (write-off)	-	-	(15,177,726)	(15,177,726)
Foreign exchange and other movements	-	-	-	-
Closing balance	17,626,723	3,678,610	26,986,118	48,291,451
Gross amount	523,693,737	117,437,179	40,195,497	681,326,413
Investment securities at amortised cost				
Balance at 1 January	283,826	-	-	283,826
Net remeasurement of loss allowances (see note 10)	(22,767)	-	1,579,681	1,556,914
Foreign exchange and other movements	-	-	-	-
Closing balance	261,059	-	1,579,681	1,840,740
Gross amount	89,533,608	-	1,579,681	91,113,289
Investment securities at FVOCI				
Balance at 1 January	14,300	-	-	14,300
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowances (see note 10)	9,747	-	-	9,747
Closing balance	24,047	-	-	24,047
Gross amount	134,089,224	-	-	134,089,224

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	GROUP			
	31 December 2018			
	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Other assets				
Balance at 1 January	-	-	-	-
Transfer to Stage 1	318,887	-	15,953,915	16,272,802
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowances (see note 10)	485,877	-	2,271,335	2,757,212
Write-offs	-	-	(3,629,057)	(3,629,057)
Foreign exchange and other movements	3,592	-	-	3,592
Closing balance	808,356	-	14,596,193	15,404,549
Gross amount	20,267,375	-	24,212,915	44,480,290
Performance bonds and guarantees, clean line letters of credit and other commitments				
Balance at 1 January	458,415	-	-	458,415
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowances (see note 10)	746,952	-	-	746,952
Foreign exchange and other movements	-	-	-	-
Closing balance	1,205,367	-	-	1,205,367
Gross amount	234,930,713	-	-	234,930,713

	COMPANY			
	31 December 2019			
	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Cash and cash equivalents				
Balance at 1 January	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-
Closing balance	-	-	-	-
Gross amount	19,482	-	-	19,482
Investment securities at amortised cost				
Balance at 1 January	101,556	-	-	101,556
Net remeasurement of loss allowances (see note 10)	27,060	-	-	27,060
Closing balance	128,616	-	-	128,616
Gross amount	2,920,309	-	-	2,920,309
Investment securities at FVOCI				
Balance at 1 January	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-
Closing balance	-	-	-	-
Gross amount	1,008,048	-	-	1,008,048
Other assets				
Balance at 1 January	69,953	-	-	69,953
Net remeasurement of loss allowances (see note 10)	22,235	-	-	22,235
Closing balance	92,188	-	-	92,188
Gross amount	2,987,766	-	-	2,987,766

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	COMPANY			
	31 December 2018			
	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Cash and cash equivalents				
Balance at 1 January	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-
Closing balance	-	-	-	-
Gross amount	297,957	-	-	297,957
Investment securities at amortised cost				
Balance at 1 January	101,708	-	-	101,708
Net remeasurement of loss allowances (see note 10)	(152)	-	-	(152)
Closing balance	101,556	-	-	101,556
Gross amount	2,873,509	-	-	2,873,509
Investment securities at FVOCI				
Balance at 1 January	-	-	-	-
Net remeasurement of loss allowances (see note 10)	-	-	-	-
Closing balance	-	-	-	-
Gross amount	955,985	-	-	126,777,209
Other assets				
Balance at 1 January	7,446	-	-	7,446
Net remeasurement of loss allowances (see note 10)	62,507	-	-	62,507
Closing balance	69,953	-	-	62,507
Gross amount	2,403,108	-	-	2,403,108

ECL coverage ratio

	GROUP							
	Gross carrying amount				ECL provision			
31 December 2019	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
On-balance sheet items								
Cash and cash equivalents	223,578,336	-	-	223,578,336	32,498	-	-	32,498
Assets pledged as collateral	118,653,230	-	-	118,653,230	-	-	-	-
Loans and advances to customers at amortised cost	557,136,834	169,568,349	27,685,683	754,390,866	17,241,583	5,196,856	16,071,827	38,510,266
Investment securities at amortised cost	126,376,464	-	1,605,701	127,982,165	577,991	-	1,594,166	2,172,157
Investment securities at FVOCI	96,776,823	-	-	96,776,823	44,552	-	-	44,552
Other financial assets measured at amortised cost	1,138,260	26,590,060	18,527,039	46,255,359	469,367	586,649	18,375,759	19,431,775
Sub-total	1,123,659,947	196,158,409	47,818,423	1,367,636,779	18,365,991	5,783,505	36,041,752	60,191,248
Off-balance sheet items								
Performance bonds and guarantees	121,278,956	-	-	121,278,956	1,058,421	-	-	1,058,421
Clean line letters of credit	78,297,876	-	-	78,297,876	362,363	-	-	362,363
Other commitments	10,139,598	224,035	-	10,363,633	-	1,876	-	1,876
Sub-total	209,716,430	224,035	-	209,940,465	1,420,784	1,876	-	1,422,660
Grand total	1,333,376,377	196,382,444	47,818,423	1,577,577,244	19,786,775	5,785,381	36,041,752	61,613,908

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	COMPANY							
	Gross carrying amount				ECL provision			
31 December 2019	**Stage 1 ₦'000**	**Stage 2 ₦'000**	**Stage 3 ₦'000**	**Total ₦'000**	**Stage 1 ₦'000**	**Stage 2 ₦'000**	**Stage 3 ₦'000**	**Total ₦'000**
On-balance sheet items								
Cash and cash equivalents	19,482	-	-	19,482	-	-	-	-
Investment securities at amortised cost	2,920,309	-	-	2,920,309	128,616	-	-	128,616
Investment securities at FVOCI	1,008,048	-	-	1,008,048	-	-	-	-
Other financial assets measured at amortised cost	2,987,766	-	-	2,987,766	92,188	-	-	92,188
Sub-total	6,935,605	-	-	6,935,605	220,804	-	-	220,804
Grand total	6,935,605	-	-	6,935,605	220,804	-	-	220,804

	GROUP				COMPANY			
31 December 2019	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
On-balance sheet items								
Loans and advances to customers at amortised cost	3.09%	3.06%	58.05%	5.10%	0.00%	-	-	0.00%
Investment securities at amortised cost	0.46%	0.00%	99.28%	1.70%	4.40%	-	-	4.40%
Investment securities at FVOCI	0.05%	0.00%	0.00%	0.05%	0.00%	-	-	0.00%
Other financial assets measured at amortised cost	41.24%	2.21%	99.18%	42.01%	3.09%	-	-	3.09%
Sub-total	1.63%	2.95%	75.37%	4.40%	3.18%	-	-	3.18%
Off-balance sheet items								
Performance bonds and guarantees	0.87%	-	-	0.87%	0.00%	-	-	0.00%
Clean line letters of credit	0.46%	-	-	0.46%	0.00%	-	-	0.00%
Other commitments	0.00%	0.84%	-	0.02%	0.00%	-	-	0.00%
Sub-total	0.68%	0.84%	-	0.68%	0.00%	-	-	0.00%
Grand total	1.48%	2.95%	75.37%	3.91%	3.18%	-	-	3.18%

	GROUP							
	Gross carrying amount				ECL provision			
31 December 2018	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
On-balance sheet items								
Assets pledged as collateral at amortised cost	72,287,014	-	-	72,287,014	-	-	-	-
Assets pledged as collateral at FVOCI	15,122,879	-	-	15,122,879	-	-	-	-
Loans and advances to customers at amortised cost	523,693,737	117,437,179	40,195,497	681,326,413	17,626,723	3,678,610	26,986,118	48,291,451
Investment securities at amortised cost	89,533,608	-	1,579,681	91,113,289	261,059	-	1,579,681	1,840,740
Investment securities at FVOCI	134,089,224	-	-	134,089,224	24,047	-	-	24,047
Other financial assets measured at amortised cost	20,267,375	-	24,212,915	44,480,290	808,356	-	14,596,193	15,404,549
Sub-total	854,993,837	117,437,179	65,988,093	1,038,419,109	18,720,185	3,678,610	43,161,992	65,560,787
Off-balance sheet items								
Performance bonds and guarantees	175,294,238	-	-	175,294,238	843,004	-	-	843,004
Clean line letters of credit	59,236,345	-	-	59,236,345	362,363	-	-	362,363
Other commitments	400,130	-	-	400,130	-	-	-	-
Sub-total	234,930,713	-	-	234,930,713	1,205,367	-	-	1,205,367
Grand total	1,089,924,550	117,437,179	65,988,093	1,273,349,822	19,925,552	3,678,610	43,161,992	66,766,154

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	COMPANY							
	Gross carrying amount				ECL provision			
31 December 2018	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
On-balance sheet items								
Assets pledged as collateral at amortised cost	-	-	-	-	-	-	-	-
Assets pledged as collateral at FVOCI	-	-	-	-	-	-	-	-
Loans and advances to customers at amortised cost	-	-	-	-	-	-	-	-
Investment securities at amortised cost	2,873,509	-	-	2,873,509	101,556	-	-	101,556
Investment securities at FVOCI	955,985	-	-	955,985	-	-	-	-
Other financial assets measured at amortised cost	2,403,108	-	-	2,403,108	69,953	-	-	69,953
Sub-total	6,232,602	-	-	6,232,602	171,509	-	-	171,509
Grand total	6,232,602	-	-	6,232,602	171,509	-	-	171,509

	GROUP				COMPANY			
31 December 2018	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
On-balance sheet items								
Loans and advances to customers at amortised cost	3.37%	3.13%	67.14%	7.09%	-	-	-	-
Investment securities at amortised cost	0.29%	-	-	2.02%	3.53%	-	-	3.53%
Investment securities at FVOCI	0.02%	-	-	0.02%	0.00%	-	-	0.00%
Other financial assets measured at amortised cost	3.99%	-	-	34.63%	2.91%	-	-	2.91%
Sub-total	2.19%	3.13%	65.41%	6.31%	2.75%	-	-	2.75%
Off-balance sheet items								
Performance bonds and guarantees	0.48%	-	-	0.48%	-	-	-	-
Clean line letters of credit	0.61%	-	-	0.61%	-	-	-	-
Other commitments	-	-	-	-	-	-	-	-
Sub-total	0.51%	-	-	0.51%	-	-	-	-
Grand total	1.83%	3.13%	65.41%	5.24%	2.75%	-	-	2.75%

Trading Assets

The Group's trading book comprises only debt securities and bills issued by the Federal Government of Nigeria and quoted equity securties. The capital charge for the trading book is computed using the standardised approach. The standardised approach adopts a building block approach to capital computation, where individual capital requirements are summed for the different risk positions. Under the methodology, capital charge is computed for issuer risk, otherwise known as specific risk and for general market risk, which may result from adverse movement in market price. The capital charges cover the Group's debt and equity 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 trading assets, which are neither past due nor impaired is as shown in the table below:

GROUP

2019	Issuer rating	**0-30 days ₦'000**	**31-90 days ₦'000**	**91-180 days ₦'000**	**181-365 days ₦'000**	**Above 365 days ₦'000**	**Total ₦'000**
Security type							
FGN bonds	BB-	**4,305,761**	**-**	**-**	**-**	**-**	**4,305,761**
Nigerian treasury bills	BB-	**46,617,979**	**-**	**-**	**-**	**-**	**46,617,979**
Equity investments	BB-	**163,460**	**-**	**-**	**-**	**-**	**163,460**
		51,087,200	**-**	**-**	**-**	**-**	**51,087,200**

GROUP

2018	Issuer rating	0-30 days ₦'000	31-90 days ₦'000	91-180 days ₦'000	181-365 days ₦'000	Above 365 days ₦'000	Total ₦'000
Security type							
FGN bonds	BB-	583,473	-	-	-	-	583,473
Nigerian treasury bills	BB-	46,843,340	-	-	-	-	46,843,340
Equity investments	BB-	42,300	-	-	-	-	42,300
		47,469,113	-	-	-	-	47,469,113

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Cash and cash equivalents

The Group held cash and cash equivalents of ₦223.55 billion as at 31 December 2019 (31 December 2018: ₦185.15 billion). The cash and cash equivalents are held with the Central Bank, financial institutions and counterparties, which are rated BBB- to AA based on acceptable external rating agency's ratings.

Settlement risk

The Group, like its peers in the industry, is exposed to settlement risk – the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

This risk is generally mitigated through counterparty limits set to manage the Group's exposure to these counterparties. The counterparty limits are approved by the Executive Management and the Board of Directors.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. It is the potential loss to the Group arising from either its inability to meet its obligations or to fund committed increases in assets as they fall due without incurring unacceptable costs or losses.

Management of liquidity risk

The Board of directors sets the strategy for liquidity risk management and delegates the responsibility for oversight and implementation of the policy to the Assets and Liability Committee (ALCO). The liquidity position is managed daily by Treasury and Financial Services Division in conjunction with Liquidity and 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 type and 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 deposit (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) funds 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 analysis) 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:

	2019	2018
At 31 December	**32.9%**	50.4%
Average for the period / year	**42.8%**	48.0%
Maximum for the period / year	**49.0%**	52.2%
Minimum for the period / year	**32.9%**	42.0%

Liquidity ratio which is a measure of liquidity risk is calculated as a ratio of Naira liquid assets to local currency deposits and it is expressed in percentages.

The exposure to liquidity risk during the review period is as presented below:

(ii) Maturity analysis for financial assets and liabilities

The table below analyses financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. These include both principal and interest cash flows across the different maturity periods. The following tables show the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow/(outflow) disclosed in the table is the contractual and undiscounted cash flow on the financial assets and liabilities.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

		GROUP	
2019	*Note*	**Carrying amount ₦'000**	**Gross nominal inflow/(outflow) ₦'000**
Non-derivative assets			
Cash and cash equivalent	*21*	**223,545,838**	**223,545,838**
Restricted reserve deposit	*22*	**208,916,226**	**208,916,226**
Non-pledged trading assets	*23(a)*	**51,087,200**	**57,236,824**
Loans and advances to customers	*25*	**715,880,600**	**786,894,396**
Asset pledged as collateral	*27*	**118,653,230**	**126,357,837**
Investment securities	*26*	**239,935,756**	**253,085,681**
Other financial assets (net)	*32(a)*	**26,823,584**	**49,270,565**
		1,584,842,434	**1,705,307,366**
Derivative assets			
Risk management:	*24(a)*	**11,666,095**	**-**
Inflow		**-**	**-**
Outflow		**-**	**-**
		11,666,095	**-**
Derivative liabilities			
Risk management:	*24(b)*	**7,563,600**	**-**
Inflow		**-**	**-**
Outflow		**-**	**-**
		7,563,600	**-**
Non-derivative liabilities			
Trading liabilities	*23(b)*	**37,082,002**	**37,082,002**
Deposits from banks	*33*	**90,060,925**	**90,060,925**
Deposits from customers	*34*	**943,085,581**	**957,209,810**
Borrowings	*35*	**133,344,085**	**175,469,184**
On-lending facilities	*36*	**70,912,203**	**65,730,232**
Debt securities issued	*37*	**71,864,898**	**71,864,898**
Other financial liabilities	*40(a)*	**96,637,726**	**96,637,726**
		1,442,987,420	**1,494,054,777**

		GROUP						
2019	*Note*	**0-30 days ₦'000**	**31-90 days ₦'000**	**91-180 days ₦'000**	**181-365 days ₦'000**	**1-5 years ₦'000**	**Above 5 years ₦'000**	**Total ₦'000**
Non-derivative assets								
Cash and cash equivalent	*21*	221,045,838	2,500,000	-	-	-	-	223,545,838
Restricted reserve deposit	*22*	208,916,226	-	-	-	-	-	208,916,226
Non-pledged trading assets	*23(a)*	10,205,221	5,146,022	5,982,225	32,229,585	1,021,165	2,652,606	57,236,824
Loans and advances to customers	*25*	50,458,003	68,106,009	128,446,914	124,952,991	265,618,891	149,311,588	786,894,396
Asset pledged as collateral	*27*	18,087,686	20,400,473	18,980,850	9,980,850	19,744,550	39,163,428	126,357,837
Investment securities	*26*	67,619,651	27,930,401	42,853,814	52,115,627	31,662,827	30,903,361	253,085,681
Other financial assets (net)	*32(a)*	25,345,876	21,003,827	-	-	2,920,862	-	49,270,565
		601,678,501	145,086,732	196,263,802	219,279,054	320,968,295	222,030,983	1,705,307,366
Derivative assets								
Risk management:	*24(a)*	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Derivative liabilities								
Risk management:	*24(b)*	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Non-derivative liabilities								
Trading liabilities	*23(b)*	37,082,002	-	-	-	-	-	37,082,002
Deposits from banks	*33*	90,060,925	-	-	-	-	-	90,060,925
Deposits from customers	*34*	765,251,496	64,818,880	53,270,730	59,838,464	30,240	14,000,000	957,209,810
Borrowings	*35*	23,040,689	26,914,020	40,524,995	9,697,182	75,292,298	-	175,469,184
On-lending facilities	*36*	2,225,302	1,101,584	346,571	3,699,693	23,051,799	35,305,283	65,730,232
Debt securities issued	*37*	-	-	-	23,610,142	31,241,501	17,013,255	71,864,898
Other financial liabilities	*40(a)*	29,110,833	15,583,129	-	41,555,011	10,388,753	-	96,637,726
		946,771,247	108,417,613	94,142,296	138,400,492	140,004,591	66,318,538	1,494,054,777

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

		GROUP	
2018	*Note*	Carrying amount ₦'000	Gross nominal inflow/(outflow) ₦'000
Non-derivative assets			
Cash and cash equivalent	*21*	185,147,549	185,147,549
Restricted reserve deposit	*22*	146,497,087	146,497,087
Non-pledged trading assets	*23(a)*	47,469,113	53,090,164
Loans and advances to customers	*25*	633,034,962	660,556,714
Asset pledged as collateral	*27*	87,409,893	134,055,523
Investment securities	*26*	235,921,932	264,095,535
Other financial assets (net)	*32(a)*	29,075,741	44,480,290
		1,364,556,277	1,487,922,862
Derivative assets			
Risk management:	*24(a)*	10,538	-
Inflow		-	-
Outflow		-	-
		10,538	-
Derivative liabilities			
Risk management:	*24(b)*	10,538	-
Inflow		-	-
Outflow		-	-
		10,538	-
Non-derivative liabilities			
Trading liabilities	*23(b)*	32,474,632	32,474,632
Deposits from banks	*33*	39,140,044	39,140,044
Deposits from customers	*34*	821,747,423	832,838,261
Borrowings	*35*	108,731,522	132,351,365
On-lending facilities	*36*	57,889,225	60,940,333
Debt securities issued	*37*	54,651,172	81,077,494
Other financial liabilities	*40(a)*	112,594,891	112,594,891
		1,227,228,909	1,291,417,020

		GROUP						
2018	*Note*	0-30 days ₦'000	31-90 days ₦'000	91-180 days ₦'000	181-365 days ₦'000	1-5 years ₦'000	Above 5 years ₦'000	Total ₦'000
Non-derivative assets								
Cash and cash equivalent	*21*	184,950,885	-	196,664	-	-	-	185,147,549
Restricted reserve deposit	*22*	146,497,087	-	-	-	-	-	146,497,087
Non-pledged trading assets	*23(a)*	2,112,638	6,216,095	2,799,590	41,361,841	-	600,000	53,090,164
Loans and advances to customers	*25*	61,450,951	41,815,177	94,210,140	75,940,380	280,237,411	106,902,655	660,556,714
Asset pledged as collateral	*27*	9,045,276	2,063,405	672,525	11,765,709	52,539,029	57,969,579	134,055,523
Investment securities	*26*	10,104,504	38,650,354	7,867,931	83,650,181	47,450,168	76,372,396	264,095,535
Other financial assets (net)	*32(a)*	9,930,195	23,633,920	-	863,121.00	10,052,054	1,000.00	44,480,290
		424,091,537	112,378,951	105,746,850	213,581,232	390,278,662	241,845,630	1,487,922,862
Derivative assets								
Risk management:	*24(a)*	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Derivative liabilities								
Risk management:	*24(b)*	-	-	-	-	-	-	-
Inflow		-	-	-	-	-	-	-
Outflow		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Non-derivative liabilities								
Trading liabilities	*23(b)*	32,474,632	-	-	-	-	-	32,474,632
Deposits from banks	*33*	39,140,044	-	-	-	-	-	39,140,044
Deposits from customers	*34*	671,401,069	51,640,599	34,305,767	56,574,447	4,916,379	14,000,000	832,838,261
Borrowings	*35*	1,058,318	7,758,513.00	1,853,578.00	20,267,977	101,412,979		132,351,365
On-lending facilities	*36*	8,865,454	180,121	265,429	4,565,461	14,204,129	32,859,739	60,940,333
Debt securities issued	*37*	-	-	4,163,672	4,184,137	72,729,685	-	81,077,494
Other financial liabilities	*40(a)*	46,272,817	11,901,204	36,941,974	17,441,637	37,259	-	112,594,891
		799,212,334	71,480,437	77,530,420	103,033,659	193,300,431	46,859,739	1,291,417,020

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

COMPANY

2019	**Note**	**Carrying amount ₦'000**	**Gross nominal inflow/ (outflow) ₦'000**	**0-30 days ₦'000**	**31-90 days ₦'000**	**91-180 days ₦'000**	**181-365 days ₦'000**	**1-5 years ₦'000**	**Above 5 years ₦'000**	**Total ₦'000**
Non-derivative assets										
Cash and cash equivalent	*21*	**19,482**	**19,482**	**19,482**	**-**	**-**	**-**	**-**	**-**	**19,482**
Investment securities	*26*	**3,799,741**	**5,100,141**	**-**		**148,311**	**148,311**	**4,803,519**	**-**	**5,100,141**
Other financial assets (net)	*32(a)*	**2,895,579**	**2,895,579**	**2,895,579**	**-**	**-**	**-**	**-**	**-**	**2,895,579**
		6,714,802	**8,015,202**	**2,915,061**	**-**	**148,311**	**148,311**	**4,803,519**	**-**	**8,015,202**
Non-derivative liabilities										
Other financial liabilities	*40(a)*	**1,684,329**	**1,684,329**	**1,684,329**	**-**	**-**	**-**	**-**	**-**	**1,684,329**
		1,684,329	**1,684,329**	**1,684,329**	**-**	**-**	**-**	**-**	**-**	**1,684,329**

COMPANY

2018	Note	Carrying amount ₦'000	Gross nominal inflow/ (outflow) ₦'000	0-30 days ₦'000	31-90 days ₦'000	91-180 days ₦'000	181-365 days ₦'000	1-5 years ₦'000	Above 5 years ₦'000	Total ₦'000
Non-derivative assets										
Cash and cash equivalent	*21*	297,957	297,957	297,957	-	-	-	-	-	297,957
Investment securities	*26*	3,727,938	5,312,209	-	-	147,213	147,213	5,017,783	-	5,312,209
Other financial assets (net)	*32(a)*	2,333,155	2,333,155	2,333,155	-	-	-	-	-	2,333,155
		6,359,050	7,943,321	2,631,112	-	147,213	147,213	5,017,783	-	7,943,321
Non-derivative liabilities										
Other financial liabilities	*40(a)*	783,056	783,056	783,056	-	-	-	-	-	783,056
		783,056	783,056	783,056	-	-	-	-	-	783,056

The amounts in the table above have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Derivative financial liabilities and financial assets held	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity.	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than 0-30 days' column.
Issued financial guarantee contracts, and unrecognised loan commitments.	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

- demand deposits from customers are expected to remain stable or increase;
- unrecognised loan commitments are not all expected to be drawn down immediately; and
- retail mortgage loans have an original contractual maturity of between 10 and 15 years but with an average expected maturity of 6 years because customers take advantage of early repayment options.

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and debt securities issued by Central Bank of Nigeria, which can be readily sold to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other financial institutions and holds unencumbered assets eligible for use as collateral with central banks.

(iii) Liquidity reserves

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

		2019		2018	
	Note	**Carrying amount ₦'000**	**Fair value 2019 ₦'000**	Carrying amount ₦'000	Fair value 2018 ₦'000
Balances with central banks	*21*	**38,855,211**	**38,855,211**	17,456,438	17,456,438
Cash and balances with other banks		**184,690,627**	**184,690,627**	167,691,111	167,691,111
Unencumbered debt securities issued by Central Bank of Nigeria		**225,301,971**	**225,681,028**	259,541,059	245,373,941
Total liquidity reserve		**448,847,809**	**449,226,866**	444,688,608	430,521,490

Included in the unencumbered debt securities issued by central banks are; Federal Government of Nigeria (FGN) Bonds ₦90.98billion (31 December 2018: ₦88.83 billion), Treasury Bills ₦134.32 billion (31 December 2018: ₦170.71 billion) under note 23(a), 26(a) and (b).

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(iv) Financial assets available to support future funding

The table below shows availability of the Group's financial assets to support future funding:

		2019				
		Encumbered		**Unencumbered**		
	Note	**Pledged as collateral ₦'000**	**Other* ₦'000**	**Available as collateral ₦'000**	**Other** ₦'000**	**Total ₦'000**
Cash and cash equivalents	*21*	**-**	**-**	**223,545,838**	**-**	**223,545,838**
Restricted reserve deposits	*22*	**-**	**208,916,226**	**-**	**-**	**208,916,226**
Non-pledged trading assets	*23(a)*	**-**	**-**	**-**	**51,087,200**	**51,087,200**
Loans and advances	*25*	**-**	**-**	**-**	**715,880,600**	**715,880,600**
Assets pledged as collateral	*27*	**118,653,230**	**-**	**-**	**-**	**118,653,230**
Investment securities	*26*	**-**	**-**	**239,935,756**	**-**	**239,935,756**
Other assets (net)	*32*	**-**	**-**		**26,823,584**	**26,823,584**
Total assets		**118,653,230**	**208,916,226**	**463,481,594**	**793,791,384**	**1,584,842,434**

		2018				
		Encumbered		Unencumbered		
	Note	Pledged as collateral ₦'000	Other* ₦'000	Available as collateral ₦'000	Other** ₦'000	Total ₦'000
Cash and cash equivalents	*21*	-	-	185,147,549	-	185,147,549
Restricted reserve deposits	*22*	-	146,497,087	-	-	146,497,087
Non-pledged trading assets	*23(a)*	-	-	-	47,469,113	47,469,113
Loans and advances	*25*	-	-	-	633,034,962	633,034,962
Assets pledged as collateral	*27*	87,409,893	-	-	-	87,409,893
Investment securities	*26*	-	-	235,921,932	-	235,921,932
Other assets (net)	*32*	-	-		29,075,741	29,075,741
Total assets		87,409,893	146,497,087	421,069,481	709,579,816	1,364,556,277

* *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 2019 and 31 December 2018 are as 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 Division 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 2019 are provided below:

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

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:

		GROUP			COMPANY		
2019	*Note*	**Carrying amount ₦'000**	**Trading portfolios ₦'000**	**Non-trading portfolios ₦'000**	**Carrying amount ₦'000**	**Trading portfolios ₦'000**	**Non-trading portfolios ₦'000**
Assets subject to market risk:							
Cash and cash equivalents	*21*	**223,545,838**	**-**	**223,545,838**	**19,482**	**-**	**19,482**
Restricted reserve deposits	*22*	**208,916,226**	**-**	**208,916,226**	**-**	**-**	**-**
Trading assets	*23(a)*	**51,087,200**	**51,087,200**	**-**	**-**	**-**	**-**
Derivative assets held for risk management	*24(a)*	**11,666,095**	**-**	**11,666,095**	**-**	**-**	**-**
Loans and advances to customers	*25*	**715,880,600**	**-**	**715,880,600**	**-**	**-**	**-**
Assets pledged as collateral	*27*	**118,653,230**	**-**	**118,653,230**	**-**	**-**	**-**
Investment securities	*26*	**239,935,756**	**-**	**239,935,756**	**3,799,741**	**-**	**3,799,741**
Other financial assets (net)	*33(a) (c)*	**26,823,584**	**-**	**26,823,584**	**2,895,579**	**-**	**2,895,579**
Liabilities subject to market risk:							
Trading liabilities	*23(b)*	**37,082,002**	**37,082,002**	**-**	**-**	**-**	**-**
Derivative liabilities held for risk management	*24(b)*	**7,563,600**	**-**	**7,563,600**	**-**	**-**	**-**
Deposits from banks	*33*	**90,060,925**	**-**	**90,060,925**	**-**		**-**
Deposits from customers	*34*	**943,085,581**	**-**	**943,085,581**	**-**	**-**	**-**
Borrowings	*35*	**133,344,085**	**-**	**133,344,085**	**-**	**-**	**-**
On-lending facilities	*36*	**70,912,203**	**-**	**70,912,203**	**-**	**-**	**-**
Debt securities issued	*37*	**71,864,898**	**-**	**71,864,898**	**-**	**-**	**-**
Other financial liabilities	*40(a)*	**96,637,726**	**-**	**96,637,726**	**1,684,329**	**-**	**1,684,329**

		GROUP			COMPANY		
2018	*Note*	Carrying amount ₦'000	Trading portfolios ₦'000	Non-trading portfolios ₦'000	Carrying amount ₦'000	Trading portfolios ₦'000	Non-trading portfolios ₦'000
Assets subject to market risk:							
Cash and cash equivalents	*21*	185,147,549	-	185,147,549	297,957	-	297,957
Restricted reserve deposits	*22*	146,497,087	-	146,497,087	-	-	-
Trading assets	*23(a)*	47,469,113	47,469,113	-	-	-	-
Derivative assets held for risk management	*24(a)*	10,538	-	10,538	-	-	-
Loans and advances to customers	*25*	633,034,962	-	633,034,962	-	-	-
Assets pledged as collateral	*27*	87,409,893	-	87,409,893	-	-	-
Investment securities	*26*	235,921,932	-	235,921,932	3,727,938	-	3,727,938
Other financial assets (net)	*32(a) (c)*	29,075,741	-	29,075,741	2,333,155	-	2,333,155
Liabilities subject to market risk:							
Trading liabilities	*23(b)*	32,474,632	32,474,632	-	-	-	-
Derivative liabilities held for risk management	*24(b)*	10,538	-	10,538	-	-	-
Deposits from banks	*33*	39,140,044	-	39,140,044	-	-	-
Deposits from customers	*34*	821,747,423	-	821,747,423	-	-	-
Borrowings	*35*	108,731,522	-	108,731,522	-	-	-
On-lending facilities	*36*	57,889,225	-	57,889,225	-	-	-
Debt securities issued	*37*	54,651,172	-	54,651,172	-	-	-
Other financial liabilities	*40(a)*	112,594,891	-	112,594,891	783,056	-	783,056

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss arising from fluctuations in the fair values of future cash flows from financial instruments because of a change in the market interest rate. Interest rate risk is managed principally through active monitoring of gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Treasury and Financial Services Division.

A summary of the interest rate gap position on non-trading portfolios is as follows:

		GROUP		
31 December 2019	*Note*	**Carrying amount ₦'000**	**Rate sensitive ₦'000**	**Non-rate sensitive ₦'000**
Assets				
Cash and cash equivalents	*21*	**223,545,838**	**88,789,518**	**134,756,320**
Restricted reserve deposits	*22*	**208,916,226**	**-**	**208,916,226**
Non-pledged trading assets	*23(a)*	**-**	**-**	**-**
Derivative assets held for risk management	*24(a)*	**11,666,095**	**10,684,571**	**981,524**
Loans and advances to customers (gross)	*25*	**754,390,866**	**754,390,866**	**-**
Assets pledged as collateral	*27*	**118,653,230**	**118,653,230**	**-**
Investment securities	*26*	**239,935,756**	**223,699,536**	**16,236,220**
Other financial assets (gross)	*32(a)*	**46,255,359**	**-**	**46,255,359**
		1,603,363,370	**1,196,217,721**	**407,145,649**
Liabilities				
Derivative liabilities held for risk management	*24(b)*	**7,563,600**	**6,607,831**	**955,769**
Deposits from banks	*33*	**90,060,925**	**90,060,925**	**-**
Deposits from customers	*34*	**943,085,581**	**529,409,035**	**413,676,546**
Borrowings	*35*	**133,344,085**	**133,344,085**	**-**
On-lending facilities	*36*	**70,912,203**	**70,912,203**	**-**
Debt securities issued	*37*	**71,864,898**	**71,864,898**	**-**
Other financial liabilities	*40(a)*	**96,637,726**	**-**	**96,637,726**
		1,413,469,018	**902,198,977**	**511,270,041**
Total interest repricing gap		**189,894,352**	**294,018,744**	**(104,124,392)**

		GROUP		
31 December 2018	*Note*	Carrying amount ₦'000	Rate sensitive ₦'000	Non-rate sensitive ₦'000
Assets				
Cash and cash equivalents	*21*	185,147,549	6,856,436	178,291,113
Restricted reserve deposits	*22*	146,497,087	-	146,497,087
Non-pledged trading assets	*23(a)*	-	-	-
Derivative assets held for risk management	*24(a)*	10,538	-	10,538
Loans and advances to customers (gross)	*25*	681,326,413	681,326,413	-
Assets pledged as collateral	*27*	87,409,893	87,409,893	-
Investment securities	*26*	235,921,932	223,166,360	12,755,572
Other financial assets (gross)	*32(a)*	44,480,290	-	44,480,290
		1,380,793,702	998,759,102	382,034,600
Liabilities				
Derivative liabilities held for risk management	*24(b)*	10,538	-	10,538
Deposits from banks	*33*	39,140,044	39,140,044	-
Deposits from customers	*34*	821,747,423	662,128,793	159,618,630
Borrowings	*35*	108,731,522	108,731,522	-
On-lending facilities	*36*	57,889,225	57,889,225	-
Debt securities issued	*37*	54,651,172	54,651,172	-
Other financial liabilities	*40(a)*	112,594,891	-	112,594,891
		1,194,764,815	922,540,756	272,224,059
Total interest repricing gap		186,028,887	76,218,346	109,810,541

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

		GROUP						
31 December 2019	*Note*	**0-30 days ₦'000**	**31-90 days ₦'000**	**91-180 days ₦'000**	**181-365 days ₦'000**	**1-5 years ₦'000**	**Above 5 years ₦'000**	**Total ₦'000**
Assets subject to market interest rate risk:								
Cash and cash equivalents	*21*	**86,289,518**	**2,500,000**	**-**	**-**	**-**	**-**	**88,789,518**
Derivative assets held for risk management	*24(a)*	**10,684,571**	**-**	**-**	**-**	**-**	**-**	**10,684,571**
Loans and advances to customers (gross)	*25*	**49,947,640**	**68,101,990**	**96,513,368**	**124,947,406**	**265,594,518**	**149,285,944**	**754,390,866**
Assets pledged as collateral	*27*	**33,109,173**	**-**	**10,200,000**	**20,099,945**	**20,330,186**	**34,913,926**	**118,653,230**
Investment securities	*26*	**97,933,022**	**18,845,724**	**22,872,926**	**37,368,080**	**8,154,265**	**38,525,520**	**223,699,536**
		277,963,923	**89,447,714**	**129,586,294**	**182,415,432**	**294,078,970**	**222,725,389**	**1,196,217,721**
Liabilities subject to market interest rate risk:								
Derivative liabilities held for risk management	*24(b)*	**6,607,831**	**-**	**-**	**-**	**-**	**-**	**6,607,831**
Deposits from banks	*33*	**90,060,925**	**-**	**-**	**-**	**-**	**-**	**90,060,925**
Deposits from customers	*34*	**355,395,954**	**54,125,137**	**55,805,641**	**61,644,403**	**2,437,900**	**-**	**529,409,035**
Borrowings	*35*	**16,759,080**	**5,829,694**	**8,388,349**	**20,228,954**	**82,138,008**	**-**	**133,344,085**
On-lending facilities	*36*	**10,486,540**	**3,917,802**	**485,342**	**1,637,635**	**20,129,389**	**34,255,495**	**70,912,203**
Debt securities issued	*37*	**17,599,055**	**-**	**-**	**-**	**54,265,843**	**-**	**71,864,898**
		496,909,385	**63,872,633**	**64,679,332**	**83,510,992**	**158,971,140**	**34,255,495**	**902,198,977**
Total interest repricing gap		**(218,945,462)**	**25,575,081**	**64,906,962**	**98,904,440**	**135,107,830**	**188,469,894**	**294,018,744**

		GROUP						
31 December 2018	*Note*	0-30 days ₦'000	31-90 days ₦'000	91-180 days ₦'000	181-365 days ₦'000	1-5 years ₦'000	Above 5 years ₦'000	Total ₦'000
Assets subject to market interest rate risk:								
Cash and cash equivalents	*21*	6,659,772	-	196,664	-	-	-	6,856,436
Loans and advances to customers (gross)	*25*	20,286,013	43,844,495	26,275,659	58,523,767	429,757,995	102,638,484	681,326,413
Assets pledged as collateral	*27*	11,290,615	8,040,000	7,400,000	8,300,000	17,416,000	34,963,278	87,409,893
Investment securities	*26*	89,693,269	11,847,269	3,469,289	86,194,809	13,119,659	18,842,065	223,166,360
		127,929,669	63,731,764	37,341,612	153,018,576	460,293,654	156,443,827	998,759,102
Liabilities subject to market interest rate risk:								
Deposits from banks	*33*	39,140,044	-	-	-	-	-	39,140,044
Deposits from customers	*34*	514,691,601	51,640,599	34,305,767	56,574,447	4,916,379	-	662,128,793
Borrowings	*35*	19,978,185	7,758,513	19,230,408	18,474,509	43,289,907	-	108,731,522
On-lending facilities	*36*	8,817,904	20,665	77,727	4,233,499	12,488,923	32,250,507	57,889,225
Debt securities issued	*37*	-	-	-	-	49,691,078	4,960,094	54,651,172
		582,627,734	59,419,777	53,613,902	79,282,455	110,386,287	37,210,601	922,540,756
Total interest repricing gap		(454,698,065)	4,311,987	(16,272,290)	73,736,121	349,907,367	119,233,226	76,218,346

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

		COMPANY		
31 December 2019	*Note*	**Carrying amount ₦'000**	**Rate sensitive ₦'000**	**Non-rate sensitive ₦'000**
Assets				
Cash and cash equivalents	*21*	**19,482**	**10,514**	**8,968**
Restricted reserve deposits	*22*	**-**	**-**	**-**
Loans and advances to customers (gross)	*25*	**-**	**-**	**-**
Assets pledged as collateral	*27*	**-**	**-**	**-**
Investment securities	*26*	**3,799,741**	**2,920,309**	**879,432**
Other financial assets (gross)	*32(a)*	**2,987,766**	**-**	**2,987,766**
		6,806,989	**2,930,823**	**3,876,166**
Liabilities				
Deposits from banks	*33*	**-**	**-**	**-**
Deposits from customers	*34*	**-**	**-**	**-**
Borrowings	*35*	**-**	**-**	**-**
On-lending facilities	*36*	**-**	**-**	**-**
Debt securities issued	*37*	**-**	**-**	**-**
Other financial liabilities	*40(a)*	**1,684,329**	**-**	**1,684,329**
		1,684,329	**-**	**1,684,329**
Total interest repricing gap		**5,122,660**	**2,930,823**	**2,191,837**

		COMPANY		
31 December 2018	*Note*	Carrying amount ₦'000	Rate sensitive ₦'000	Non-rate sensitive ₦'000
Assets				
Cash and cash equivalents	*21*	297,957	135,236	162,721
Restricted reserve deposits	*22*	-	-	-
Loans and advances to customers (gross)	*25*	-	-	-
Assets pledged as collateral	*27*	-	-	-
Investment securities	*26*	3,727,938	-	3,727,938
Other financial assets (gross)	*32(a)*	2,403,108	-	2,403,108
		6,429,003	135,236	6,293,767
Liabilities				
Deposits from banks	*33*	-	-	-
Deposits from customers	*34*	-	-	-
Borrowings	*35*	-	-	-
On-lending facilities	*36*	-	-	-
Debt securities issued	*37*	-	-	-
Other financial liabilities	*40(a)*	783,056	-	783,056
		783,056	-	783,056
Total interest repricing gap		5,645,947	135,236	5,510,711

Sensitivity of projected net interest income

The management of interest rate risk against interest rate gap is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 50 basis points and 100 basis points (bps) parallel fall or rise. The financial assets and liabilities sensitive to interest rate risk are loans and advances, cash and cash equivalents (placements), assets pledged as collateral (treasury bills and FGN Bonds), investment securities (treasury bills, FGN Bonds, state government bonds and corporate bonds) and deposits from banks, deposits from customers, borrowings, on-lending facilities and debt securities issued. A weighted average rate has been applied and the effects are shown in the table below:

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

GROUP

31 December 2019	**Gross amount ₦'000**	**Weighted average interest rate %**	**Interest due at current weighted average rate ₦'000**	**50bps ₦'000**	**(50bps) ₦'000**	**100bps ₦'000**	**Total (100bps) ₦'000**
Non-trading assets subject to rate sensitive	**1,196,217,721**	**11%**	**137,447,224**	**143,428,313**	**131,466,135**	**149,409,401**	**125,485,047**
Non-trading liabilities subject to rate sensitive	**902,198,977**	**7%**	**(61,470,839)**	**(65,981,834)**	**(56,959,844)**	**(70,492,829)**	**(52,448,849)**
			75,976,385	**77,446,479**	**74,506,291**	**78,916,572**	**73,036,198**
Impact on net interest income				**1,470,094**	**(1,470,094)**	**2,940,187**	**(2,940,187)**

GROUP

31 December 2018	Gross amount ₦'000	Weighted average interest rate %	Interest due at current weighted average rate ₦'000	50bps ₦'000	(50bps) ₦'000	100bps ₦'000	Total (100bps) ₦'000
Non-trading assets subject to rate sensitive	998,759,102	13%	131,662,948	136,656,744	126,669,152	141,650,539	121,675,357
Non-trading liabilities subject to rate sensitive	922,540,756	6%	(59,089,590)	(63,702,346)	(54,476,834)	(68,315,103)	(49,864,077)
			72,573,358	72,954,398	72,192,318	73,335,436	71,811,280
Impact on net interest income				381,040	(381,040)	762,078	(762,078)

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 Unit to measure and control market risk exposure within the Bank's trading portfolios are the open position limits, mark-to-market analysis, value at-risk analysis, sensitivity analysis and the 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 Unit ensures that these limits and triggers are adhered to by the Treasury Department.

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.

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 is 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 period ended:

		GROUP					
31 December 2019	*Note*	**NGN ₦'000**	**USD ₦'000**	**GBP ₦'000**	**EUR ₦'000**	**Others ₦'000**	**Grand total ₦'000**
Assets							
Cash and cash equivalents	*21*	**77,744,909**	**114,017,852**	**7,789,315**	**23,664,199**	**329,563**	**223,545,838**
Restricted reserve deposit	*22*	**208,916,226**	**-**	**-**	**-**	**-**	**208,916,226**
Non-pledged trading assets	*23(a)*	**51,087,200**	**-**	**-**	**-**	**-**	**51,087,200**
Derivative assets held for risk management	*24(a)*	**-**	**11,666,095**	**-**	**-**	**-**	**11,666,095**
Loans and advances (net)	*25*	**315,054,213**	**400,444,088**	**51**	**382,248**	**-**	**715,880,600**
Investment securities	*26*	**130,890,910**	**109,044,846**	**-**	**-**	**-**	**239,935,756**
Asset pledged as collateral	*27*	**118,653,230**	**-**	**-**	**-**	**-**	**118,653,230**
Other assets	*32*	**12,905,256**	**17,205,242**	**32,281**	**12,154**	**1,399,415**	**31,554,348**
Total assets		**915,251,944**	**652,378,123**	**7,821,647**	**24,058,601**	**1,728,978**	**1,601,239,293**
Liabilities							
Trading liabilities	*23(b)*	**37,082,002**	**-**	**-**	**-**	**-**	**37,082,002**
Deposits from customers	*34*	**667,046,155**	**268,515,475**	**3,319,298**	**4,204,639**	**14**	**943,085,581**
Deposits from banks	*33*	**-**	**90,060,925**	**-**	**-**	**-**	**90,060,925**
Borrowings	*35*	**19,072,595**	**114,271,490**	**-**	**-**	**-**	**133,344,085**
On-lending facilities	*36*	**70,912,203**	**-**	**-**	**-**	**-**	**70,912,203**
Debt securities issued	*37*	**51,930,846**	**19,934,052**	**-**	**-**	**-**	**71,864,898**
Derivative liability held for risk management	*24(b)*	**-**	**7,563,600**	**-**	**-**	**-**	**7,563,600**
Provision	*39*	**3,776,786**	**1,821,391**	**-**	**-**	**-**	**5,598,177**
Other liabilities	*40*	**59,935,179**	**36,307,889**	**990,963**	**5,505,886**	**365,683**	**103,105,600**
Total liabilities		**909,755,766**	**538,474,822**	**4,310,261**	**9,710,525**	**365,697**	**1,462,617,071**
Net on-balance sheet financial position		**5,496,178**	**113,903,301**	**3,511,386**	**14,348,076**	**1,363,281**	**138,622,222**
Off-balance sheet financial position	*44*	**100,492,253**	**97,179,059**	**95,102**	**2,098,178**	**100,206**	**199,964,798**

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

		GROUP					
31 December 2018	*Note*	NGN ₦'000	USD ₦'000	GBP ₦'000	EUR ₦'000	Others ₦'000	Grand total ₦'000
Assets							
Cash and cash equivalents	*21*	45,607,805	114,052,807	7,357,282	17,159,200	970,455	185,147,549
Restricted reserve deposit	*22*	146,497,087	-	-	-	-	146,497,087
Non-pledged trading assets	*23(a)*	47,469,113	-	-	-	-	47,469,113
Derivative assets held for risk management	*24(a)*	-	10,538	-	-	-	10,538
Loans and advances (net)	*25*	273,396,557	358,155,017	662	1,482,726	-	633,034,962
Investment securities	*26*	200,664,074	35,257,858	-	-	-	235,921,932
Asset pledged as collateral	*27*	87,409,893	-	-	-	-	87,409,893
Other assets	*32*	23,788,331	5,249,266	26,808	11,336	-	29,075,741
Total assets		824,832,860	512,725,486	7,384,752	18,653,262	970,455	1,364,566,815
Liabilities							
Trading liabilities	*23(b)*	32,474,632	-	-	-	-	32,474,632
Deposits from customers	*34*	588,496,412	226,935,391	2,852,316	3,463,291	13	821,747,423
Deposits from banks	*33*	-	39,140,044	-	-	-	39,140,044
Borrowings	*35*	13,322,028	95,409,494	-	-	-	108,731,522
On-lending facilities	*36*	57,889,225	-	-	-	-	57,889,225
Debt securities issued	*37*	51,688,084	2,963,088	-	-	-	54,651,172
Derivative liability held for risk management	*24(b)*	-	10,538	-	-	-	10,538
Provision	*39*	2,275,205	9,308,227	-	-	-	11,583,432
Other liabilities	*40*	32,893,167	73,585,943	2,361,121	3,433,951	320,709	112,594,891
Total liabilities		779,038,753	447,352,725	5,213,437	6,897,242	320,722	1,238,822,879
Net on-balance sheet financial position		45,794,107	65,372,761	2,171,315	11,756,020	649,733	125,743,936
Off-balance sheet financial position	*44*	126,556,851	92,054,720	2,328,621	11,386,348	-	232,326,540

In line with Central Bank of Nigeria guidelines, percentage of foreign borrowings of the banking subsidiary to the shareholders' fund of the banking subsidiary as at 31 December 2019 is 68.52% (31 December 2018: 57.28%) which is below the limit of 125%.

Exposure to currency risks – Non-trading portfolios

At 31 December 2019, 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 ₦11.28 billion (31 December 2018: ₦6.54 billion) lower, arising mainly as a result of the decrease in revaluation of loans as compared to borrowings, foreign currency deposits and other foreign currency liabilities. If foreign exchange rates had been 10 percent higher, with all other variables held constant, profit and equity would have been ₦11.28 billion (31 December 2018: ₦6.54 billion) higher, arising mainly as a result of higher increase in revaluation of loans and advances than the increase on borrowings, foreign currency deposits and other foreign currency liabilities.

Foreign exchange risk (USD)

The following analysis details the Group's sensitivity to a 10 percent increase and decrease in the value of the Naira against USD, as the Group is mainly exposed to USD. 10 percent is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The table below summarises the impact on profit or loss and equity for each category of USD financial instruments held as at 31 December 2019. It includes the Group's USD financial instruments at carried at Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) rate at ₦364.70/$.

	GROUP 2019			GROUP 2018		
	Carrying amount ₦'000	**10% decrease in the value of Naira against USD ₦'000**	**10% increase in the value of Naira against USD ₦'000**	Carrying amount ₦'000	10% decrease in the value of Naira against USD ₦'000	10% increase in the value of Naira against USD ₦'000
Financial assets						
Cash and cash equivalents	**114,017,852**	**11,401,785**	**(11,401,785)**	114,052,807	11,405,281	(11,405,281)
Derivative assets held for risk management	**11,666,095**	**1,166,610**	**(1,166,610)**	10,538	1,054	(1,054)
Loans and advances to customers	**400,444,088**	**40,044,409**	**(40,044,409)**	358,155,017	35,815,502	(35,815,502)
Investment securities	**109,044,846**	**10,904,485**	**(10,904,485)**	35,257,858	3,525,786	(3,525,786)
Other assets	**17,205,242**	**1,720,524**	**(1,720,524)**	5,249,266	524,927	(524,927)
Impact on financial assets	**652,378,123**	**65,237,813**	**(65,237,813)**	512,725,486	51,272,550	(51,272,550)
Financial liabilities						
Deposits from banks	**90,060,925**	**9,006,093**	**(9,006,093)**	39,140,044	3,914,004	(3,914,004)
Deposits from customers	**268,515,475**	**26,851,548**	**(26,851,548)**	226,935,391	22,693,539	(22,693,539)
Borrowings	**114,271,490**	**11,427,149**	**(11,427,149)**	95,409,494	9,540,949	(9,540,949)
Debt securities issued	**19,934,052**	**1,993,405**	**(1,993,405)**	2,963,088	296,309	(296,309)
Derivative liabilities held for risk management	**7,563,600**	**756,360**	**(756,360)**	10,538	1,054	(1,054)
Provision	**1,821,391**	**182,139**	**(182,139)**	9,308,227	930,823	(930,823)
Other liabilities	**36,307,889**	**3,630,789**	**(3,630,789)**	73,585,943	7,358,594	(7,358,594)
Impact on financial liabilities	**538,474,822**	**53,847,483**	**(53,847,483)**	447,352,725	44,735,272	(44,735,272)
Total increase/(decrease)	**113,903,301**	**11,390,330**	**(11,390,330)**	65,372,761	6,537,278	(6,537,278)

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Foreign exchange risk (GBP)

The following analysis details the Group's sensitivity to a 10 percent increase and decrease in the value of the Naira against GBP, as the Group is 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 2019. It includes the Group's GBP financial instruments at carrying amounts.

	GROUP 2019			GROUP 2018		
	Carrying amount ₦'000	10% decrease in the value of Naira against GBP ₦'000	10% increase in the value of Naira against GBP ₦'000	Carrying amount ₦'000	10% decrease in the value of Naira against GBP ₦'000	10% increase in the value of Naira against GBP ₦'000
Financial assets						
Cash and cash equivalents	**7,789,315**	**778,932**	**(778,932)**	7,357,282	735,728	(735,728)
Loans and advances to customers	**51**	**5**	**(5)**	662	66	(66)
Other assets	**32,281**	**3,228**	**(3,228)**	26,808	2,681	(2,681)
Impact on financial assets	**7,821,647**	**782,165**	**(782,165)**	7,384,752	738,475	(738,475)
Financial liabilities						
Deposits from customers	**3,319,298**	**331,930**	**(331,930)**	2,852,316	285,232	(285,232)
Other liabilities	**990,963**	**99,096**	**(99,096)**	2,361,121	236,112	(236,112)
Impact on financial liabilities	**4,310,261**	**431,026**	**(431,026)**	5,213,437	521,344	(521,344)
Total increase/(decrease)	**3,511,386**	**351,139**	**(351,139)**	2,171,315	217,131	(217,131)

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 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 2019. It includes the Group's EUR financial instruments at carrying amounts.

	GROUP 2019			GROUP 2018		
	Carrying amount ₦'000	**10% decrease in the value of Naira against EUR ₦'000**	**10% increase in the value of Naira against EUR ₦'000**	Carrying amount ₦'000	10% decrease in the value of Naira against EUR ₦'000	10% increase in the value of Naira against EUR ₦'000
Financial assets						
Cash and cash equivalents	**23,664,199**	**2,366,420**	**(2,366,420)**	17,159,200	1,715,920	(1,715,920)
Loans and advances to customers	**382,248**	**38,225**	**(38,225)**	1,482,726	148,273	(148,273)
Other assets	**12,154**	**1,215**	**(1,215)**	11,336	1,134	(1,134)
Impact on financial assets	**24,058,601**	**2,405,860**	**(2,405,860)**	18,653,262	1,865,327	(1,865,327)
Financial liabilities						
Deposits from customers	**4,204,639**	**420,464**	**(420,464)**	3,463,291	346,329	(346,329)
Other liabilities	**5,505,886**	**550,589**	**(550,589)**	3,433,951	343,395	(343,395)
Impact on financial liabilities	**9,710,525**	**971,053**	**(971,053)**	6,897,242	689,724	(689,724)
Total increase/(decrease)	**14,348,076**	**1,434,807**	**(1,434,807)**	11,756,020	1,175,603	(1,175,603)

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(e) Operational Risk Management

FCMB defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems and/or from external events. Our operational risk processes capture the following major types of losses/exposures:

- fraud (internal and external);
- fines, penalties or expenses incurred as a result of settlement delays and regulatory infractions;
- losses arising from litigation processes including out-of-court settlements;
- unreconciled cash (teller, vault, ATM) shortages written-off in the course of the period;
- losses incurred as a result of damages to physical assets; and
- 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 vulnerabilities/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/eliminate inherent process risks. The Group conducts RCSA twice in a year and there is regular update of the risk register, triggered by change(s) to processes, activities, systems or other factors such as introduction of new product/service or the occurrence of risk events.

The results of the process risk assessments and completed RCSAs are further subjected to analysis by the Risk Management Department in order to understand the major vulnerabilities in the Group and their root causes. The outcome of such assessments, apart from being escalated to 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.

Operational risk indicators are used to track/measure as well as monitor operational risk exposures across all activities, processes and systems. Key risk indicators (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. Tolerance levels are set for each risk indicator and used as the basis for reporting risk exposures to the respective risk committees, including departmental/divisional Operational Risk Committees 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 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.

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 escalatedn in recent times across the industry because of 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; and
- 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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

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.

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;
- communications/crisis management: adverse stakeholder relations (media, investors, regulators, customers, trade unions, etc.); and
- 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: it 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's Legal Department has primary responsibility to liase with all functions to ensure legal risk is properly managed in the Group. The operational risk managament 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 function 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.

Operational risk awareness

The Group intensified its operational risk awareness campaign in the course of the period in which several mechanisms were explored 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.

Group operational risk practices

The operating 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 ₦50 billion and maintain a capital adequacy ratio (total regulatory capital to risk weighted assets) of 15%. Capital adequacy ratio (CAR) as a measure of the ratio of capital to risk weighted assets (RWA).

The Risk Management Committee (RMC) has delegated mandate of ensuring that capital levels (capital adequacy ratio) remain adequate and appropriate for the level of risks undertaken in the normal course of business. The committee is responsible for implementing the capital strategy of the Group which includes:

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

- ensuring the Group fully complies with minimum regulatory capital adequacy requirements and remains a going concern;
- ensuring the Group 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; and
- driving business unit and overall Group performance through the application of economic capital budgeting.

The Group's regulatory capital can be segmented into 2 tiers:

- Tier 1 capital includes share capital, retained earnings and reserves created by appropriations to earnings. The 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 the capital but the RRR is recognised as a balance sheet item (exposures are risk-weighted net of the provisions in the RRR).
- Tier 2 capital includes preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to a maximum of 1.25% of risk assets, and hybrid instruments – convertible bonds, debt security qualifies for the tier 2 capital having met the conditions specified by CBN.

As directed by the CBN, the Bank adopts the following approaches for the computation of capital adequacy ratio under Pillar 1:

- standardised approach for credit risk;
- standardised approach for market risk; and
- 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 Group 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) started in 2016. The first report was completed for the 2016 financial year and submitted to the Central Bank of Nigeria (CBN) by April, 2017 and we have subsequently been rendering the ICAAP report as mandated by the regulator. 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 Bank's 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; and
- 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 Group;

(c) Review of available data from the business, 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;

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

- 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; and

(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; and
- the model used was risk sensitive to view the outcome based on changes to the different parameters or risk factors.

The exercise was conducted on the base case projections to assess the adequacy of FCMB's capital levels, capital buffer and capital ratios. The stress testing exercise determines the potential volatility of capital requirements with respect to the five year financial projections. The base case capital projections and stressed capital can vary based on changes to key assumptions or risk factors. The conservative approach has been adopted to ensure that the outcome of the exercise is reasonable and representative of a likely outcome in a stressed condition/situation.

The following sensitivities were considered before coming up with a plausible scenario and the macro-economic stress, which considers some of them:

- reduction in net interest margin;
- increased operational costs;
- increased credit losses;
- sector concentration risk; and
- 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 2019 and 31 December 2018:

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 (limited to 25% of total Tier 1 capital), other comprehensive income, fair value reserves, 50% of investments in unconsolidated banking and financial subsidiary/associate companies.

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.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Capital adequacy computation:

	COMMERCIAL AND RETAIL BANKING BUSINESS SEGMENT			
	Full impact of IFRS 9 transition 31 Dec 2019 ₦'000	**Adjusted impact of IFRS 9 transition 31 Dec 2019 ₦'000**	Full impact of IFRS 9 transition 31 Dec 2018 ₦'000	Adjusted impact of IFRS 9 transition 31 Dec 2018 ₦'000
Tier 1 capital				
Share capital	**2,650,000**	**2,650,000**	2,650,000	2,650,000
Share premium	**100,846,691**	**100,846,691**	100,846,691	100,846,691
Statutory reserves	**27,902,051**	**27,902,051**	25,662,313	25,662,313
AGSMEIS reserve	**2,012,233**	**2,012,233**	658,637	658,637
Retained earnings	**23,868,869**	**23,868,869**	19,209,006	19,209,006
Forbearance reserve	**1,960,712**	**1,960,712**	-	-
IFRS 9 transitional adjustment	**-**	**4,276,996**	-	6,415,494
Total qualifying Tier 1 capital	**159,240,556**	**163,517,553**	149,026,648	155,442,142
Less: Goodwill	**(5,993,863)**	**(5,993,863)**	(5,993,863)	(5,993,863)
Deferred tax assets	**(7,944,838)**	**(7,944,838)**	(7,944,838)	(7,944,838)
Software	**(4,217,620)**	**(4,217,620)**	(3,898,353)	(3,898,353)
Regulatory risk reserve	**(14,204,674)**	**-**	(14,204,674)	-
Adjusted total qualifying tier 1 capital	**126,879,561**	**145,361,232**	116,984,920	137,605,088
Tier 2 capital				
Translation reserve	**8,247,655**	**8,247,655**	8,001,202	8,001,202
Fair value reserve	**11,134,403**	**11,134,403**	8,671,152	8,671,152
Debt securities issued	**26,765,479**	**26,765,479**	16,556,544	16,556,544
Total qualifying tier 2 capital	**46,147,537**	**46,147,537**	33,228,898	33,228,898
Total qualifying tier 2 Capital restricted to one-third (1/3) of Tier 1 capital after regulatory deductions	**42,293,187**	**48,453,744**	38,994,973	45,868,363
Total qualifying capital	**169,172,748**	**191,508,769**	150,213,818	170,833,986
Risk weighted assets				
Risk-weighted amount for credit risk	**888,288,501**	**902,493,175**	822,969,409	837,320,873
Risk-weighted amount for operational risk	**198,288,735**	**198,288,735**	211,544,802	211,544,802
Risk-weighted amount for market Risk	**14,355,682**	**14,355,682**	25,691,024	25,691,024
	1,100,932,918	**1,115,137,592**	1,060,205,235	1,074,556,699
Capital adequacy ratio	**15.37%**	**17.17%**	14.17%	15.90%

	BANKING SUBSIDIARY			
	Full impact of IFRS 9 transition 31 Dec 2019 ₦'000	**Adjusted impact of IFRS 9 transition 31 Dec 2019 ₦'000**	Full impact of IFRS 9 transition 31 Dec 2018 ₦'000	Adjusted impact of IFRS 9 transition 31 Dec 2018 ₦'000
Tier 1 capital				
Share capital	**2,000,000**	**2,000,000**	2,000,000	2,000,000
Share premium	**100,846,691**	**100,846,691**	100,846,691	100,846,691
Statutory reserves	**25,724,159**	**25,724,159**	23,763,447	23,763,447
AGSMEIS reserve	**2,012,233**	**2,012,233**	658,637	658,637
Retained earnings	**19,009,676**	**19,009,676**	14,775,957	14,775,957
Forbearance reserve	**1,960,712**	**1,960,712**	-	-
IFRS 9 transitional adjustment	**-**	**4,276,944**	-	6,415,417
Total qualifying Tier 1 capital	**151,553,471**	**155,830,415**	142,044,732	148,460,149
Less: Goodwill	**(5,993,863)**	**(5,993,863)**	(5,993,863)	(5,993,863)
Deferred tax assets	**(7,944,838)**	**(7,944,838)**	(7,944,838)	(7,944,838)
Software	**(3,957,766)**	**(3,957,766)**	(3,672,617)	(3,672,617)
Regulatory risk reserve	**(14,204,674)**	**-**	(14,204,674)	-
Adjusted total qualifying tier 1 capital	**119,452,330**	**137,933,948**	110,228,740	130,848,831
Tier 2 capital				
Translation reserve	**8,247,655**	**8,247,655**	8,001,202	8,001,202
Fair value reserve	**11,134,403**	**11,134,403**	8,671,152	8,671,152
Debt securities issued	**26,765,479**	**26,765,479**	16,556,544	16,556,544
Total qualifying tier 2 capital	**46,147,537**	**46,147,537**	33,228,898	33,228,898
Total qualifying tier 2 Capital restricted to one-third (1/3) of Tier 1 capital after regulatory deductions	**39,817,443**	**45,977,983**	36,742,913	43,616,277
Total qualifying capital	**159,269,773**	**183,911,931**	143,457,638	164,077,729
Risk weighted assets				
Risk-weighted amount for credit risk	**862,113,118**	**876,317,792**	803,194,915	817,399,589
Risk-weighted amount for operational risk	**181,386,117**	**181,386,117**	195,734,733	195,734,733
Risk-weighted amount for market Risk	**14,355,682**	**14,355,682**	25,691,024	25,691,024
	1,057,854,917	**1,072,059,591**	1,024,620,672	1,038,825,346
Capital adequacy ratio	**15.06%**	**17.16%**	14%	15.79%

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Note on capital adequacy ratio

The Basel II capital adequacy ratio after adjusted impact of IFRS 9 transition was for the Commercial and Retail Banking Business Segment and the Banking subsidiary respectively, as at 31 December 2019 (31 December 2018: 15.90% and 15.79%), which are 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 On 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 Commercial and Retail Banking Business Segment and Banking subsidiary were ₦10.69 billion and ₦10.69 billion respectively.

Period	Provision to be written back	%	Commercial and retail banking business segment	Banking subsidiary
Year 0 (1 January 2018)	4/5 of Adjusted Day One Impact	80%	8,553,992	8,553,889
Year 1 (31 December 2018)	3/5 of Adjusted Day One Impact	60%	6,415,494	6,415,417
Year 2 (31 December 2019)	2/5 of Adjusted Day One Impact	40%	4,276,996	4,276,944
Year 3 (31 December 2020)	1/5 of Adjusted Day One Impact	20%	2,138,498	2,138,472
Year 4 (31 December 2021)	Nil	0%	-	-

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:

- **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 recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest swaps. Availability of observable market prices and model inputs reduces the need for management 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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

Financial Instruments measured at fair value

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

		GROUP			
31 December 2019	*Note*	**Level 1 ₦'000**	**Level 2 ₦'000**	**Level 3 ₦'000**	**Total ₦'000**
Assets					
Trading assets	*23(a)*	**51,087,200**	**-**	**-**	**51,087,200**
Derivative assets held for risk management	*24(a)*	**-**	**11,666,095**	**-**	**11,666,095**
Assets pledged as collateral	*27(a)*	**1,615,862**	**-**	**-**	**1,615,862**
Investment securities	*26(c)(d)(e)*	**96,889,188**	**-**	**17,236,560**	**114,125,748**
		149,592,250	**11,666,095**	**17,236,560**	**178,494,905**
Liabilities					
Trading liabilities	*23(b)*	**37,082,002**	**-**	**-**	**37,082,002**
Derivative liabilities held for risk management	*24(b)*	**-**	**7,563,600**	**-**	**7,563,600**
		37,082,002	**7,563,600**	**-**	**44,645,602**

31 December 2018	*Note*	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Assets					
Trading assets	*23(a)*	47,469,113	-	-	47,469,113
Derivative assets held for risk management	*24(a)*	-	10,538	-	10,538
Assets pledged as collateral	*27(a)*	15,122,879	-	-	15,122,879
Investment securities	*26(c)(d)(e)*	134,472,285	-	12,177,098	146,649,383
		197,064,277	10,538	12,177,098	209,251,913
Liabilities					
Trading liabilities	*23(b)*	32,474,632	-	-	32,474,632
Derivative liabilities held for risk management	*24(b)*	-	10,538	-	10,538
		32,474,632	10,538	-	32,485,170

The carrying amount under Level 3 represents the fair value of unquoted equity investments. The movement has been disclosed in Note 26(i).

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 December 2019	*Note*	**Level 1 ₦'000**	**Level 2 ₦'000**	**Level 3 ₦'000**	**Total fair value ₦'000**	**Total carrying amount ₦'000**
Assets						
Cash and cash equivalents	*21*	**-**	**223,545,838**	**-**	**223,545,838**	**223,545,838**
Restricted reserve deposits	*22*	**-**	**208,916,226**	**-**	**208,916,226**	**208,916,226**
Loans and advances to customers	*25*	**-**	**764,409,104**	**-**	**764,409,104**	**715,880,600**
Assets pledged as collateral	*27*	**88,309,877**	**-**	**-**	**88,309,877**	**87,596,080**
Investment securities	*26(a)*	**158,368,929**	**-**	**-**	**158,368,929**	**125,810,008**
Other financial assets (net)	*32(a)*	**-**	**26,823,584**	**-**	**26,823,584**	**26,823,584**
Liabilities						
Deposits from banks	*33*	**-**	**90,060,925**	**-**	**90,060,925**	**90,060,925**
Deposits from customers	*34*	**-**	**960,203,438**	**-**	**960,203,438**	**943,085,581**
Borrowings	*35*	**-**	**133,344,085**	**-**	**133,344,085**	**133,344,085**
On-lending facilities	*36*	**-**	**70,912,203**	**-**	**70,912,203**	**70,912,203**
Debt securities issued	*37*	**82,987,326**	**-**	**-**	**82,987,326**	**71,864,898**
Other financial liabilities	*40(a)*	**-**	**96,637,726**	**-**	**96,637,726**	**96,637,726**

31 December 2018	*Note*	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000	Total carrying amount ₦'000
Assets						
Cash and cash equivalents	*21*	-	185,147,549	-	185,147,549	185,147,549
Restricted reserve deposits	*22*	-	146,497,087	-	146,497,087	146,497,087
Loans and advances to customers	*25*	-	642,925,828	-	642,925,828	633,034,962
Assets pledged as collateral	*27*	-	58,345,822	-	58,345,822	72,287,014
Investment securities	*26(a)*	-	91,611,899	-	91,611,899	89,272,549
Other financial assets (net)	*32(a)*	-	29,075,741	-	29,075,741	29,075,741
Liabilities						
Deposits from banks	*33*	-	39,140,044	-	39,140,044	39,140,044
Deposits from customers	*34*	-	778,730,897	-	778,730,897	821,747,423
Borrowings	*35*	-	121,970,195	-	121,970,195	108,731,522
On-lending facilities	*36*	-	59,980,946	-	59,980,946	57,889,225
Debt securities issued	*37*	-	59,273,390	-	59,273,390	54,651,172
Other financial liabilities	*40(a)*	-	112,594,891	-	112,594,891	112,594,891

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Loans and advances to customers are net of charges for impairment. Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value has been estimated using the discounted cash flow techniques.

Deposits from banks and customers: The estimated fair value of deposits from banks and customers not quoted in an active market is based on discounted cash flows applying the rates that are offered for deposits of similar maturities and terms.

Borrowings: The estimated fair value of borrowings represents the market value of the borrowings arrived at by recalculating the carrying amount of the borrowings using the estimated market rate for the borrowings.

On-lending facilities: Tthe 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) Assessment of impairment of goodwill

Management is required to make judgements concerning the cause, timing and amount of impairment on goodwill. The Group has goodwill in its investment in FCMB Limited, FCMB Pensions Limited and CSL Stockbrokers Limited. 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. See note 30(e) for further details.

(d) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the groupwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) 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) Determination of regulatory risk reserves

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the expected loss model (IFRS 9). As a result of the differences in the methodology/ provision regime, there will be variances in the impairment allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

(i) Provisions for loans recognised in profit or loss should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/ changes in general reserves should be treated as follows:

- Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the retained reserve account to a "regulatory risk reserve".
- Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of profit or loss and other comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the retained earnings account.

(ii) The non-distributable reserve (excluding regulatory risk reserve) should be classified under Tier 1 as part of the core capital.

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

Prudential adjustments for the year ended 31 December 2019

	31 December 2019 ₦'000
Impairment assessment under IFRS	
Loans and advances:	
Stage 1	**16,790,859**
Stage 2	**4,974,619**
Stage 3	**14,840,066**
Total impairment allowances on loans	**36,605,544**
Other financial assets:	
Stage 1	**(187,417)**
Stage 2	**586,649**
Stage 3	**18,527,039**
Provision	**5,319,410**
Investment securities at amortised cost	**2,031,504**
Investment securities at FVOCI	**44,552**
Cash and cash equivalents	**3,927**
Total impairment allowances on other financial assets and provision	**26,325,664**
Total impairment allowances by the Bank (a)	**62,931,208**
Total regulatory impairment based on prudential guidelines (b)	**67,064,877**
Required balance in regulatory risk reserves (c = b - a)	**4,133,669**
Balance, 1 January 2019	**-**
Transfer to regulatory risk reserve	**4,133,669**
Balance, 31 December 2019	**4,133,669**

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Prudential adjustments for the year ended 31 December 2018

	31 December 2018 ₦'000
Impairment assessment under IFRS	
Loans and advances:	
Stage 1	17,268,441
Stage 2	3,663,122
Stage 3	26,409,025
Total impairment allowances on loans	47,340,588
Other financial assets:	
Stage 1	107,983
Stage 3	14,667,598
Provision	10,901,503
Investment securities at amortised cost	1,726,254
Investment securities at FVOCI	24,047
Total impairment allowances on other financial assets and provision	27,427,385
Total impairment allowances by the Bank (a)	74,767,973
Total regulatory impairment based on prudential guidelines (b)	62,926,661
Required balance in regulatory risk reserves (c = b - a)	-
Balance, 1 January 2018	13,413,598
Transfer from regulatory risk reserve	(13,413,598)
Balance, 31 December 2018	-

6 Operating Segments

The Group has eight 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 Group 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 – administers and manages the pension fund assets and other investment porfolios for structured retiree savings account holders and other equity fund account holders.

SME Banking – provides banking services to Small and Medium Enterprises (SME) and commercial registered businesses with an annual turnover less than ₦2.5 billion.

Commercial Banking – provides banking services to Small and Medium Enterprises (SME) and commercial registered businesses with an annual turnover between ₦2.5 billion and ₦5 billion.

Corporate Banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products. The corporate banking business unit caters for the specific needs of companies and financial institutions with an annual turnover in excess of ₦5 billion.

Personal Banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages. Retail banking business unit caters for needs of individuals.

Institutional Banking – government financing, financial institutions, multilateral agencies. The business unit caters for governments at the various levels and their agencies.

Treasury and Financial Markets – Treasury and financial markets group provides funding support to various business segments while ensuring the liquidity of the Bank is not compromised. The Group is also involved in currency trading incorporating financial instruments trading and structured financing.

Information regarding the results of each reporting segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

No single external customer accounts for 10% or more of the Group's revenue.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Information about operating segments:

(i) The business segment results are as follows:

	GROUP								
31 December 2019	**Investment Banking ₦'000**	**Asset Management ₦'000**	**SME Banking ₦'000**	**Commercial Banking ₦'000**	**Corporate Banking ₦'000**	**Personal Banking ₦'000**	**Institutional Banking ₦'000**	**Treasury & Financial Markets ₦'000**	**Total ₦'000**
External revenues:									
Net interest income	3,287,002	245,067	21,932,650	1,627,532	8,771,867	35,322,485	4,196,946	592,836	**75,976,385**
Net fee and commission income	2,290,729	3,206,567	2,584,230	506,429	5,849,173	5,898,225	345,340	41,399	**20,722,092**
Net trading income	65,987	-	-	-	-	-	-	6,838,503	**6,904,490**
Net income from financial instruments at FVTPL	-	-	-	-	-	-	-	1,952,495	**1,952,495**
Other revenue and other income	92,825	35,066	910,430	98,598	225,680	1,900,417	143,883	1,816,142	**5,223,041**
Inter-segment revenue	-	-	1,474,239	65,880	(1,744,885)	2,148,472	432,217	(2,375,923)	**-**
Total segment revenue	**5,736,543**	**3,486,700**	**26,901,549**	**2,298,439**	**13,101,835**	**45,269,599**	**5,118,386**	**8,865,452**	**110,778,503**
Other material non-cash items:									
Impairment losses on financial assets	31,646	16,531	2,481,423	1,026,215	8,994,202	463,234	15,351	719,001	**13,747,603**
Depreciation and amortisation expenses	341,157	158,578	2,055,846	219,532	616,956	2,705,016	423,515	192,309	**6,712,909**
Reportable segment profit/ (loss) before income tax	838,185	1,361,886	3,352,387	(1,454,620)	(4,162,042)	12,294,344	96,148	7,804,109	**20,130,397**
Reportable segment assets	91,952,954	6,275,219	112,061,423	13,756,825	435,448,126	137,790,164	21,826,247	561,546,014	**1,380,656,972**
Reportable segment liabilities	88,666,306	3,045,498	291,280,557	23,168,249	181,595,907	388,413,031	74,369,637	361,834,107	**1,412,373,292**

GROUP

31 December 2018	Investment Banking ₦'000	Asset Management ₦'000	SME Banking ₦'000	Commercial Banking ₦'000	Corporate Banking ₦'000	Personal Banking ₦'000	Institutional Banking ₦'000	Treasury & Financial Markets ₦'000	Total ₦'000
External revenues:									
Net interest income	2,937,775	256,839	18,998,642	1,433,208	13,595,705	31,660,888	3,188,571	501,730	72,573,358
Net fee and commission income	2,622,050	3,259,828	6,734,197	447,902	2,280,382	4,981,166	382,383	898,972	21,606,880
Net trading	168,103	-	-	-	-	-	-	6,025,602	6,193,705
Net loss from other financial instruments at FVTPL	(345,819)	-	-	-	-	-	-	-	(345,819)
Other revenue and other income	1,704,245	2,766	1,885,000	110,320	1,436,148	3,819,056	116,441	2,677,753	11,751,729
Inter-segment revenue	-	-	1,954,316	78,229	(2,517,861)	1,596,045	434,081	(1,544,810)	-
Total segment revenue	7,086,354	3,519,433	29,572,155	2,069,659	14,794,374	42,057,155	4,121,476	8,559,247	111,779,853
Other material non-cash items:									
Impairment losses on financial assets	262,808	6,836	4,574,956	1,709,837	7,423,052	(3,935)	139,728	-	14,113,282
Depreciation and amortisation expenses	126,031	143,936	1,802,957	192,528	541,065	2,190,726	371,418	168,653	5,537,314
Reportable segment profit/(loss) before income tax	1,956,852	1,595,745	695,953	(2,198,990)	(1,126,730)	10,496,525	(778,994)	7,801,936	18,442,297
Reportable segment assets	45,946,300	5,924,497	110,601,434	13,176,619	494,762,004	194,177,083	11,988,578	347,666,508	1,224,243,023
Reportable segment liabilities	33,179,438	4,120,437	321,914,620	24,352,201	135,067,588	440,185,737	58,924,232	180,631,780	1,198,376,033

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

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

	GROUP	
	2019 ₦'000	2018 ₦'000
Revenues		
Total revenue for reportable segments	**110,778,503**	111,779,853
Unallocated amounts	**-**	-
Elimination of inter-segment revenue	**-**	-
Total revenue	**110,778,503**	111,779,853
Profit or loss		
Total profit or loss for reportable segments	**20,130,397**	18,442,297
Unallocated amounts	**-**	-
Profit before income tax	**20,130,397**	18,442,297
Assets		
Total assets for reportable segments	**1,380,656,972**	1,224,243,023
Other unallocated amounts	**287,848,823**	207,054,999
Total assets	**1,668,505,795**	1,431,298,022
Liabilities		
Total liabilities for reportable segments	**1,412,373,292**	1,198,376,033
Other unallocated amounts	**55,465,856**	49,494,883
Total liabilities	**1,467,839,148**	1,247,870,916

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 2019 is as follows:

	Nigeria ₦'000	Europe ₦'000	Total ₦'000
Revenues	107,358,539	3,419,964	110,778,503
Non-current assets (see Note 6 (v) below)	65,975,940	1,290,562	67,266,502

(iv) The geographical information result for 31 December 2018 is as follows:

	Nigeria ₦'000	Europe ₦'000	Total ₦'000
Revenues	108,858,899	2,920,954	111,779,853
Non-current assets (see Note 6 (v) below)	60,305,253	242,121	60,547,374

(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 ₦299.50 million for the year ended 31 December 2019 (2018: ₦286.90 million) and customer loans and advances of ₦1.77 billion (2018: ₦1.33 billion) and deposit from customer of ₦1.31 billion (2018: ₦984.05 million).

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:

		31 DECEMBER 2019			31 DECEMBER 2018		
	Note	Carrying value ₦'000	Fair value ₦'000	Fair value hierarchy ₦'000	Carrying value ₦'000	Fair value ₦'000	Fair value ₦'000
Assets							
Carried at FVTPL:							
Non-pledged Trading assets	23(a)	**51,087,200**	**51,087,200**	**1**	47,469,113	47,469,113	1
Derivative assets held for risk management	24(a)	**11,666,095**	**11,666,095**	**2**	10,538	10,538	2
Assets pledged as collateral	27(b)	**1,615,862**	**1,615,862**	**1**	15,122,879	15,122,879	1
Carried at FVOCI:							
Investment securities - debts	26(c)	**96,776,823**	**96,776,823**	**1**	134,089,224	134,089,224	1
Investment securities - unquoted equity investments	26(e)	**17,236,560**	**17,236,560**	**3**	12,177,098	12,177,098	-
Assets pledged as collateral	27(a)	**29,441,288**	**29,441,288**	**1**	15,122,879	15,122,879	1
Carried at amortised cost:							
Cash and cash equivalents	21	**223,545,838**	**223,545,838**	**-**	185,147,549	185,147,549	-
Restricted reserve deposits	22	**208,916,226**	**208,916,226**	**-**	146,497,087	146,497,087	-
Loans and advances to customers (Gross)	25(a)	**754,390,866**	**764,409,104**	**2**	681,326,413	673,231,209	3
Investment securities	26(a)	**125,810,008**	**126,284,893**	**1**	89,272,549	51,021,035	1
Assets pledged as collateral	27(c)	**87,596,080**	**88,309,877**	**1**	72,287,014	63,432,543	1
Other financial assets	32(a)	**26,823,584**	**26,823,584**	**-**	29,075,741	29,075,741	-
Liabilities							
Carried at FVTPL:							
Trading liabilities	23(b)	**37,082,002**	**37,082,002**	**1**	32,474,632	32,474,632	1
Derivative liabilities held for risk management	24(b)	**7,563,600**	**7,563,600**	**2**	10,538	10,538	2
Carried at amortised cost:							
Deposits from banks	33	**90,060,925**	**90,060,925**	**-**	39,140,044	39,140,044	-
Deposits from customers	34	**943,085,581**	**960,203,438**	**-**	821,747,423	778,730,897	-
Borrowings	35	**133,344,085**	**133,344,085**	**-**	108,731,522	85,717,525	-
On-lending facilities	36	**70,912,203**	**70,912,203**	**2**	57,889,225	54,761,917	2
Debt securities issued	37	**71,864,898**	**82,987,326**	**1**	54,651,172	54,810,229	1
Other financial liabilities	40(a)	**96,637,726**	**96,637,726**	**-**	112,594,891	106,590,832	-

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral – dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

The fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

	GROUP		COMPANY	
8 Interest and Discount Income	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Interest and discount income				
Cash and cash equivalents	**8,817,864**	2,368,296	**25,306**	13,235
Loans and advances to customers	**94,172,371**	100,862,288	**-**	-
Investment securities at amortised cost (see Note 26(i))	**16,416,334**	12,390,484	**293,516**	290,147
Investment securities at FVOCI	**18,040,655**	16,041,880	**108,786**	137,047
Total interest income	**137,447,224**	131,662,948	**427,608**	440,429

	GROUP		COMPANY	
9 Interest Expense	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Deposits from banks	**2,646,462**	475,750	**-**	-
Deposits from customers	**38,598,485**	38,214,989	**-**	-
	41,244,947	38,690,739	**-**	-
Borrowings	**10,386,335**	7,829,455	**-**	-
Debt securities issued	**8,261,923**	8,514,138	**-**	-
Onlending facilities	**1,302,976**	4,055,258	**-**	-
Interest expense on lease liabilities	**274,658**	-	**-**	-
	61,470,839	59,089,590	**-**	-

The amounts reported above include interest income and expense, calculated using the effective interest method, that relate to the following financial assets and financial liabilities.

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Financial assets measured at amortised cost	**119,406,569**	115,621,068	**318,822**	303,382
Financial assets measured at FVOCI	**18,040,655**	16,041,880	**108,786**	137,047
Total	**137,447,224**	131,662,948	**427,608**	440,429
Financial liabilities measured at amortised cost	**61,470,839**	59,089,590	**-**	-

	GROUP		COMPANY	
10(a) Net Impairment Losses on Financial Instruments	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Loan and advances (see Note 25(c))	**13,900,387**	13,809,332	**-**	-
Other assets (see Note 32(c))	**4,244,108**	2,757,212	**22,235**	62,507
Investment securities – amortised cost (see Note 26(b))	**116,843**	1,556,914	**27,060**	(152)
Investment securities – fair value other comprehensive income (see Note 26(c))	**20,505**	9,747	**-**	-
Cash and cash equivalents (see Note 21(a))	**14,522**	-	**-**	-
Financial guarantee contracts and loan commitment issued (see Note 39(a))	**206,371**	746,952	**-**	-
Recoveries on loans previously written off	**(4,755,133)**	(4,766,875)	**-**	-
	13,747,603	14,113,282	**49,295**	62,355

	GROUP		COMPANY	
10(b) Impairment Writeback on Investment in Subsidiaries	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Writeback of impairment	**-**	-	**(795,331)**	-
	-	-	**(795,331)**	-

	GROUP		COMPANY	
11 Disaggregation of Fee and Commission Income by Major Type of Services	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Credit related fees	**651,532**	370,531	**-**	-
Account Maintenance	**3,721,843**	3,390,331	**-**	-
Letters of credit commission	**773,610**	879,296	**-**	-
Asset Management Fees	**2,925,166**	2,946,628	**-**	-
Administration Fees	**169,418**	146,485	**-**	-
Commission on off-balance sheet transactions	**643,289**	477,208	**-**	-
Electronics fees and commissions	**11,039,660**	8,316,466	**-**	-
Service fees and commissions	**9,798,162**	11,459,401	**-**	-
Gross Fee and commission income	**29,722,680**	27,986,346	**-**	-
Electronics fees and commissions recoverable expenses	**(7,561,707)**	(5,153,469)	**-**	-
Cheque books recoverable expenses	**(46,748)**	(40,551)	**-**	-
Other banks charges	**(1,392,133)**	(1,185,446)	**(4)**	(6)
Fee and commission expense	**(9,000,588)**	(6,379,466)	**(4)**	(6)
Net fee and commission income	**20,722,092**	21,606,880	**(4)**	(6)

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(a)

	GROUP								
For the year ended 31 December 2019	**Investment Banking ₦'000**	**Asset Management ₦'000**	**SME Banking ₦'000**	**Commercial Banking ₦'000**	**Corporate Banking ₦'000**	**Personal Banking ₦'000**	**Institutional Banking ₦'000**	**Treasury & Financial Markets ₦'000**	**Total ₦'000**
Credit related fees	-	-	256,092	19,275	338,908	35,050	2,207	-	**651,532**
Account Maintenance	-	-	2,044,909	146,251	584,433	812,682	133,568	-	**3,721,843**
Letters of credit commission	-	-	258,322	81,899	431,613	695	1,081	-	**773,610**
Asset Management Fees	-	2,925,166	-	-	-	-	-	-	**2,925,166**
Administration Fees	-	169,418	-	-	-	-	-	-	**169,418**
Commission on off-balance sheet transactions	-	-	210,797	65,455	363,172	-	3,865	-	**643,289**
Electronics fees and commissions	-	-	765,958	14,418	126,662	10,008,572	124,050	-	**11,039,660**
Service fees and commissions	2,363,491	115,615	105,137	229,497	4,140,994	2,586,739	89,800	166,889	**9,798,162**
Gross Fee and commission income	**2,363,491**	**3,210,199**	**3,641,215**	**556,795**	**5,985,782**	**13,443,738**	**354,571**	**166,889**	**29,722,680**
Electronics fees and commissions recoverable expenses	(25)	-	(600,923)	(7,254)	(122,156)	(6,825,771)	(5,578)	-	**(7,561,707)**
Cheque books recoverable expenses	-	-	(17,490)	(1,653)	(554)	(14,014)	(140)	(12,897)	**(46,748)**
Other banks charges	(72,763)	(3,607)	(438,572)	(41,459)	(13,899)	(705,727)	(3,513)	(112,593)	**(1,392,133)**
Fee and commission expense	(72,788)	(3,607)	(1,056,985)	(50,366)	(136,609)	(7,545,512)	(9,231)	(125,490)	**(9,000,588)**
Net fee and commission income	**2,290,703**	**3,206,592**	**2,584,230**	**506,429**	**5,849,173**	**5,898,226**	**345,340**	**41,399**	**20,722,092**

(a)

For the year ended 31 December 2018	GROUP Investment Banking ₦'000	Asset Management ₦'000	SME Banking ₦'000	Commercial Banking ₦'000	Corporate Banking ₦'000	Personal Banking ₦'000	Institutional Banking ₦'000	Treasury & Financial Markets ₦'000	Total ₦'000
Credit related fees	-		141,936	10,962	196,445	19,933	1,255	-	**370,531**
Account Maintenance	-		2,078,853	133,224	350,192	706,391	121,671	-	**3,390,331**
Letters of credit commission	-		284,819	93,088	499,371	789	1,229	-	**879,296**
Asset Management Fees	-	2,946,628	-	-	-	-	-	-	**2,946,628**
Administration Fees	-	146,485	-	-	-	-	-	-	**146,485**
Commission on off-balance sheet transactions	-	-	-	-	477,208	-	-	-	**477,208**
Electronics fees and commissions	-	-	652,650	10,862	95,418	7,464,086	93,450	-	**8,316,466**
Service fees and commissions	2,663,987	171,004	76,318	256,899	5,272,344	1,628,969	171,820	1,218,060	**11,459,401**
Gross Fee and commission income	**2,663,987**	**3,264,117**	**3,234,576**	**505,035**	**6,890,978**	**9,820,168**	**389,425**	**1,218,060**	**27,986,346**
Electronics fees and commissions recoverable expenses	-	-	(515,347)	(5,153)	(154,605)	(4,474,757)	(3,607)	-	**(5,153,469)**
Cheque books recoverable expenses	-	-	(15,543)	(1,841)	(76)	(11,667)	(122)	(11,302)	**(40,551)**
Other banks charges	(41,936)	(4,290)	(423,303)	(50,138)	(2,099)	(352,580)	(3,313)	(307,787)	**(1,185,446)**
Fee and commission expense	(41,936)	(4,290)	(954,193)	(57,132)	(156,780)	(4,839,004)	(7,042)	(319,089)	**(6,379,466)**
Net fee and commission income	**2,622,051**	**3,259,827**	**2,280,383**	**447,903**	**6,734,198**	**4,981,164**	**382,383**	**898,971**	**21,606,880**

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(b) The fees and commission income reported above excludes amount included in determining effective interest rates on financial assets that are not carried at fair value through profit or loss.

(c) Performance obligations and revenue recognition policies:

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies. For the accounting policy for onerous contracts.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Retail and corporate banking service	The Group provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, credit card and servicing fees. Fees for ongoing account management are charged to the customer's account on a monthly basis. The Group sets the rates separately for retail and corporate banking customers in each jurisdiction on an annual basis. Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Group.	Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.
Investment banking service	The Group's investment banking segment provides various finance-related services, including loan administration and agency services, administration of a loan syndication, execution of client transactions with exchanges and securities underwriting. Fees for ongoing services are charged annually at the end of the calendar year to the customer's account. However, if a customer terminates the contract before 31 December, then on termination it is charged the fee for the services performed to date. Transaction-based fees for administration of a loan syndication, execution of transactions, and securities underwriting are charged when the transaction takes place.	Revenue from administrative agency services is recognised over time as the services are provided. The amounts to be collected from customers on 31 December 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.

	GROUP		COMPANY	
12 Net Trading Income	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Foreign exchange trading income	**296,891**	2,700,002	**(1,396)**	147,064
FGN bonds trading income	**363,024**	1,333,150	**-**	-
Treasury bills trading income	**6,177,192**	2,137,099	**-**	-
Options and equities trading income	**67,383**	23,454	**-**	-
	6,904,490	6,193,705	**(1,396)**	147,064

	GROUP		COMPANY	
13 Net Income from Financial Instruments Mandatorily Measured at Fair Value Through Profit or Loss	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Net income arising on:				
Fair value gain on derivative financial instruments held for risk management	**1,952,495**	-	**-**	-
Fair value (loss) on investment securities measured at FVTPL (see Note 26(j))	**-**	(345,819)	**-**	(345,819)
	1,952,495	(345,819)	**-**	(345,819)

	GROUP		COMPANY	
14(a) Other Income	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Dividends on equity investment securities in the subsidiaries (see Note (a)(i))	**-**	-	**2,969,084**	2,953,212
Dividends on unquoted equity securities (see Note (a)(ii))	**526,855**	537,576	**-**	-
Foreign exchange gains (see Note (a)(iii))	**3,549,033**	9,334,192	**48,613**	243,702
	4,075,888	9,871,768	**3,017,697**	3,196,914

(i) The amount of ₦2.97 billion in the Company represents ₦733.1 million (2018: ₦733.1 million) from FCMB Pensions Limited , ₦2 billion (2018: ₦2 billion) from Credit Direct Limited, ₦160 million (2018: ₦100 million) from CSL Stockbrokers Limited and ₦76 million (2018: ₦120.13 million) from FCMB Trustees Limited.

(ii) Dividend income from unquoted equity investments represent dividend received from unquoted equity instruments 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 gain represent gains from the revaluation of foreign currency-denominated assets and liabilities held in the non-trading books.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

14(b) Other Income	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
Gain on disposal of investment securities (see Note (b)(ii))	**1,323**	1,313,358	**-**	1,310,609
Gain on sale of property and equipment	**115,214**	63,456	**306**	46
Other income (see Note (b)(i))	**1,030,616**	503,147	**57,734**	59,073
	1,147,153	1,879,961	**58,040**	1,369,728
(i) Other income comprises:				
Rental income	**215,038**	406,912	**-**	-
Write back of provisions no longer required	**420,119**	-	**-**	-
Others	**395,459**	96,235	**57,734**	59,073
	1,030,616	503,147	**57,734**	59,073

(ii) During the year ended 31 December 2018, the Company disposed a significant portion of its investment in private equity fund resulting in a gain of ₦1.3 billion.

15 Personnel Expenses	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
Wages and salaries	**22,970,542**	20,820,320	**230,187**	225,553
Contributions to defined contribution plans (see Note 38)	**650,220**	603,817	**9,731**	8,564
Other employee benefits (see Note (a) below)	**5,982,664**	4,503,754	**67,732**	102,064
	29,603,426	25,927,891	**307,650**	336,181

(a) Other employee benefits

These are non-payroll staff cost, which includes medical expenses, club subscriptions and other staff-related expenses not paid to staff.

16 Depreciation and Amortisation	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
Amortisation of intangibles (see Note 30)	**1,423,702**	1,246,371	**-**	-
Depreciation of property and equipment and right of use assets (see Note 29(a))	**5,289,207**	4,290,943	**12,817**	18,358
	6,712,909	5,537,314	**12,817**	18,358

17 General and Administrative Expenses	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
Communication, stationery and postage	**1,936,869**	1,732,015	**3,935**	4,046
Business travel expenses	**1,371,371**	1,174,174	**7,629**	7,243
Advert, promotion and corporate gifts	**3,895,047**	3,463,459	**7,640**	7,522
Business premises and equipment costs	**4,142,758**	4,980,217	**16,605**	19,627
Operating lease expenses (see Note (a) below)	**508,379**	-	**6,144**	-
Directors' emoluments and expenses	**1,218,534**	1,071,463	**379,196**	286,496
IT expenses	**5,122,195**	4,791,453	**5,197**	4,275
Contract services and training expenses	**7,288,159**	6,005,872	**3,075**	626
Vehicles maintenance expenses	**1,629,450**	1,490,893	**3,450**	2,373
Security expenses	**2,262,025**	2,240,094	**80**	-
Auditors' remuneration (including interim audit fees)	**403,622**	398,578	**38,115**	36,300
Professional charges	**2,114,165**	2,382,190	**24,011**	143,646
	31,892,574	29,730,408	**495,077**	512,154

(a) An amount of ₦489.38 million for the Group has been represented as an operating lease expense, which represents the amount of straight line amortisation on short-term lease in which the Group has applied the recognition exemption.

18 Other Operating Expenses	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
NDIC Insurance Premium	**3,865,740**	3,123,131	**-**	-
AMCON Levy	**7,842,332**	6,472,256	**-**	-
Insurance expenses	**586,256**	512,155	**5,163**	4,946
Others (see Note (a) below)	**(3,602,734)**	7,921,119	**(187,219)**	198,624
	8,691,594	18,028,661	**(182,056)**	203,570

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(a) Others comprises:

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
AGM, meetings and shareholders expenses	**546,735**	493,261	**79,299**	169,237
Donation and sponsorship expenses	**299,349**	315,803	**-**	1,667
Entertainment expenses	**444,418**	394,861	**4,296**	8,001
Fraud and forgery expense	**212,263**	93,449	**-**	-
Regulatory charges	**8,159**	6,946	**8,159**	6,946
Other accounts written off	**160,620**	128,095	**210**	-
PENCOM Recovery Agent Fee	**2,508**	611	**-**	-
Pension Protection Fund Expenses	**99,864**	65,672	**-**	-
Provision for litigation and other claims no longer required (see Note 39(a))	**(6,457,163)**	5,720,327	**(303,630)**	-
Industrial training fund levy	**252,443**	221,883	**6,433**	6,083
Nigeria Social Insurance Trust Fund expenses	**216,621**	179,192	**3,501**	2,965
Penalties (see Note 48)	**183,355**	36,868	**-**	100
Miscellaneous expenses	**428,094**	264,151	**14,513**	3,625
	(3,602,734)	7,921,119	**(187,219)**	198,624

	GROUP		COMPANY	
19 Earnings Per Share	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Basic and diluted earnings per share				
Profit attributable to equity holders	**17,259,992**	14,885,691	**3,601,460**	3,552,392
Weighted average number of ordinary shares in issue	**19,802,710**	19,802,710	**19,802,710**	19,802,710
	0.87	0.75	**0.18**	0.18

The Group does not have dilutive potential ordinary shares as at 31 December 2019 (December 2018: nil).

20 Tax Expense

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(i) Excess dividend tax (see Note 20(v))	**-**	107,102	**-**	107,102
Minimum tax (see Note 20(v))	**1,040,558**	952,422	**8,159**	-
(ii) Income tax expense				
National Information Technology Development Agency (NITDA) levy (see Note 20(v))	**200,176**	120,463	**4,693**	16,198
Nigeria Police Trust Fund levy (see Note 20(v))	**1,043**	-	**181**	-
Tertiary education tax (see Note 20(v))	**110,036**	130,931	**-**	-
Capital gain tax (see Note 20(v))	**1,785**	1,182	**-**	-
Corporate income tax (see Note 20(v))	**1,401,376**	1,670,012	**-**	-
Deferred tax expense (see Note 31(b))	**38,149**	488,657	**-**	-
	1,752,565	2,411,245	**4,874**	16,198
Total tax expense	**2,793,123**	3,470,769	**13,033**	123,300

	GROUP		COMPANY	
	%	2019 ₦'000	%	2019 ₦'000
(iii) Reconciliation of effective tax rate				
Profit before tax		**20,130,397**		**3,614,493**
Income tax using the domestic corporation tax rate	**30.0%**	**6,039,119**	**30.0%**	**1,084,348**
National Information Technology Development Agency (NITDA) levy	**1.0%**	**200,176**	**0.1%**	**4,693**
Nigeria Police Trust Fund levy	**0.0%**	**1,043**	**0.0%**	**181**
Non-deductible expenses	**30.6%**	**6,156,655**	**3.8%**	**138,758**
Tax exempt income	**(70.3%)**	**(14,156,656)**	**(102.8%)**	**(3,715,277)**
Minimum tax	**5.2%**	**1,040,558**	**0.0%**	**-**
Unrecognised current year tax losses	**16.9%**	**3,400,407**	**69.2%**	**2,500,330**
Capital gain tax	**0.0%**	**1,785**	**0.0%**	**-**
Tertiary education tax	**0.5%**	**110,036**	**0.0%**	**-**
Impact of excess dividend tax	**0.0%**	**-**	**0.0%**	**-**
Total tax expense	**13.9%**	**2,793,123**	**0.4%**	**13,033**

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	GROUP		COMPANY	
	%	2018 ₦'000	%	2018 ₦'000
(iii) Reconciliation of effective tax rate				
Profit before tax		18,442,297		3,675,692
Income tax using the domestic corporation tax rate	30.0%	5,532,689	30.0%	1,102,708
National Information Technology Development Agency (NITDA) levy	0.7%	120,463	0.4%	16,198
Non-deductible expenses	33.4%	6,156,655	16.3%	600,424
Tax exempt income	(70.1%)	(12,931,082)	(101.6%)	(3,738,001)
Minimum tax	5.2%	952,422	0.0%	-
Unrecognised tax losses	18.4%	3,400,407	55.4%	2,034,869
Capital gain tax	0.0%	1,182	0.0%	-
Tertiary education tax	0.7%	130,931	0.0%	-
Impact of excess dividend tax	0.6%	107,102	2.9%	107,102
Total tax expense	18.9%	3,470,769	3.4%	123,300

(iv)

The Banking subsidiary was assessed based on the minimum tax legislation for the year ended 31 December 2019 because of a tax exemption granted via Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 as contained in a gazette issued by the President of the Federal Republic of Nigeria, which took effect from 2 January 2012.

The Order exempts all interests earned on Bonds (Federal, state, local and corporate bodies including supra-national) and other short-term securities such as Treasury Bills and Promissory Notes from being subjected to tax imposed under the Companies Income Tax Act. The Order is valid for a period of 10 years from the effective date of the Order, except for Bonds issued by the Federal Government, which will continue to enjoy the exemption.

A significant portion of the Banking subsidiary's income derives from short-term securities and government bonds, and as a result, the Bank's current income tax assessment for the year under review yields a tax credit in its favour. Consequently, the Banking subsidiary has applied the provisions of the Companies Income Tax Act that mandates a minimum tax assessment, where a tax payer does not have any tax liability arising from its tax assessment.

The Group has not recognised income tax on the Other Comprehensive Income (OCI) because the gain in the Group's OCI is as a result of net unrealised fair value gains on Government securities. The Group has also not recognised deferred tax on these gains as they will not be taxable when they are realised and as such do not represent temporary differences. Realised gains on Nigerian government securities, stocks and shares are also exempt from Capital Gains Tax in line with section 30 of the CGT Act.

Nigeria Police Trust Fund Levy: On 24 June 2019, the Nigerian President signed the Nigeria Police Trust Fund (Establishment) Bill ("Police Trust Fund Act" or "the Act") into law. The Act establishes the Nigeria Police Trust Fund (Trust Fund) to provide funds for, inter alia, the training and welfare of personnel of the Nigeria Police Force. The levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year) of companies operating a business in Nigeria.

The Group utilised the services of the following tax consultants during the year under review:

NAME OF PROFESSIONAL
Pedabo Associates Ltd.

FRC NUMBER
FRC/2013/ICAN/00000000908

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(v) Current income tax liability				
Beginning of the year	**5,038,371**	3,860,163	**178,455**	59,915
Tax paid	**(2,434,334)**	(1,395,826)	**(107,102)**	(4,760)
Tax refund (see Note (a) below)	**(615,328)**	(408,078)	**-**	-
Dividend tax (see Note 20(i))	**-**	107,102	**-**	107,102
Minimum tax (see Note 20(i))	**1,040,558**	952,422	**8,159**	-
Capital gain tax (see Note 20(ii))	**1,785**	1,182	**-**	-
National Information Technology Development Agency (NITDA) levy (see Note 20(ii))	**200,176**	120,463	**4,693**	16,198
Nigeria Police Trust Fund levy (see Note 20(i))	**1,043**	-	**181**	-
Tertiary education tax (see Note 20(ii))	**110,036**	130,931	**-**	-
Corporate income tax (see Note 20(ii))	**1,401,376**	1,670,012	**-**	-
	4,743,683	5,038,371	**84,386**	178,455
Current	**4,743,683**	5,038,371	**84,386**	178,455
Non-current	**-**	-	**-**	-
	4,743,683	5,038,371	**84,386**	178,455

(a) Amount represents withholding tax credit notes utilised 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.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	GROUP		COMPANY	
21 Cash and Cash Equivalents	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Cash	**57,492,442**	42,543,752	**-**	-
Current balances with banks within Nigeria	**2,609,126**	2,248,763	**8,968**	162,721
Current balances with banks outside Nigeria (see Note (c) below)	**35,832,039**	116,042,160	**-**	-
Placements with local banks	**4,685,253**	5,242,183	**10,514**	135,236
Placements with foreign banks	**84,104,265**	1,632,229	**-**	-
Unrestricted balances with central banks	**38,855,211**	17,456,438	**-**	-
	223,578,336	185,165,525	**19,482**	297,957
Less impairment allowances (Note (a) below)	**(32,498)**	(17,976)	**19,482**	297,957
	223,545,838	185,147,549	**-**	-
Current	**223,545,838**	185,147,549	**19,482**	297,957
Non-current	**-**	-	**-**	-
	223,545,838	185,147,549	**19,482**	297,957
(a) Balance at 1 January	**17,976**	-	**-**	-
Transfer to 12-month ECL	**-**	17,976	**-**	-
Net remeasurement of loss allowance (see Note 10)	**14,522**	-	**-**	-
Closing balance	**32,498**	17,976	**-**	-

(b) Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash in hand, deposits held at call with other banks and other short-term highly liquid investments with original maturities less than three months.

(c) Balances with banks outside Nigeria include ₦22.03 billion (31 December 2018: ₦35.07 billion) which represents the naira value of foreign currency amounts held by the Banking subsidiary on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see Note 40(a)).

22 Restricted Reserve Deposits	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
Restricted mandatory reserve deposits with central banks (see Note (a) below)	**156,834,481**	121,386,623	**-**	-
Special Cash Reserve Requirement (see Note (b) below)	**25,110,464**	25,110,464	**-**	-
LDR Cash Reserve (see Note (c) below)	**26,971,281**	-	**-**	-
	208,916,226	146,497,087	**-**	-
Current	**-**	-	**-**	-
Non-current	**208,916,226**	146,497,087	**-**	-
	208,916,226	146,497,087	**-**	-

(a) Restricted mandatory reserve deposits are not available for use in the Banking subsidiary's and Group's day-to-day operations. Mandatory reserve deposits are non interest-bearing and are computed as a fixed percentage of the Banking subsidiary's qualifying deposit liabilities. For the purposes of the Statement of cashflow, these balances are excluded from cash and cash equivalents.

(b) Special Cash Reserve Requirement represents a 5% special intervention reserve held with the Central Bank of Nigeria as a regulatory requirement.

(c) LDR Cash Reserve represents restricted reserve for failure of the banking subsidiary to meet the Loan to Deposit Ratio of 65% as at 31 December 2019.

23(a) Non-Pledged Trading Assets	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
Federal Government of Nigeria Bonds – fair value through profit or loss (FVTPL)	**4,305,761**	583,473	**-**	-
Treasury Bills – fair value through profit or loss (FVTPL)	**46,617,979**	46,843,340	**-**	-
Equity securities	**163,460**	42,300	**-**	-
	51,087,200	47,469,113	**-**	-
Current	**51,087,200**	47,469,113	**-**	-
Non-current	**-**	-	**-**	-
	51,087,200	47,469,113	**-**	-

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	GROUP		COMPANY	
23(b) Trading Liabilities	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Short sold positions – Federal Government of Nigeria Bonds – fair value through profit or loss (FVTPL)	**33,364**	7,774,906	**-**	-
Short sold positions – Treasury bills – fair value through profit or loss (FVTPL)	**37,048,638**	24,699,726	**-**	-
	37,082,002	32,474,632	**-**	-
Current	**37,082,002**	32,474,632	**-**	-
Non-current	**-**	-	**-**	-
	37,082,002	32,474,632	**-**	-

	GROUP		COMPANY	
24 Derivative Assets and Liabilities Held for Risk Management	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Instrument type				
(a) Assets				
Non-deliverable forwards transactions	**981,524**	10,538	**-**	-
Total return swap transactions	**10,684,571**	-	**-**	-
	11,666,095	10,538	**-**	-
Current	**11,666,095**	10,538	**-**	-
Non-current	**-**	-	**-**	-
	11,666,095	10,538	**-**	-
(b) Liabilities				
Non-deliverable forwards transactions	**955,769**	10,538		
Total return swap transactions	**6,607,831**	-	**-**	-
	7,563,600	10,538	**-**	-
Current	**7,563,600**	10,538	**-**	-
Non-current	**-**	-	**-**	-
	7,563,600	10,538	**-**	-

The Banking subsidiary enters into foreign exchange non-deliverable forward contracts and Total return swaps with counterparties. The counterparties provide foreign currency funds to the Banking subsidiary for the purpose of investing in Nigerian Treasury Bills and at the end of the arrangement, the total returns on the Nigerian treasury bills (which the counterparties purchased) is exchanged for a USD-LIBOR plus a spread. On initial recognition of the non-deliverable forwards, the Banking subsidiary estimates the fair value of derivatives transacted with the counterparties using the discounted mark-to-market technique. In many cases, all significant inputs into the valuation techniques are wholly observable (e.g. with reference to similar transactions in the wholesale dealer market).

The fair value of the assets and liabilities resulted in a gain of ₦1.95 billion, which has been recognised in the statement of profit or loss and other comprehensive income for the year, (2018: nil).

All derivative assets and liabilities are current.

25 Loans and Advances to Customers

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(a) Overdrafts	**38,991,496**	43,384,163	**-**	-
Term loans	**660,081,663**	566,775,157	**-**	-
Onlending facilities	**37,374,415**	53,829,600	**-**	-
Advances under finance lease (see Note (b) below)	**17,943,292**	17,337,493	**-**	-
Gross loans and advances to customers at amortised costs	**754,390,866**	681,326,413	**-**	-
Less impairment loss allowance	**(38,510,266)**	(48,291,451)	**-**	-
Net loans and advances to customers	**715,880,600**	633,034,962	**-**	-
Current	**339,510,404**	148,929,934	**-**	-
Non-current	**376,370,196**	484,105,028	**-**	-
	715,880,600	633,034,962	**-**	-

	GROUP					
	2019			2018		
	Gross amount	**ECL allowance**	**Carrying amount**	Gross amount	ECL allowance	Carrying amount
Retail customers:						
Mortgage lending	**746,061**	**(93,785)**	**652,276**	2,148,877	(185,010)	1,963,867
Personal loans	**103,850,703**	**(7,165,465)**	**96,685,238**	92,944,394	(6,580,832)	86,363,562
Credit cards	**4,692,630**	**(717,410)**	**3,975,220**	4,444,335	(484,373)	3,959,962
Corporate customers:						
Finance leases	**17,943,292**	**(1,205,561)**	**16,737,731**	17,337,493	(1,145,072)	16,192,421
Other secured lending	**627,158,180**	**(29,328,045)**	**597,830,135**	564,451,314	(39,896,164)	524,555,150
	754,390,866	**(38,510,266)**	**715,880,600**	681,326,413	(48,291,451)	633,034,962

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(b) Finance leases				
Loan and advances to customer at amortised cost include the following finance lease:				
Gross investment:				
Less than one year	**16,928,328**	14,081,859	**-**	-
Between one and five years	**4,779,567**	4,082,234	**-**	-
More than five years	**2,731,316**	5,415,731	**-**	-
	24,439,211	23,579,824	**-**	-
Unearned finance income	**(6,495,919)**	(6,242,331)	**-**	-
Net investment in finance leases	**17,943,292**	17,337,493	**-**	-
Less impairment allowance	**(1,205,561)**	(1,145,072)	**-**	-
	16,737,731	16,192,421	**-**	-
Net investment in finance leases				
Net investment in finance leases, receivables:				
Less than one year	**11,949,683**	10,661,705	**-**	-
Between one and five years	**4,681,929**	3,875,029	**-**	-
More than five years	**1,311,680**	2,800,759	**-**	-
	17,943,292	17,337,493	**-**	-

(c) Movement in loss allowance

	GROUP			
	2019 Stage 1 ₦'000	**2019 Stage 2 ₦'000**	**2019 Stage 3 ₦'000**	**2019 Total ₦'000**
Balance at 1 January	**17,626,723**	**3,678,610**	**26,986,118**	**48,291,451**
Transfer to stage 1	**1,551,949**	**(553,454)**	**(998,495)**	**-**
Transfer to stage 2	**(721,711)**	**791,218**	**(69,507)**	**-**
Transfer to stage 3	**(104,982)**	**(3,249)**	**108,231**	**-**
Net remeasurement of loss allowances (see Note 10)	**(1,110,396)**	**1,283,731**	**13,727,052**	**13,900,387**
Write-offs	**-**	**-**	**(23,683,036)**	**(23,683,036)**
Effect of movement in exchange rates	**-**	**-**	**1,464**	**1,464**
Closing balance	**17,241,583**	**5,196,856**	**16,071,827**	**38,510,266**

	GROUP			
	2018 Stage 1 ₦'000	2018 Stage 2 ₦'000	2018 Stage 3 ₦'000	2018 Total ₦'000
Balance at 1 January	-	-	-	-
Transfer to stage 1	21,229,565	-	-	21,229,565
Transfer to stage 2	-	278,652	-	278,652
Transfer to stage 3	-	-	28,151,628	28,151,628
Net remeasurement of loss allowances (see Note 10)	(3,602,842)	3,399,958	14,012,216	13,809,332
Write-offs	-	-	(15,177,726)	(15,177,726)
Effect of movement in exchange rates	-	-	-	-
Closing balance	17,626,723	3,678,610	26,986,118	48,291,451

(d) Classification of loans by security type

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Secured against real estate	**79,952,866**	114,347,561	**-**	-
Secured by shares of quoted companies	**26,982,428**	32,476,851	**-**	-
Cash collateral, lien over fixed and floating assets	**428,836,923**	332,282,953	**-**	-
Otherwise secured	**47,110,907**	20,419,318	**-**	-
Unsecured	**171,507,742**	181,799,730	**-**	-
	754,390,866	681,326,413	**-**	-

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

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	GROUP		COMPANY	
26 Investment Securities	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Investment securities at amortised cost (see Note (a))	**125,810,008**	89,272,549	**2,791,693**	2,771,953
Investment securities at FVOCI – debt instruments (see Note (c) below)	**96,776,823**	133,893,811	**1,008,048**	955,985
Investment securities at FVOCI – quoted equity investments (see Note (d) below)	**112,365**	578,474	**-**	-
Investment securities at FVOCI – unquoted equity investments (see Note (e) below)	**17,236,560**	12,177,098	**-**	-
Investment securities at FVTPL – debt instruments (see Note (f) below)	**-**	-	**-**	-
	239,935,756	235,921,932	**3,799,741**	3,727,938
Current	**177,019,751**	191,204,636	**-**	-
Non-current	**62,916,005**	44,717,296	**3,799,741**	3,727,938
	239,935,756	235,921,932	**3,799,741**	3,727,938
(a) Investment securities at amortised cost				
Federal Government of Nigeria (FGN) Bonds – listed	**78,340,543**	80,174,530	**-**	-
State Government Bonds – unlisted	**3,328,000**	6,643,979	**-**	-
Treasury Bills	**1,328,365**	1,005,350	**-**	-
Corporate bonds – unlisted	**5,173,031**	2,515,711	**2,920,309**	2,873,509
Commercial Papers	**56,389**	-	**-**	-
Placements	**39,755,837**	773,719	**-**	**-**
	127,982,165	91,113,289	**2,920,309**	2,873,509
Less impairment allowances (Note (b) below)	**(2,172,157)**	(1,840,740)	**(128,616)**	(101,556)
	125,810,008	89,272,549	**2,791,693**	2,771,953

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(b) Impairment allowance				
Balance at 1 January	**1,840,740**	-	**101,556**	-
Transfer to 12-month ECL	**-**	283,826	**-**	101,708
Net remeasurement of loss allowance (see note 10)	**116,843**	1,556,914	**27,060**	(152)
Effect of movement in exchange rates	**214,574**	-	**-**	-
Closing balance	**2,172,157**	1,840,740	**128,616**	101,556
(c) Investment securities at FVOCI				
Federal Government of Nigeria (FGN) Bonds – listed	**8,333,992**	8,076,637	**-**	-
Federal Government of Nigeria (FGN) Sukuk Bonds	**-**	2,003,460	**-**	-
Treasury bills – listed	**86,375,331**	122,857,729	**-**	-
Promissory note	**122,909**	-	**-**	-
Unclaimed dividend investment fund	**1,008,048**	955,985	**1,008,048**	955,985
Legacy Debt Fund	**47,440**	42,065	**-**	-
Legacy USD Bond Fund	**120,608**	153,348	**-**	-
Legacy Money Market Fund	**768,495**	-	**-**	-
	96,776,823	134,089,224	**1,008,048**	955,985
Impairment allowance				
Balance at 1 January	**24,047**	-	**-**	-
Transfer to 12-month ECL	**-**	14,300	**-**	-
Net remeasurement of loss allowance (see Note 10)	**20,505**	9,747	**-**	-
Closing balance	**44,552**	24,047	**-**	-

(i) The impairment of ₦20.51 million arising from investment securities at FVOCI for the year was recognised in profit or loss, (see Note 10) and other comprehensive income.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(d) Investment securities at FVOCI – quoted equity investments				
DAAR Communications Underwriting	**-**	29,822	**-**	-
Unity Bank Plc	**-**	1,197	**-**	-
Nigerian Aviation Handling Company (NAHCO) Plc	**-**	11	**-**	-
Standard Alliance Co Plc	**-**	285,740	**-**	-
Industrial and General Insurance Plc	**3,811**	3,811	**-**	-
Food Concepts	**2,100**	1,980	**-**	-
Legacy Equity Fund	**106,454**	60,500	**-**	-
	112,365	383,061	**-**	-
(e) Investment securities at FVOCI – unquoted equity investments				
Credit Reference Company Limited	**197,119**	84,183	**-**	-
Nigeria Inter-bank Settlement System Plc	**1,640,321**	952,790	**-**	-
Africa Finance Corporation	**12,520,017**	9,390,358	**-**	-
Africa Export-Import Bank, Cairo	**1,809,543**	1,443,763	**-**	-
Smartcard Nigeria Plc	**266,498**	258,418	**-**	-
FMDQ (OTC) Plc	**775,000**	33,546	**-**	-
Financial Derivative Ltd	**28,062**	14,040	**-**	-
	17,236,560	12,177,098	**-**	-

(f) The Group designated certain equity investments shown above in Note (f) as equity securities at fair value through other comprehensive income. The fair value through other comprehensive income designation was made because the investments are expected to be held for the long-term for strategic purposes. None of these strategic investments was disposed during year ended 31 December 2019.

(g) Debt securities classified at amortised cost have interest rates of 7.00% to 17.25% (2018: 7.00% to 17.25%) and mature between 2019 and 2037 years. Debt securities at fair value through other comprehensive income have stated interest rates of 10.23% to 16.39% (2018: 10.23% to 16.39%) and mature between 2020 and 2037 years.

(h) Information about the Group's exposure to credit and market risks and fair value measurement is included in Note 4.

(i) Movement in investment securities:

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

	GROUP					
	Unquoted equity securities at fair value through other comprehensive income ₦'000	**Unquoted equity securities at fair value through profit or loss ₦'000**	**Debt securities at amortised cost ₦'000**	**Debt securities at fair value through other comprehensive income ₦'000**	**Quoted equity securities at fair value through other comprehensive income ₦'000**	**Total ₦'000**
Balance at 1 January 2019	12,177,098	-	89,272,549	134,089,224	383,061	235,921,932
Exchange differences	-	-	45,761	-	-	45,761
Additions	11,868	-	60,741,102	17,656,401	39,056	78,448,427
Disposals	-	-	(20,052,276)	(52,802,857)	-	(72,855,133)
Gains from changes in fair value recognised in other comprehensive income	5,047,594	-	-	(2,263,237)	(309,752)	2,474,605
Item reclassified subsequently to profit or loss due to disposal	-	-	-	-	-	-
Net reclassification adjustments for realised gains	-	-	-	-	-	-
Amortised cost adjustments	-	-	(7,454,872)	-	-	(7,454,872)
Impairment allowance (see Note 26(a))	-	-	(2,172,157)	-	-	(2,172,157)
Interest accrued (see Note 8)	-	-	16,416,334	18,040,655	-	34,456,989
Coupon interest received	-	-	(10,986,433)	(17,943,363)	-	(28,929,796)
Balance at 31 December 2019	**17,236,560**	**-**	**125,810,008**	**96,776,823**	**112,365**	**239,935,756**
Balance at 1 January 2018	2,948,673	1,572,923	70,913,205	77,102,626	891,232	153,428,659
Exchange differences	-	-	116,288	-	-	116,288
Additions	4,040	-	33,748,185	87,897,017	119,818	121,769,060
Disposals	-	(1,227,104)	(18,243,748)	(30,044,356)	-	(49,515,208)
Gains from changes in fair value recognised in profit or loss	-	(345,819)	-	-	-	(345,819)
Gains from changes in fair value recognised in other comprehensive income	2,465,800	-	-	(644,994)	(432,576)	1,388,230
Item reclassified subsequently to profit or loss due to disposal	-	-	-	(659,184)	-	(659,184)
Reclassification	-	-	-	195,413	(195,413)	-
Unquoted equity investments at FVOCI	6,758,585	-	-	-	-	6,758,585
Impairment allowance (see Note 26(a))	-	-	(1,840,740)	-	-	(1,840,740)
Interest accrued (see Note 8)	-	-	12,390,484	16,041,880	-	28,432,364
Coupon interest received	-	-	(7,811,125)	(15,799,178)	-	(23,610,303)
Balance at 31 December 2018	**12,177,098**	**-**	**89,272,549**	**134,089,224**	**383,061**	**235,921,932**

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

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

	COMPANY					
	Unquoted equity securities at fair value through other comprehensive income ₦'000	**Unquoted equity securities at fair value through profit or loss ₦'000**	**Debt securities at amortised cost ₦'000**	**Debt securities at fair value through other comprehensive income ₦'000**	**Quoted equity securities measured at fair value through profit or loss ₦'000**	**Total ₦'000**
Balance at 1 January 2019	-	-	2,771,953	955,985	-	3,727,938
Exchange differences	-	-	19,740	-	-	19,740
Additions	-	-	-	267,765	-	267,765
Disposals	-	-	-	(220,000)	-	(220,000)
Gains/(loss) from changes in fair value recognised in other comprehensive income	-	-	-	4,298	-	4,298
Interest accrued (see Note 8)	-	-	293,516	108,786	-	402,302
Coupon interest received	-	-	(293,516)	(108,786)	-	(402,302)
Balance at 31 December 2019	**-**	**-**	**2,791,693**	**1,008,048**	**-**	**3,799,741**
Balance at 1 January 2018	-	1,572,923	2,647,592	888,625	-	5,109,140
Exchange differences	-	-	225,917	-	-	225,917
Additions	-	-	-	76,793	-	76,793
Disposals	-	(1,227,104)	-	(144,999)	-	(1,372,103)
Gains from changes in fair value recognised in profit or loss	-	(345,819)	-	-	-	(345,819)
Gains/(loss) from changes in fair value recognised in other comprehensive income	-	-	-	(1,481)	-	(1,481)
Net reclassification adjustments for realised gains	-	-	(101,556)	-	-	(101,556)
Interest accrued (see Note 8)	-	-	290,147	137,047	-	427,194
Coupon interest received	-	-	(290,147)	-	-	(290,147)
Balance at 31 December 2018	**-**	**-**	**2,771,953**	**955,985**	**-**	**3,727,938**

27 Assets Pledged as Collateral

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
The nature and carrying amounts of the non tradable financial assets pledged as collaterals are as follows:				
(a) Investment securities – FVOCI				
Treasury Bills – listed	**29,441,288**	15,122,879	**-**	-
	29,441,288	15,122,879		
(b) Investment Securities – FVTPL				
Treasury Bills – listed	**1,615,862**	-		
	1,615,862	-		
(c) Investment Securities – Amortized cost				
Federal Government of Nigeria (FGN) Bonds – listed	**87,596,080**	72,287,014	**-**	-
	87,596,080	72,287,014	**-**	-
	118,653,230	**87,409,893**	**-**	-
Current	**67,449,859**	23,546,915	**-**	-
Non-current	**51,203,371**	63,862,978	**-**	-
	118,653,230	87,409,893	**-**	-

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 2018: nil).

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

The assets pledged as collateral were given to the counter parties without transferring the ownership to them. These are held by the counterparty for the term of the transaction being collateralized. These represents pledged assets to these parties:

		GROUP		COMPANY	
Counterparties	**Reasons for pledged securities**	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Nigeria Inter-bank Settlement Plc (NIBSS)	Cards, POS transactions settlements	**2,184,482**	2,323,869	**-**	-
Interswitch Nigeria Limited	Cards, POS transactions settlements	**2,623,000**	1,500,000	**-**	-
Federal Inland Revenue Service(FIRS)	Third parties collection transactions	**1,500,000**	3,700,000	**-**	-
Central Bank of Nigeria (CBN)	Third parties clearing instruments/Onlending facilities to customers	**35,316,000**	31,116,000	**-**	-
Bank of Industry (BOI)	Onlending facilities to customers	**10,094,096**	9,765,096	**-**	-
System Specs/Remita	Remita Transfer Transactions	**300,000**	300,000	**-**	-
Standard Bank London	Borrowed funds repo transactions	**15,567,736**	16,760,000	**-**	-
E-transact	Cards, POS transactions settlements	**1,220,000**	1,220,000	**-**	-
Development Bank of Nigeria (DBN)	Onlending facilities to customers	**9,874,500**	3,536,428	**-**	-
Central Bank of Nigeria (CBN)	FMDQ OTC settlement transactions	**3,100,000**	1,100,000	**-**	-
Central Bank of Nigeria (CBN)	Interbank Funding under repurchase agreement	**25,773,416**	16,088,500	**-**	-
Citi Nominee	FMDQ OTC settlement transactions	**11,100,000**	-	**-**	-
		118,653,230	87,409,893	**-**	-

28 Investment in Subsidiaries

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(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)	**-**	-	**7,748,392**	7,748,392
Credit Direct Limited (see Note (vii) below)	**-**	-	**366,210**	366,210
	-	-	**127,200,705**	127,200,705
Impairment	**-**	-	**-**	(795,331)
Carrying amount	**-**	-	**127,200,705**	126,405,374
Current	**-**	-	**-**	-
Non-current	**-**	-	**127,200,705**	126,405,374
	-	-	**127,200,705**	126,405,374

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Specific allowances for impairment				
Balance at 1 January	**-**	-	**795,331**	795,331
Reversed during the year	**-**	-	**(795,331)**	-
Charge for the year	**-**	-	**-**	-
Balance at reporting date	**-**	-	**-**	795,331

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(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**	**100.00%**	**31-Dec-2019**
(2) FCMB Capital Markets Limited (see Note (ii) below)	**Nigeria**	**Capital Market**	**100.00%**	**31-Dec-2019**
(3) CSL Stockbrokers Limited (CSLS) (see Note (iii) below)	**Nigeria**	**Stockbroking**	**100.00%**	**31-Dec-2019**
(4) FCMB Trustees Limited (see Note (iv) below)	**Nigeria**	**Trusteeship**	**100.00%**	**31-Dec-2019**
(5) FCMB Microfinance Bank Limited (see Note (v) below)	**Nigeria**	**Micro-lending**	**100.00%**	**31-Dec-2019**
(6) FCMB Pensions Limited (see Note (vi) below)	**Nigeria**	**Pension Fund Administrator**	**91.64%**	**31-Dec-2019**
(7) Credit Direct Limited (see Note (vii) below)	**Nigeria**	**Micro-lending**	**100.00%**	**31-Dec-2019**

(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 on 4 April 2002.

(iii) This represents the cost of the Company's 100% equity holding in CSL Stockbrokers Limited. The Company was incorporated on 24 January 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 on 24 November 2010. The company invested additional ₦180 million in FCMB Trustees Limited in September 2015 in order to recapitalise the business in line with the new SEC minimum capitalisation policy of ₦300 million for trustee businesses in Nigeria. The company changed its 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 25 February 2015 and started operations on 1 January 2017.

(vi) This represents the Company's 91.64% 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% and 3.42% equity holding in November 2017 and August 2018 repectively thereby raising the total equity holding to 91.64%. The company changed its name from Legacy Pension Managers Limited to FCMB Pensions Limited in November 2018.

(vii) This represents the Company's 100% equity holding in Credit Direct Limited. The Company was incorporated on 13 June 2006 and commenced operations in January 2007.

(viii) The investments are carried at cost less impairment.

29 Property and Equipment	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
This comprises:				
Property and equipment (see Note (a))	**43,697,159**	37,281,754	**91,259**	17,846
	43,697,159	37,281,754	**91,259**	17,846
Current	**-**	-	**-**	-
Non-current	**43,697,159**	37,281,754	**91,259**	17,846
	43,697,159	37,281,754	**91,259**	17,846

GROUP

(a) Property and Equipment	Leasehold land ₦'000	Buildings ₦'000	Right-of-use assets – buildings ₦'000	Leasehold improvement ₦'000	Motor vehicles ₦'000	Furniture, fittings and equipment ₦'000	Computer equipment ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost									
Balance at 1 January 2019	3,831,551	23,314,536	-	4,540,954	5,486,309	27,010,406	9,220,866	3,197,574	76,602,196
Recognition of right-of-use assets on initial application of IFRS 16	-	-	4,304,255	-	-	-	-	-	4,304,255
Adjusted balance at 1 January 2019	**3,831,551**	**23,314,536**	**4,304,255**	**4,540,954**	**5,486,309**	**27,010,406**	**9,220,866**	**3,197,574**	**80,906,451**
Additions during the year	-	568,254	700,282	322,289	611,460	4,180,074	310,649	886,652	7,579,660
Reclassifications	-	-	-	1,589,675	-	532,968	14,674	(2,137,317)	-
Transfer from intangible assets (see Note 30)	-	-	-	-	-	-	62,378	-	62,378
Disposal during the year	(5,418)	(247,273)	-	(43,140)	(414,061)	(47,229)	(4,785)	-	(761,906)
Items written-off	-	-	-	-	-	-	-	(24,130)	(24,130)
Effect of movements in exchange rates	-	-	-	2,638	-	1,621	57	-	4,316
Balance at reporting date	**3,826,133**	**23,635,517**	**5,004,537**	**6,412,416**	**5,683,708**	**31,677,840**	**9,603,839**	**1,922,779**	**87,766,769**
Accumulated depreciation									
Balance at 1 January 2019	-	3,754,994	-	3,922,386	4,177,429	18,741,256	8,724,377	-	39,320,442
Recognition of right-of-use assets on initial application of IFRS 16	-	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2019	**-**	**3,754,994**	**-**	**3,922,386**	**4,177,429**	**18,741,256**	**8,724,377**	**-**	**39,320,442**
Charge for the year (see Note 16)	-	497,066	652,900	146,712	639,986	3,121,870	230,673	-	5,289,207
Eliminated on disposal	-	(38,938)	-	(105,235)	(368,231)	(38,004)	6,983	-	(543,425)
Effect of movements in exchange rates	-	-	1,285	917	-	1,150	34	-	3,386
Balance at reporting date	**-**	**4,213,122**	**654,185**	**3,964,780**	**4,449,184**	**21,826,272**	**8,962,067**	**-**	**44,069,610**

GROUP

31 December 2018	Leasehold land ₦'000	Buildings ₦'000	Right-of-use assets – buildings ₦'000	Leasehold improvement ₦'000	Motor vehicles ₦'000	Furniture, fittings and equipment ₦'000	Computer equipment ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost									
Balance at 1 January 2018	2,831,882	21,148,997	-	5,806,477	5,071,733	22,865,249	8,875,453	2,404,971	69,004,762
Additions during the year	115	307,153	-	670,904	1,024,589	4,525,233	307,220	1,885,964	8,721,178
Reclassifications	999,554	1,982,308	-	(1,938,470)	-	49,405	564	(1,093,361)	-
Transfer from intangible assets (see Note 30)	-	-	-	-	-	-	88,440	-	88,440
Disposal during the year	-	(123,922)	-	(8,199)	(610,013)	(435,597)	(51,111)	-	(1,228,842)
Effect of movement in exchange rates	-	-	-	10,242	-	6,116	300	-	16,658
Balance at reporting date	**3,831,551**	**23,314,536**	**-**	**4,540,954**	**5,486,309**	**27,010,406**	**9,220,866**	**3,197,574**	**76,602,196**
Accumulated depreciation									
Balance at 1 January 2018	-	3,264,455	-	3,836,431	4,000,582	16,061,884	8,439,237	-	35,602,589
Reclassification		73,373		(73,373)	-	-	-		-
Charge for the year (see Note 16)	-	441,894	-	179,100	620,107	2,752,298	297,544	-	4,290,943
Eliminated on disposal	-	(24,728)	-	(23,717)	(443,260)	(78,436)	(12,665)	-	(582,806)
Effect of movement in exchange rates	-	-	-	3,945	-	5,510	261	-	9,716
Balance at reporting date	**-**	**3,754,994**	**-**	**3,922,386**	**4,177,429**	**18,741,256**	**8,724,377**	**-**	**39,320,442**
Carrying amounts:									
Balance at 31 December 2019	**3,826,133**	**19,422,395**	**4,350,352**	**2,447,636**	**1,234,524**	**9,851,568**	**641,772**	**1,922,779**	**43,697,159**
Balance at 31 December 2018	3,831,551	19,559,542	-	618,568	1,308,880	8,269,150	496,489	3,197,574	37,281,754

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2018: 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 2018: nil).

(vi) Property and equipment includes right-of-use assets of ₦4.35 billion related to leased properties that do not meet the definition of investment property.

COMPANY

31 December 2019	Leasehold land ₦'000	Buildings ₦'000	Right-of-use assets – buildings ₦'000	Leasehold improvement ₦'000	Motor vehicles ₦'000	Furniture, fittings and equipment ₦'000	Computer equipment ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost									
Balance at 1 January 2019	-	-	-	5,181	58,448	14,549	4,552	-	82,730
Recognition of right-of-use assets on initial application of IFRS 16	-	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2019	**-**	**-**	**-**	**5,181**	**58,448**	**14,549**	**4,552**	**-**	**82,730**
Additions during the year	-	-	-	-	81,393	3,940	3,523	-	88,856
Disposal during the year	-	-	-	-	(38,448)	-	(471)	-	(38,919)
Balance at reporting date	**-**	**-**	**-**	**5,181**	**101,393**	**18,489**	**7,604**	**-**	**132,667**
Accumulated depreciation									
Balance at 1 January 2019	-	-	-	2,713	49,063	10,204	2,904	-	64,884
Recognition of right-of-use assets on initial application of IFRS 16	-	-		-	-	-	-	-	-
Adjusted balance at 1 January 2019	-	-	-	2,713	49,063	10,204	2,904	-	64,884
Charge for the year (see note 16)	-	-	-	518	9,758	1,710	831	-	12,817
Eliminated on disposal	-	-	-	-	(35,823)	1	(471)	-	(36,293)
Balance at reporting date	**-**	**-**	**-**	**3,231**	**22,998**	**11,915**	**3,264**	**-**	**41,408**

COMPANY

31 December 2018	Leasehold land ₦'000	Buildings ₦'000	Right-of-use assets – buildings ₦'000	Leasehold improvement ₦'000	Motor vehicles ₦'000	Furniture, fittings and equipment ₦'000	Computer equipment ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost									
Balance at 1 January 2018	-	-	-	5,181	69,448	14,011	3,335	-	91,975
Additions during the year	-	-	-			538	1,539	-	2,077
Disposal during the year	-	-	-		(11,000)		(322)	-	(11,322)
Balance at reporting date	**-**	**-**	**-**	**5,181**	**58,448**	**14,549**	**4,552**	**-**	**82,730**
Accumulated depreciation									
Balance at 1 January 2018	-			2,195	41,239	7,941	2,578	-	53,953
Charge for the year (see note 16)	-			518	14,929	2,263	648	-	18,358
Eliminated on disposal	**-**				**(7,105)**	-	**(322)**	**-**	**(7,427)**
Balance at reporting date	**-**	**-**	**-**	**2,713**	**49,063**	**10,204**	**2,904**	**-**	**64,884**
Carrying amounts:									
Balance at 31 December 2019	**-**	**-**	**-**	**1,950**	**78,395**	**6,574**	**4,340**	**-**	**91,259**
Balance at 31 December 2018	-	-	-	2,468	9,385	4,345	1,648	-	17,846

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2018: 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 2018: nil).

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	GROUP		COMPANY	
30 Intangible Assets	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(a) Software				
Cost				
Beginning of the year	**9,950,451**	8,284,068	**3,851**	3,851
Additions during the year	**1,496,803**	648,377	**-**	-
Work-in-progress – additions during the year	**375,587**	1,089,091	**-**	-
Items written-off during the year	**(83,982)**	(318)	**-**	-
Transfer to property and equipment	**(62,378)**	(88,440)	**-**	-
Effect of movement in exchange rates	**6,525**	17,673	**-**	-
Balance at reporting date	**11,683,006**	9,950,451	**3,851**	3,851
Amortisation				
Beginning of the year	**5,968,646**	4,702,085	**3,851**	3,851
Amortisation for the year (see note 16)	**1,423,702**	1,246,371	**-**	-
Effect of movement in exchange rates	**5,130**	20,190	**-**	-
Balance at reporting date	**7,397,478**	5,968,646	**3,851**	3,851
Carrying amount	**4,285,528**	3,981,805	**-**	-
(b) Goodwill				
Beginning of the year	**11,338,977**	11,338,977	**-**	-
Impairment charge	**-**	-	**-**	-
At end of the reporting date	**11,338,977**	11,338,977	**-**	-
	15,624,505	15,320,782	**-**	-
Current	**-**	-	**-**	-
Non-current	**15,624,505**	15,320,782	**-**	-
	15,624,505	15,320,782	**-**	-

(c) There were no capitalised borrowing costs related to any acquisition during the year (31 December 2018: nil).

(d) There was no impairment loss on the Group's software during the year (31 December 2018: nil).

(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 their ultimate disposal. No Impairment charge was taken during the year (2018: nil) because the recoverable amount of these CGUs was determined to be higher than the carrying amounts.

The key assumptions used in the calculation of value in use were as follows:

	FCMB Pensions Limited		**CSL Stockbrokers Limited**		**FCMB Limited**	
	31 December 2019	31 December 2018	**31 December 2019**	31 December 2018	**31 December 2019**	31 December 2018
Discount rate (see Note (f))	**26.50%**	26.50%	**26.50%**	26.50%	**10.00%**	16.70%
Terminal growth rate	**5.00%**	5.00%	**3.00%**	3.00%	**3.90%**	3.90%
Forecast profit before taxes (average of 3–5 years)	**₦2.001 billion**	₦2.633 billion	**N1.112 billion**	₦1.042 billion	**₦39.10 billion**	₦23.53 billion

(f) For FCMB Pensions Limited and CSL Stockbrokers Limited, the discount rate was a post-tax measure derived using the capital asset pricing model (CAPM) approach and that reflects the inherent risks of the specific CGU. The discount rate for FCMB Limited was a pre-tax measure based on the rate of the Bank's year 2024 Naira bond issued in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Three years of cash flows were included in the discounted cash flow model. The terminal growth rate was derived from the average GDP growth rate of Nigeria from 1982 until 2019.

Forecast profit before taxes was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past four years and the estimated growth for the next three years.

The estimated recoverable amount (₦8.44 billion; 2018: ₦9.19 billion) of the investment in FCMB Pensions Limited exceeded its carrying amount (₦7.92 billion; 2018: ₦7.75 billion) by approximately ₦526 million. For CSL Stockbrokers Limited, the estimated recoverable amount (₦4.985 billion; 2018: ₦3.345 billion) of the investment exceeded its carrying amount (₦3.481 billion; 2018: ₦2.258 billion) by approximately ₦1.504 billion. The estimated recoverable amount (₦1,317 billion; 2018: ₦694.3 billion) of the investment in FCMB Limited exceeded its carrying amount (₦181 billion; 2018: ₦151 billion) by approximately ₦1,136 billion.

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of either CGU to decline below the carrying amount.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

31 Deferred Tax Assets and Liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

GROUP

	31 December 2019			31 December 2018		
	Assets ₦'000	**Liabilities ₦'000**	**Net ₦'000**	Assets ₦'000	Liabilities ₦'000	Net ₦'000
Property and equipment	**1,203,659**	**(474,125)**	**729,534**	1,203,659	(392,342)	811,317
Allowances for loan losses	**2,342,096**	**128,273**	**2,470,369**	2,342,096	84,639	2,426,735
Unrelieved loss carried forward	**4,399,083**	**-**	**4,399,083**	4,399,083	-	4,399,083
Net tax assets/(liabilities)	**7,944,838**	**(345,852)**	**7,598,986**	7,944,838	(307,703)	7,637,135

COMPANY

	31 December 2019			31 December 2018		
	Assets ₦'000	**Liabilities ₦'000**	**Net ₦'000**	Assets ₦'000	Liabilities ₦'000	Net ₦'000
Property and equipment	**-**	**-**	**-**	-	-	-
Allowances for loan losses	**-**	**-**	**-**	-	-	-
Unrelieved loss carried forward	**-**	**-**	**-**	-	-	-
Net tax assets/(liabilities)	**-**	**-**	**-**	-	-	-

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Deferred tax assets				
Current	**-**	-	**-**	-
Non-current	**7,944,838**	7,944,838	**-**	-
	7,944,838	7,944,838	**-**	-

(b) Movements in temporary differences during the year ended 31 December 2019

GROUP

	Balance at 1 January 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2019
Property and equipment	**811,317**	**(81,783)**	**-**	**729,534**
Allowances for loan losses	**2,426,735**	**43,634**	**-**	**2,470,369**
Expected credit losses	**-**	**-**	**-**	**-**
Unrelieved loss carried forward	**4,399,083**	**-**	**-**	**4,399,083**
	7,637,135	**(38,149)**	**-**	**7,598,986**

	COMPANY			
	Balance at 1 January 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2019
Property and equipment	-	-	-	-
Allowances for loan losses	-	-	-	-
Expected credit losses	-	-	-	-
Unrelieved loss carried forward	-	-	-	-
	-	-	-	-

Movements in temporary differences during the year ended 31 December 2018

	GROUP			
	Balance at 1 January 2018	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance at 31 December 2018**
Property and equipment	1,091,642	(280,325)	-	811,317
Allowances for loan losses	(33,936)	2,460,671	-	2,426,735
Expected credit losses	2,220,251	(2,220,251)		-
Unrelieved loss carried forward	4,848,785	(449,702)	-	4,399,083
	8,126,742	(489,607)	-	7,637,135

	COMPANY			
	Balance at 1 January 2018	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2018
Property and equipment	-	-	-	-
Allowances for loan losses	-	-	-	-
Expected credit losses	-	-	-	-
Unrelieved loss carried forward	-	-	-	-
	-	-	-	-

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(c) Unrecognised deferred tax assets

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

	GROUP 2019		GROUP 2018	
	2019 Gross amount ₦'000	**2019 Tax impact ₦'000**	2018 Gross amount ₦'000	2018 Tax impact ₦'000
Tax losses	**62,150,296**	**18,645,089**	62,731,300	18,819,390
Allowance for loan losses and other losses	**14,600,423**	**4,669,118**	3,193,846	1,022,031
Property and equipment (unutilised capital allowance)	**26,549,073**	**7,964,721**	16,337,163	4,901,149
Other deductible temporary differences	**8,318,622**	**2,495,587**	1,131,581	339,474
	111,618,414	**33,774,515**	83,393,890	25,082,044

	COMPANY 2019		COMPANY 2018	
	2019 Gross amount ₦'000	**2019 Tax impact ₦'000**	2018 Gross amount ₦'000	2018 Tax impact ₦'000
Tax losses	**2,500,330**	**750,099**	1,994,513	598,354
Allowance for loan losses and other losses	**150,850**	**45,255**	62,355	18,706
Property and equipment (unutilised capital allowance)	**125,971**	**37,791**	111,837	33,551
Other deductible temporary differences	**-**	**-**	-	-
	2,777,151	**833,145**	2,168,705	650,611

Deferred tax assets have not been recognised in respect of these items because it is not presently probable that future taxable profits will be available against which the Company and Group can use the benefits therefrom.

(d) The tax losses for which no deferred tax asset was recognised will never expire.

32 Other Assets

	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
(a) Other financial assets:				
E-settlement receivables	**21,003,827**	22,765,797	**-**	-
Agric SMEIS receivables	**1,358,662**	890,922	**-**	-
Related parties receivables	**-**	-	**2,981,779**	2,399,224
Insurance claims and fraud receivables	**2,975,844**	2,017,094	**-**	-
Judgement debt receivable (see Note (d) below)	**2,920,862**	9,925,631	**-**	-
Accounts receivable – clientele (See Note (e))	**9,445,730**	-	**-**	-
Accounts receivable – corporate and state bonds	**423,975**	395,482	**-**	-
Accounts receivable – TSA refunds	**433,101**	433,101	**-**	-
Accounts receivables	**7,693,358**	8,052,263	**5,987**	3,884
	46,255,359	44,480,290	**2,987,766**	2,403,108
Less impairment allowances (Note (c) below)	**(19,431,775)**	(15,404,549)	**(92,187)**	(69,953)
	26,823,584	29,075,741	**2,895,579**	2,333,155
(b) Other non-financial assets:				
Prepayments	**4,277,852**	5,742,007	**13,054**	9,796
Consumables	**452,912**	441,826	**-**	-
	4,730,764	6,183,833	**13,054**	9,796
	31,554,348	35,259,574	**2,908,633**	2,342,951
Current	**30,117,928**	22,222,687	**2,908,633**	2,342,951
Non-current	**1,436,420**	13,036,887	**-**	-
	31,554,348	35,259,574	**2,908,633**	2,342,951
(c) Movement in impairment on other financial assets				
Balance at 1 January	**15,404,549**	-	**69,953**	-
Transfer to Lifetime ECL impaired	**-**	16,164,819	**-**	-
Transfer to 12-month ECL	**-**	107,983	**-**	7,446
Net remeasurement of loss allowances (see Note 10)	**4,244,108**	2,757,212	**22,235**	62,507
Write-offs	**(218,251)**	(3,629,057)	**-**	-
Effect of movement in exchange rates	**1,369**	3,592	**-**	-
Closing balance	**19,431,775**	15,404,549	**92,187**	69,953

(d) The amount represents deposits with the court in respect of an ongoing suit against the Banking subsidiary in United Kingdom as ordered by the court of which the sum of $3.5 million (₦1.3 billion) has been transferred to Zumax with recourse.

(e) This represents amount receivables from clientele subscription under investment linked notes.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

33 Deposits from Banks	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
Other deposits from banks	**90,060,925**	39,140,044	**-**	-
	90,060,925	39,140,044	**-**	-
Current	**90,060,925**	39,140,044	**-**	-
Non-current	**-**	-	**-**	-
	90,060,925	39,140,044	**-**	-
Other deposits from banks comprise:				
Zenith Bank Plc, Nigeria (see Note (a) below)	**18,295,783**	6,003,288	**-**	-
Titan Trust Bank Limited, Nigeria (see Note (b) below)	**1,460,422**	-	**-**	-
FSDH Merchant Bank Limited, Nigeria (see Note (c) below)	**1,828,109**	-	**-**	-
Polaris Bank Limited, Nigeria (see Note (d) below)	**-**	2,200,964	**-**	-
Rand Merchant Bank Limited, Nigeria (see Note (e) below)	**-**	2,000,877	**-**	-
Wema Bank Plc, Nigeria (see Note (f) below)	**-**	3,609,577		
Other foreign banks (see Note (g) below)	**68,476,611**	25,325,338	**-**	-
	90,060,925	39,140,044	**-**	-

(a) The amount of ₦18.30 billion, (US$50.17 million) (December 2018: ₦6.00 billion) represents interbank takings maturing 24 January 2020 from Zenith Bank Plc, Nigeria.

(b) The amount of ₦1.46 billion, (US$4.00 million) (December 2018: nil) represents interbank takings maturing 8 January 2020 from Titan Trust Bank Limited, Nigeria.

(c) The amount of ₦1.83 billion, (US$5.01 million) (December 2018: nil) represents interbank takings maturing 21 January 2020 from FSDH Merchant Limited, Nigeria.

(d) The amount represents overnight interbank takings from Polaris Bank Limited, Nigeria of ₦2.20 billion in December 2018 that has been repaid.

(e) The amount represents overnight interbank takings from Rand Merchant Bank Limited, Nigeria of ₦2.00 billion in December 2018 that has been repaid.

(f) The amount represents overnight interbank takings from Wema Bank Plc, Nigeria of ₦3.61 billion in December 2018 that has been repaid.

(g) The amount of ₦68.48 billion, (US$187.76 million) (December 2018: ₦25.33 billion, (US$70.39 million)) represents overnight interbank takings from other foreign banks by the FCMB UK limited.

(h) Deposits from banks only include financial instruments classified as liabilities at amortised cost.

34 Deposits from Customers

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Retail customers:				
Term deposits	**205,954,369**	219,698,884	**-**	-
Current deposits	**294,443,969**	237,286,893	**-**	-
Savings	**244,530,608**	195,086,667	**-**	-
	744,928,946	652,072,444	**-**	-
Corporate customers:				
Term deposits	**78,924,058**	24,430,891	**-**	-
Current deposits	**119,232,577**	145,244,088	**-**	-
	198,156,635	169,674,979	**-**	-
	943,085,581	821,747,423	**-**	-
Current	**929,055,341**	802,831,044	**-**	-
Non-current	**14,030,240**	18,916,379	**-**	-
	943,085,581	821,747,423	**-**	-

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

35 Borrowings

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(a) Borrowings comprise:				
Standard Bank, London (see Note (b)(i) below)	**-**	11,109,416	**-**	-
International Finance Corporation (IFC) (see Note (b)(ii))	**-**	4,538,101	**-**	-
International Finance Corporation (IFC) (see Note (b)(iii))	**-**	3,403,413	**-**	-
Netherlands Development Finance Company (FMO) (see Note (b)(iv))	**1,015,102**	3,010,549	**-**	-
Netherlands Development Finance Company (FMO) (see Note (b)(v))	**1,015,102**	3,010,549	**-**	-
European Investment Bank (EIB) (see Note (b)(vi))	**10,016,407**	11,901,688	**-**	-
Citibank, N.A (OPIC) (see Note (b)(vii))	**-**	5,417,185	**-**	-
African Export-Import Bank (Afrexim) (see Note (b)(viii))	**14,214,640**	22,056,854	**-**	-
BMCE Bank International Plc (see Note (b)(ix))	**731,242**	3,602,644	**-**	-
African Export-Import Bank (Afrexim)/Cargill (see Note (b)(x))	**-**	2,693,745	**-**	-
African Export-Import Bank (Afrexim)/Cargill (see Note (b)(xi))	**-**	10,775,732	**-**	-
Credit Suisse Bank/Cargill (see Note (b)(xii))	**-**	3,384,875	**-**	-
British Arab Commercial Bank UK (see Note (b)(xiii))	**-**	3,540,462	**-**	-
Standard Bank/Cargill (see Note (b)(xiv))	**-**	3,482,511	**-**	-
Credit Suisse Bank/Cargill (see Note (b)(xv))	**-**	3,481,769	**-**	-

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

35 Borrowings	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
Bank of Industry (BOI), Nigeria (see Note (b)(xvi))	**-**	2,009,765	**-**	-
Standard Bank, London (see Note (b)(xvii))	**11,262,603**	-	**-**	-
African Export-Import Bank (Afrexim) (see Note (b)(xviii))	**9,341,381**	-	**-**	-
African Export-Import Bank (Afrexim) (see Note (b)(xix))	**9,193,281**	-	**-**	-
Standard Chartered Bank/Bunge SA (see Note (b)(xx))	**3,638,376**	-	**-**	-
Standard Chartered Bank/Bunge SA (see Note (b)(xxi))	**2,873,054**	-	**-**	-
Standard Chartered Bank/Monafri International Trading Company (see Note (b)(xxii))	**5,453,153**	-	**-**	-
Standard Chartered Bank/Monafri International Trading Company (see Note (b)(xxiii))	**3,617,896**	-	**-**	-
Standard Chartered Bank/Louis Dreyfuss (see Note (b)(xxiv))	**2,465,188**	-	**-**	-
Standard Bank/Louis Dreyfuss (see Note (b)(xxv))	**2,312,008**	-	**-**	-
Standard Bank/Louis Dreyfuss (see Note (b)(xxvi))	**2,055,080**	-	**-**	-
Standard Bank/Louis Dreyfuss (see Note (b)(xxvii))	**4,318,180**	-	**-**	-
Commercial Bank, Dubai/Monafri International Trading Company (see Note (b)(xxviii))	**3,635,463**	-	**-**	-
Citibank/Monafri International Trading Company (see Note (b)(xxix))	**3,627,305**	-	**-**	-
Commerze/Monafri International Trading Company (see Note (b)(xxx))	**3,622,888**	-	**-**	-
KGI Bank/Cargill (see Note (b)(xxxi))	**1,052,806**	-	**-**	-
Zenith Bank UK/Bunge S.A (see Note (b)(xxxii))	**7,213,096**	-	**-**	-
British Arab Commercial Bank (BACB) UK/Louis Dreyfuss (see Note (b)(xxxiii))	**1,792,725**	-	**-**	-
British Arab Commercial Bank (BACB) UK/Cargill (see Note (b)(xxxiv))	**1,790,293**	-	**-**	-
Commercial Bank, Dubai/Monafri International Trading Company (see Note (b)(xxxv))	**1,258,776**	-	**-**	-
Standard Bank/Monafri International Trading Company (see Note (b)(xxxvi))	**1,789,318**	-	**-**	-
British Arab Commercial Bank (BACB) UK/Glencore Agriculture BV (see Note (b)(xxxvii))	**1,790,663**	-	**-**	-
British Arab Commercial Bank (BACB) UK/Glencore Agriculture BV (see Note (b)(xxxviii))	**1,779,744**	-	**-**	-
BMCE Bank International Plc/Louis Dreyfuss (see Note (b)(xxxix))	**1,395,720**	-	**-**	-
FCMB Asset Management (see Note (b)(xxxx) below)	**18,105,201**	10,280,936	**-**	-
Micheal Ojo (see Note (b)(xxxxi) below)	**967,394**	838,586	**-**	-
Tayo Oyedeji (see Note (b)(xxxxii) below)	**-**	192,742	**-**	-
	133,344,085	108,731,522	**-**	-
Current	**51,206,077**	65,441,615	**-**	-
Non-current	**82,138,008**	43,289,907	**-**	-
	133,344,085	108,731,522	**-**	-

(b)

i) The amount represents a facility that has been repaid as at 31 December 2019 (31 December 2018: ₦11,109,415,459.56 (USD 30,000,000).

ii) This represents a facility that has been repaid as at 31 December 2019 (31 December 2018: ₦4,538,100,701.61 (USD 50,000,000).

iii) This represents a facility that has been repaid as at 31 December 2019 (31 December 2018: ₦3,403,413,473.14 (USD 37,500,000).

iv) The amount of ₦1,015,102,113.93 (31 December 2018: ₦3,010,549,253.72 (USD 25,000,000) represents an unsecured facility granted by Netherlands Development Finance Company (FMO) repayable after a tenor of 6 years maturing 30 June 2020 with an interest rate of 6 months LIBOR + 4.5%.

v) The amount of ₦1,015,102,113.93 (31 December 2018: ₦3,010,549,253.72 (USD 25,000,000) represents an unsecured facility granted by Netherlands Development Finance Company (FMO) repayable after a tenor of 6 years maturing 30 June 2020 with an interest rate of 6 months LIBOR + 4.5%.

vi) The amount of ₦10,016,406,978.00 (31 December 2018: ₦11,901,688,445.73 (USD 32,877,500) represents an unsecured facility granted by European Investment (EIB) repayable after a tenor of 8 years maturing 22 September 2022 with an interest rate of LIBOR plus 4%.

vii) The amount represents a facility that has been repaid as at 31 December 2019 (31 December 2018: ₦5,417,185,194.54 (USD 75,000,000).

viii) The amount of ₦14,214,640,005.27 (31 December 2018 : ₦22,056,853,868.06) represents a facilty granted by African Export Import (AFRIEXIM) Bank, repayable after a tenor of 5 years maturing 14 September 2021 with a nominal interest rate of 6.2% payable quarterly.

ix) The amount of ₦731,241,565.60 (31 December 2018: ₦3,602,644,487.43) represents a secured facility granted by BMCE Bank International Plc, maturing 12 March 2020 with an interest rate of 3 months LIBOR +5.5%.

x) This represents a facility that has been repaid as at 31 December 2019 (31 December 2018: ₦2,693,744,736.29) granted by AFREXIM Bank Cargill.

xi) This represents a facility that has been repaid as at 31 December 2019 (31 December 2018: ₦10,775,731,830.69) granted by AFREXIM Bank Cargill.

xii) This represents a facility that has been repaid as at 31 December 2019 (31 December 2018: ₦3,384,874,688.15) granted by Credit Suisse Bank Cargill.

xiii) This represents a facility that has been repaid as at 31 December 2019 (31 December 2018: ₦3,540,462,229.06) granted by British Arab Commercial Bank UK.

xiv) This represents a facility that has been repaid as at 31 December 2019 (31 December 2018: ₦3,482,510,775.80) granted by Standard Bank Cargill.

xv) This represents a facility that has been repaid as at 31 December 2019 (31 December 2018: ₦3,481,768,824.67) granted by Credit Suisse Bank Cargill.

xvi) This represents a facility that has been repaid as at 31 December 2019 (31 December 2018: ₦2,009,765,428.76) granted by the Bank of Industry.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

xvii) The amount of ₦11,262,603,247.36 (31 December 2018: nil) represents a facility granted by standard Bank London, maturing 19 June 2020 with an interest rate of 5.5%.

xviii) The amount of ₦9,341,381,022.31 (31 December 2018: nil) represents a facility granted by AFREXIM Bank Cargill, maturing 29 July 2021 with an interest rate of 3 months Libor + 3.5%.

xix) The amount of ₦9,193,280,886.95 (31 December 2018: nil) represents an unsecured facility granted by AFREXIM Bank Cargill, maturing 04 November 2021 with an interest rate of 3 months Libor + 3.5%.

xx) The amount of ₦3,638,375,578.16 (31 December 2018: nil) represents a facility granted by Standard Chartered Bank Bunge South Africa, maturing 13 January 2020.

xxi) The amount of ₦2,873,054,460.52 (31 December 2018: nil) represents a facility granted by Standard Chartered Bank Bunge South Africa, maturing 03 April 2020.

xxii) The amount of ₦5,453,152,667.27 (31 December 2018: nil) represents a facility granted by Standard Chartered Bank, maturing 20 January 2020.

xxiii) The amount of ₦3,617,896,432.66 (31 December 2018: nil) represents a facility granted by Standard Chartered Bank, maturing 21 February 2020.

xxiv) The amount of ₦2,465,187,745.47 (31 December 2018: nil) represents a facility granted by Standard Chartered Bank, maturing 25 August 2020.

xxv) The amount of ₦2,312,007,765.35 (31 December 2018: nil) represents a facility granted by Standard Chartered Bank, maturing 13 January 2020.

xxvi) The amount of ₦2,055,080,342.99 (31 December 2018: nil) represents a facility granted by Standard Chartered Bank, maturing 13 January 2020.

xxvii) The amount of ₦4,318,180,207.65 (31 December 2018: nil) represents a facility granted by Standard Chartered Bank, maturing 27 March 2020.

xxviii) The amount of ₦3,635,462,880.35 (31 December 2018: nil) represents a facility granted by Commercial Bank, Dubai, maturing 20 January 2020.

xxix) The amount of ₦3,627,304,609.48 (31 December 2018: nil) represents a facility granted by Commercial Bank, Dubai, maturing 04 February 2020.

xxx) The amount of ₦3,622,888,287.44 (31 December 2018: nil) represents a facility granted by Commerze Bank, Dubai, maturing 12 February 2020.

xxxi) The amount of ₦1,052,805,559.10 (31 December 2018: nil) represents a facility granted by KGI Bank, Cargill, maturing 28 August 2020.

xxxii) The amount of ₦7,213,095,876.98 (31 December 2018: nil) represents a facility granted by Zenith Bank, UK, maturing 11 March 2020.

xxxiii) The amount of ₦1,792,724,584.91 (31 December 2018: nil) represents a facility granted by British Arab Commercial Bank, UK, maturing 27 April 2020.

xxxiv) The amount of ₦1,790,292,957.93 (31 December 2018: nil) represents a facility granted by British Arab Commercial Bank, UK, maturing 27 April 2020.

xxxv) The amount of ₦1,258,776,145.53 (31 December 2018: nil) represents a facility granted by Commerce Bank, Dubai, maturing 30 March 2020.

xxxvi) The amount of ₦1,789,318,215.58 (31 December 2018: nil) represents a facility granted by Standard Bank, South Africa, maturing 04 May 2020.

xxxvii) The amount of ₦1,790,663,283.83 (31 December 2018: nil) represents a facility granted by the British Arab Commercial Bank, UK, maturing 05 May 2020.

xxxviii)The amount of ₦1,779,744,498.91 (31 December 2018: nil) represents a facility granted by the British Arab Commercial Bank, UK, maturing 17 June 2020.

xxxix) The amount of ₦1,395,719,886.75 (31 December 2018: nil) represents a facility granted by the BMCE Bank International, maturing 07 September 2020.

xxxx) The amount of ₦18,105,201,457.04 (31 December 2018: ₦10,280,936,160.87) represents an unsecured facility granted by FCMB Asset Management Limited.

xxxxi) The amount of ₦967,393,947.98 (31 December 2018: ₦838,585,760.66) represents an unsecured facility granted by Micheal Ojo, at interest rate of 11.11%, maturing 29 January 2020.

xxxxii) This represents a facility that has been repaid as at 31 December 2019 (31 December 2018: ₦192,741,780.82).

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, 2018: nil).

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(c) Movement in borrowings account during the year was as follows:				
Balance, beginning of the year	**108,731,522**	109,434,970	**-**	-
Additions during the year	**152,422,400**	48,769,311	**-**	-
Repayments during the year	**(129,381,414)**	(58,135,758)	**-**	-
Effects of movement in exchange rates	**1,571,577**	8,662,999	**-**	-
Balance, end of the year	**133,344,085**	108,731,522	**-**	-

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	GROUP		COMPANY	
36 On-Lending Facilities	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Bank of Industry (BOI) (see Note (a) below)	**3,406,887**	4,495,305	**-**	-
Commercial Agriculture Credit Scheme (CACS) (see Note (b) below)	**9,419,449**	14,770,378	**-**	-
Real Sector Support Facility (RSSF) (see Note (c) below)	**19,921,725**	11,991,533	**-**	-
Power & Aviation Intervention Fund (see Note (d) below)	**18,961,490**	24,154,134	**-**	-
Micro, Small and Medium Enterprises Development Fund (MSMEDF) (see Note (e) below)	**7,347,198**	840,522	**-**	-
Development Bank of Nigeria (DBN) (see Note (f) below)	**11,855,454**	1,637,353	**-**	-
	70,912,203	57,889,225	**-**	-
Current	**7,373,150**	13,876,465	**-**	-
Non-current	**63,539,053**	44,012,760	**-**	-
	70,912,203	57,889,225	**-**	-

(a) Bank of Industry (BOI) Intervention

The Bank of Industry (BOI) - SME/Manufacturing Intervention Fund represents an intervention credit granted to the Bank for the purpose of refinancing/restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and Manufacturing Companies. The facility is secured by Nigerian Government Securities. The value of Government securities pledged as collateral is ₦10.10 billion for 31 December 2019 (31 December 2018: ₦9.77 billion), (see Note 27 (c)). The maximum tenor for term loans under the programme is 15 years while the tenor for working capital is one year, renewable annually subject to a maximum tenor of five years. A management fee of 1% per annum is deductible at source in the first year, and quarterly in arrears thereafter, is paid by the Bank under the intervention programme and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. The Bank is the primary obligor to BOI and assumes the credit risk.

(b) Commercial Agriculture Credit Scheme (CACS)

The fund received under the Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme represents a credit line granted to the Bank for the purpose of providing concessionary funding to the agricultural sector. The facility has a tenor of 16 years with effect from 2009 and will expire in September 2025. The facility attracts an interest rate of 2% per annum and the Bank is under obligation to on-lend to the Bank's qualified customers at an all-in interest rate of not more than 9% per annum. Based on the structure of the facility, the Bank assumes the credit risk of all amounts lent to the Bank's customers. This facility is not secured.

(c) Real Sector Support Facility (RSSF)

The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, productivity and job creation has established a ₦300 billion Real Sector Support Facility (RSSF). The facility is disbursed to large enterprises and startups with financing needs of ₦500 million up to a maximum of ₦10.0 billion. The activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The funds are received from the CBN at 3%, and disbursed at 9% to the beneficiary. The facility is secured by Nigerian Government Securities. The value of Government securities pledged as collateral is ₦20.32 billion for 31 December 2019 (31 December 2018: ₦14.32 billion).

(d) Power and Aviation Intervention Fund

The purpose of granting new loans and refinancing/restructuring existing loans to companies in the power and aviation industries is to support Federal Government's focus on the sectors. The facility is secured by Irrevocable Standing Payment Order (ISPO). The maximum tenor for term loans under the programme is 15 years while the tenor for working capital is one year, with option to renew the facility annually subject to a maximum tenor of five years. The facility attracts an interest rate of 1% per annum payable quarterly in arrears and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. This facility is not secured.

(e) Micro, Small and Medium Enterprises Development Fund (MSMEDF)

The Micro Small & Medium Scale Enterprises Development Fund (MSMEDF) is an intervention fund received from Central Bank of Nigeria, established to support the channeling of low interest funds to the Micro Small & Medium Scale Enterprises sub-sector of the Nigerian economy. The facility attracts an interest rate of 2% per annum and the Bank is obligated to on-lend to SMEs at 9% per annum. The maximum tenor is 5 years while the tenor for working capital is 1 year. This facility is not secured.

(f) Development Bank of Nigeria (DBN)

The Development Bank of Nigeria (DBN) is a ₦24 billion line of credit granted to the Bank for the purpose of providing on lending concessionary loans to MSMEs, including agricultural sector, manufacturing sector and gender loans. The facility has a maximum tenor of 10 years for term loans and a maximum tenor of 3 years for working capital requirements. The facility attracts an interest rate of between 9.76%–11.76% per annum for loan tenors up to 3 year and above and the Bank is under obligation to on-lend to customers at an all-in interest spread of 6% per annum. This facility is secured by government securities valued ₦8.10 billion (2018: ₦1.10 billion).

(g) The onlending facilities granted at below the market rate were measured at fair value on initial recognition and subsequently at amortised cost. The fair value gain on initial recognition was recognised in the profit or loss.

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(h) Movement in on-lending facilities during the year was as follows:				
Balance, beginning of the year	**57,889,225**	42,534,316	**-**	-
Additions during the year	**32,190,635**	32,190,635	**-**	-
Repayments during the year	**(19,167,657)**	(16,835,726)	**-**	-
Balance, end of the year	**70,912,203**	57,889,225	**-**	-

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

37 Debt Securities Issued

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Debt securities at amortised cost:				
Bond issued (see Note (a) below)	**54,851,643**	54,651,172	**-**	-
Note issued (see Note (b) below)	**17,013,255**	-	**-**	-
	71,864,898	54,651,172	**-**	-
Current	**23,610,142**	8,347,809	**-**	-
Non-current	**48,254,756**	46,303,363	**-**	-
	71,864,898	54,651,172	**-**	-

(a) The amount of ₦54.85 billion (31 December 2018: ₦54.65 billion) represents the amortised cost of unsecured corporate bonds issued at par in different tranches. The coupon is paid semi-annually. See the table below for the tranches and their terms:

Tranche	Face value (₦'billion)	Carrying amount (₦'billion) 31 Dec 2019	Carrying amount (₦'billion) 31 Dec 2018	Coupon rate	Issued date	Maturity date
Tranche 1 – ₦26 billion, 7 years	26.00	26.25	26.18	14.25%	07-Nov-2014	19-Nov-2021
Tranche 2 – ₦23.185 billion, 5 years	23.19	23.61	23.51	15.00%	06-Nov-2015	06-Nov-2020
Tranche 3 – ₦5.104 billion, 7 years	5.10	4.99	4.96	17.25%	09-Dec-2016	08-Dec-2023
Total	54.29	54.85	54.65			

The Group has not had any defaults of principal or interest or other breaches with respect to its debt securities during the year ended 31 December 2019.

(b) The amount of ₦17.01 billion (31 December 2018: nil) represents the amortised cost of $46.65 million, 5 years and 6 months 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) Movement in Debt securities issued during the year was as follows:

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Balance, beginning of the year	**54,651,172**	54,691,520	**-**	-
Accrued coupon interest for the year	**8,259,917**	985,094	**-**	-
Additions during the year	**17,013,255**	-	**-**	-
Coupon interest paid during the year	**(8,059,446)**	(1,025,442)	**-**	-
Balance, end of the year	**71,864,898**	54,651,172	**-**	-

38 Retirement Benefit Obligations

Defined contribution scheme

The Group and its employees make a joint contribution, 18% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators. During the year, the Group complied with the Pension Reform Act 2014 and contributed 10% while employees contributed 8%. The payment made to the pension fund administrators are up to date.

Total contributions to the scheme for the year were as follows:

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Balance at start of year	**80,207**	70,364	**-**	**-**
Charged to profit or loss year (see Note 15)	**650,220**	603,817	**9,731**	**8,564**
Employee contribution for the year	**520,176**	483,054	**7,785**	**6,851**
Total amounts remitted for the year	**(1,118,061)**	(1,077,028)	**(17,516)**	**(15,415)**
Balance, end of the year	**132,542**	80,207	**-**	**-**
Current	**132,542**	80,207	**-**	**-**
Non-current	**-**	-	**-**	**-**
	132,542	80,207	**-**	**-**

	GROUP		COMPANY	
39 Provision	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Legal and other claims	**3,272,748**	9,611,857	**-**	**303,630**
Financial guarantee contracts and loan commitments issued	**1,422,660**	1,205,367	**-**	**-**
Deferred income	**902,769**	766,208	**-**	**-**
	5,598,177	11,583,432	**-**	**303,630**
Current	**-**	-	**-**	**-**
Non-current	**5,598,177**	11,583,432	**-**	**303,630**
	5,598,177	11,583,432	**-**	**303,630**

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(a) Movement in provision during the year

GROUP 2019	Legal and other claims ₦'000	Financial guarantee contracts and loan commitments issued ₦'000	Deferred income ₦'000	Total ₦'000
Balance as at start of year	**9,611,857**	**1,205,367**	**766,208**	**11,583,432**
Transfer to 12-month ECL	**-**	**10,922**	**-**	**10,922**
Net remeasurement loss allowance (see Note 10)	**-**	**206,371**	**-**	**206,371**
Provisions written back during the year (see Note 18(a))	**(6,457,163)**	**-**	**-**	**(6,457,163)**
Amount utilised during the year	**(20,012)**	**-**	**-**	**(20,012)**
Additional amount recognised during the year	**-**	**-**	**136,561**	**136,561**
Amount recognised and amortised during the year	**-**	**-**	**-**	**-**
Effects of movement in exchange rates	**138,066**	**-**	**-**	**138,066**
Balance as at end of year	**3,272,748**	**1,422,660**	**902,769**	**5,598,177**

GROUP 2018	Legal and other claims ₦'000	Financial guarantee contracts and loan commitments issued ₦'000	Deferred income ₦'000	Total ₦'000
Balance as at start of year	3,576,634	-	328,083	3,904,717
Transfer to 12-month ECL	-	458,415	-	458,415
Net remeasurement loss allowance (see Note 10)	-	746,952	-	746,952
Provisions written back during the year (see Note 18(a))	5,720,327	-	-	5,720,327
Amount utilised during the year	-	-	-	-
Additional amount recognised during the year	-	-	-	-
Amount recognised and amortised during the year	-	-	438,125	438,125
Effects of movement in exchange rates	314,896	-	-	314,896
Balance as at end of year	9,611,857	1,205,367	766,208	11,583,432

	COMPANY 2019			
	Legal and other claims ₦'000	**Financial guarantee contracts and loan commitments issued ₦'000**	**Deferred income ₦'000**	**Total ₦'000**
Balance as at start of year	**303,630**	**-**	**-**	**303,630**
Net remeasurement loss allowance (see Note 10)	**-**	**-**	**-**	**-**
Provisions written back during the year (see Note 18(a))	**(303,630)**	**-**	**-**	**(303,630)**
Amount utilised during the year	**-**	**-**	**-**	**-**
Additional amount recognised during the year	**-**	**-**	**-**	**-**
Balance as at end of year	**-**	**-**	**-**	**-**

	COMPANY 2018			
	Legal and other claims ₦'000	**Financial guarantee contracts and loan commitments issued ₦'000**	**Deferred income ₦'000**	**Total ₦'000**
Balance as at start of year	303,630	-	-	303,630
Net remeasurement loss allowance (see Note 10)	-	-	-	-
Provisions written back during the year (see Note 18(a))	-	-	-	-
Amount utilised during the year	-	-	-	-
Additional amount recognised during the year	-	-	-	-
Balance as at end of year	303,630	-	-	303,630

(b) The amount represents the sum of ECL provision of ₦1.41 billion (31 December 2018: ₦1.08 billion) on financial guarantee contracts and ₦132.83 million (31 December 2018: ₦150.63 million on undrawn loan commitments respectively in respect of financial guarantee contracts and loan commitment issued.

(c) Included in deferred income are fees on financial guarantee contracts, which represents the amount initially recognised less cumulative amortisation.

(d) Legal claims: This represents provision reserved for pending probable legal cases that may crystallise.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	GROUP		COMPANY	
40 Other Liabilities	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(a) Other financial liabilities				
Customers' deposit for letters of credit	**22,029,380**	35,067,564	**-**	-
Bank cheques/drafts	**4,052,947**	4,156,421	**-**	-
Negotiated letters of credits	**18,078,526**	36,494,903	**-**	-
E-settlement payables	**9,092,527**	10,853,376	**-**	-
Withholding tax and value added tax payables	**1,209,289**	986,546	**8,214**	2,689
Collections account balances (see Note (c))	**18,513,398**	-	**-**	-
Unclaimed items	**6,356,903**	6,863,401	**-**	-
Undisbursed intervention funds (see Note (d))	**7,238,773**	4,815,007	**-**	-
AMCON Sinking fund accounts payable (see Note (e))	**1,204,656**	1,505,819	**-**	-
Pension Protection Fund	**231,655**	120,120	**-**	-
Accounts payable – others	**7,629,674**	10,866,813	**754,686**	13,410
Accounts payable – unclaimed dividend	**921,429**	766,957	**921,429**	766,957
Proceeds from public offers	**78,569**	97,964	**-**	-
	96,637,726	112,594,891	**1,684,329**	783,056
(b) Other non-financial liabilities				
Rent received in advance (see Note (f))	**36,664**	99,559	**-**	-
Accrued expenses	**3,664,973**	3,522,197	**311,644**	420,842
Lease liability (see Note (g))	**2,766,237**	-	**-**	-
	6,467,874	3,621,756	**311,644**	420,842
	103,105,600	116,216,647	**1,995,973**	1,203,898
Current	**86,248,973**	112,557,632	**1,995,973**	1,203,898
Non-current	**16,856,627**	3,659,015	**-**	-
	103,105,600	116,216,647	**1,995,973**	1,203,898

(c) Collections are balances held in trust on behalf of customers for various transactions. These include collection for remittances, payments, etc.

(d) This relates to onlending facilities undisbursed as customers are yet to meet conditions precedent to drawdown.

(e) This relates to AMCON sinking fund contribution for prior years as advised by Central Bank of Nigeria, based on the recalculation in line with the AMCON Amendment Act 2015. This amount is payable over a period of five years commencing in year 2019.

(f) This relates to outstanding rent paid in advances from sublet.

(g) The Group does not face any significant risk with regards to the lease liability. Also the Group's exposure to liquidity risk as a result of leases are monitored by the enterprise risk management unit.

	GROUP		COMPANY	
41 Share Capital	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(a) Authorised				
30 billion ordinary shares of 50k each (31 December 2018: 30 billion)	**15,000,000**	15,000,000	**15,000,000**	15,000,000
(b) Issued and fully paid				
19.8 billion ordinary shares of 50k each (31 December 2018: 19.8 billion)	**9,901,355**	9,901,355	**9,901,355**	9,901,355

	GROUP		COMPANY	
42 Share Premium and Reserves	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(i) Share Premium				
Balance as at start of the year	**115,392,414**	115,392,414	**115,392,414**	115,392,414
Issue of new shares	**-**	-	**-**	-
Balance at end of the year	**115,392,414**	115,392,414	**115,392,414**	115,392,414
(ii) Retained Earnings				
Balance as at start of the year	**28,962,144**	17,815,989	**5,813,796**	4,241,674
Profit for the year attributable to equity holders	**17,259,992**	14,885,691	**3,601,460**	3,552,392
Appropriations:				
Transfer to Reserves	**(9,261,899)**	(1,447,914)	**-**	-
Dividend Paid	**(2,772,380)**	(1,980,270)	**(2,772,380)**	(1,980,270)
Acquisition of interest in NCI	**-**	(311,352)	**-**	-
Balance at end of the year	**34,187,857**	28,962,144	**6,642,876**	5,813,796
(iii) Other reserves				
Balance as at start of the year	**28,950,679**	25,612,902	**(1,481)**	-
Other comprehensive income attributable to equity holders	**2,740,025**	1,889,863	**4,298**	(1,481)
Transfer from retained earnings	**9,261,899**	1,447,914	**-**	-
Balance at end of the year	**40,952,603**	28,950,679	**2,817**	(1,481)

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

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 Banking subsidiary to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The Banking subsidiary transferred 15% of its profit after tax to statutory reserves as at year end (31 December 2018: 15%).

(ii) **AGSMEIS/SSI reserve:** The SSI reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but Banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. In the CBN Circular dated 5 April 2017, all DMBs are required to set aside and remit 5% of the annual profit after tax for equity investments.

(iii) **Fair Value Reserve:** The fair value reserves comprise:

- the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income; and
- the cumulative net change in fair value of debt securities at fair value through other comprehensive income until the assets are derecognised or reclassified. The amount is reduced by the amount of loss allowance.

(iv) **Regulatory risk reserve:** The regulatory risk reserve warehouses the difference between the impairment of loans and advances under the Nigerian GAAP and Central Bank of Nigeria prudential guidelines and the expected loss model used in calculating the impairment balance under IFRS.

(v) **Foreign currency translation reserve (FCTR):** Records exchange movements on the Group's net investment in foreign subsidiaries.

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

43 Non-Controlling Interest (NCI)

Disclosure of NCI in the Group's subsidiary

The following table summarises the information relating to the Group's subsidiary, FCMB Pensions Limited:

	COMPANY	
	31 December 2019	**31 December 2018**
NCI percentage	**8.36%**	8.36%
Total assets	**4,664,228**	4,452,022
Total liabilities	**1,885,620**	1,815,724
Net assets	**2,778,608**	2,636,298
Net assets attributable to NCI	**232,418**	220,514
Movement in NCI		
Opening balance	**220,514**	362,206
Dividend paid/declared	**(66,916)**	(142,288)
(Reduction)/addition due to acquisition of FCMB Pensions shares by the Group	**-**	(83,112)
Share of post-aquisition profit	**77,282**	85,837
Share of other comprehensive income	**1,538**	(2,129)
Total NCI at year end	**232,418**	220,514

44 Contingencies

(a) Legal proceedings

The Group in its ordinary course of business is presently involved in 280 cases as a defendant (31 December 2018: 313) and 4 cases as a plaintiff (31 December 2018: 20). The total amount claimed in the 280 cases against the Banking subsidiary is estimated at ₦1.13 trillion ($51.64 million (₦18.83 billion), (£288.34 (₦118,112.71) and ₦1.11 trillion (31 December 2018: ₦98.68 billion ($26.29 million (₦9.43 billion) and ₦89.25 billion while the total amount claimed in the 4 cases instituted by the Banking subsidiary is ₦29.4 billion (31 December 2018: ₦2.05 billion). The Directors of the Group are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Group and are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements. Based on the realistic reserves as recommended by solicitors in charge of these ongoing litigations, a provision of ₦2.97 billion ($5 million (₦1.82 billion) and ₦1.15 billion) has been made for the year ended 31 December 2019 (31 December 2018: $23.36 million (₦8.38 billion) and ₦926.38 million)). See Note 39(a) for the provisions made in the books for claims.

(b) 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.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts. Other contingent liabilities include transaction related customs and performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed year, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers. The following tables summarise the nominal principal amount of contingent liabilities and commitments with contingent risk.

Acceptances, bonds, guarantees and other obligations for the account of customers:

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Performance bonds and guarantees	**121,502,991**	172,690,065	**-**	-
Loan commitments	**9,975,667**	2,604,173	**-**	-
Clean line letters of credit	**78,297,876**	59,236,345	**-**	-
	209,776,534	234,530,583	**-**	-
Other commitment	**163,931**	400,130	**-**	-
	209,940,465	234,930,713	**-**	-
Current	**93,325,569**	74,500,237	**-**	-
Non-current	**116,614,896**	160,430,476	**-**	-
	209,940,465	234,930,713	**-**	-

Clean line letters of credit, which represent irrevocable assurances that the Banking subsidiary will make payments in the event that a customer cannot meet its obligations, carry the same credit risk as loans.

45 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 45(b) below.

(b) Subsidiaries

Transactions between FCMB Group Plc and its subsidiaries which are eliminated on consolidation are not separately disclosed in the consolidated financial statements. The Group's effective interests and investments in subsidiaries as at 31 December 2019 are shown below.

Entity	Form of holding	Effective holding	Nominal share capital held ₦'000	Country of incorporation	Nature of business
(1) First City Monument Bank Limited	Direct	100.00%	115,422,326	Nigeria	Banking
(2) FCMB Capital Markets Limited	Direct	100.00%	240,000	Nigeria	Capital Market
(3) CSL Stockbrokers Limited (CSLS)	Direct	100.00%	3,053,777	Nigeria	Stockbroking
(4) FCMB Trustees Limited	Direct	100.00%	220,000	Nigeria	Trusteeship
(5) FCMB Microfinance Bank Limited	Direct	100.00%	100,000	Nigeria	Micro-lending
(6) FCMB Pensions Limited	Direct	91.64%	7,748,392	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

(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 Group subsidiaries' assets and liabilities are ₦1,666.75 billion and ₦1,476.17 billion respectively.

The Group does not have any subsidiary that has material non-controlling interest.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(d) Condensed financial information

(i) The condensed financial data of the consolidated entities as at 31 December 2019 were as follows:

	FCMB Group Plc ₦'000	FCMB Limited Group ₦'000	FCMB CM Limited ₦'000	CSL Stockbrokers Limited Group ₦'000	FCMB Trustees Limited ₦'000	FCMB MFB Limited ₦'000	FCMB Pensions Limited ₦'000	Credit Direct Limited ₦'000	Total ₦'000	Consolidation Journal Entries ₦'000	Group ₦'000
Results of operations											
Interest and discount income	427,608	125,157,348	111,194	415,070	52,464	283,289	194,770	11,222,741	137,864,484	(417,260)	137,447,224
Interest expense	-	(59,716,268)	-	-	(2,167)	(23,761)	-	(2,140,068)	(61,882,264)	411,425	(61,470,839)
Net interest income	427,608	65,441,080	111,194	415,070	50,297	259,528	194,770	9,082,673	75,982,220	(5,835)	75,976,385
Other income	3,074,337	29,469,234	474,267	1,081,073	115,288	37,571	3,126,345	566,556	37,944,671	(3,142,553)	34,802,118
Operating income	3,501,945	94,910,314	585,461	1,496,143	165,585	297,099	3,321,115	9,649,229	113,926,891	(3,148,388)	110,778,503
Operating expenses	(633,488)	(66,685,846)	(545,136)	(1,131,229)	(92,793)	(193,764)	(2,015,490)	(5,772,325)	(77,070,071)	169,568	(76,900,503)
(Impairment expense)/write-back	746,036	(13,406,124)	10,288	11,325	(16,531)	(9,273)	-	(287,992)	(12,952,271)	(795,332)	(13,747,603)
Profit before tax	3,614,493	14,818,344	50,613	376,239	56,261	94,062	1,305,625	3,588,912	23,904,549	(3,774,152)	20,130,397
Income tax expense	-	(1,175,936)	9,930	(105,244)	(12,282)	(28,913)	(381,704)	(1,087,807)	(2,781,956)	(11,167)	(2,793,123)
Profit after tax	3,614,493	13,642,408	60,543	270,995	43,979	65,149	923,921	2,501,105	21,122,593	(3,785,319)	17,337,274
Other comprehensive income	4,298	2,709,704	-	9,172	-	-	18,389	-	2,741,564	(1)	2,741,563
Total comprehensive income for the year	3,618,791	16,352,112	60,543	280,167	43,979	65,149	942,310	2,501,105	23,864,157	(3,785,320)	20,078,837

	FCMB Group Plc ₦'000	FCMB Limited Group ₦'000	FCMB CM Limited ₦'000	CSL Stockbrokers Limited Group ₦'000	FCMB Trustees Limited ₦'000	FCMB MFB Limited ₦'000	FCMB Pensions Limited ₦'000	Credit Direct Limited ₦'000	Total ₦'000	Consolidation Journal Entries ₦'000	Group ₦'000
Financial position											
Assets											
Cash and cash equivalents	19,482	216,773,449	96,195	3,084,022	958,598	182,473	921,612	5,100,459	227,136,290	(3,590,452)	223,545,838
Restricted reserve deposits	-	208,916,226	-	-	-	-	-	-	208,916,226	-	208,916,226
Non-pledged Trading assets	-	50,923,740	57	163,403	-	-	-	-	51,087,200	-	51,087,200
Derivative assets held for risk management	-	11,666,095	-	-	-	-	-	-	11,666,095	-	11,666,095
Loans and advances to customers	-	692,974,097	98,595	26,125	10,238	464,937	55,076	22,251,532	715,880,600	-	715,880,600
Assets pledged as collateral	-	118,653,230	-	-	-	-	-	-	118,653,230	-	118,653,230
Investment securities	3,799,741	234,698,196	1,168,153	1,532,681	568,073	36,000	1,053,710	-	242,856,554	(2,920,798)	239,935,756
Investment in subsidiaries	127,200,705	-	-	-	-	-	-	-	127,200,705	(127,200,705)	-
Property and equipment	91,259	38,645,841	61,068	157,197	31,270	26,229	1,846,382	2,837,912	43,697,159	-	43,697,159
Intangible assets	-	9,951,629	-	27,887	2,689	-	37,334	259,853	10,279,392	5,345,113	15,624,505
Deferred tax assets	-	7,944,838	-	-	-	-	-	-	7,944,838	-	7,944,838
Other assets	2,908,633	30,306,288	134,472	747,756	40,123	12,018	750,114	555,039	35,454,442	(3,900,094)	31,554,348
	134,019,820	1,621,453,629	1,558,540	5,739,071	1,610,991	721,657	4,664,228	31,004,795	1,800,772,731	(132,266,936)	1,668,505,795

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	FCMB Group Plc ₦'000	FCMB Limited Group ₦'000	FCMB CM Limited ₦'000	CSL Stockbrokers Limited Group ₦'000	FCMB Trustees Limited ₦'000	FCMB MFB Limited ₦'000	FCMB Pensions Limited ₦'000	Credit Direct Limited ₦'000	Total ₦'000	Consolidation Journal Entries ₦'000	Group ₦'000
Financed by:											
Trading liabilities	-	37,082,002	-	-	-	-	-	-	37,082,002	-	37,082,002
Derivative liabilities held for risk management	-	7,563,600	-	-	-	-	-	-	7,563,600	-	7,563,600
Deposits from banks	-	90,060,925	-	-	-	-	-	-	90,060,925	-	90,060,925
Deposits from customers	-	946,293,701	-	-	-	382,332	-	-	946,676,033	(3,590,452)	943,085,581
Borrowings	-	114,271,490	-	-	-	-	-	19,072,595	133,344,085	-	133,344,085
On-lending facilities	-	70,912,203	-	-	-	-	-	-	70,912,203	-	70,912,203
Debt securities issued	-	74,785,695	-	-	-	-	-	-	74,785,695	(2,920,797)	71,864,898
Retirement benefit obligations	-	1,540	-	-	-	-	115,921	15,081	132,542	-	132,542
Current income tax liabilities	84,386	3,007,648	11,695	98,070	6,820	26,701	399,461	1,108,903	4,743,683	-	4,743,683
Deferred tax liabilities	-	-	-	32,691	5,726	4,848	84,481	218,106	345,852	-	345,852
Provision	-	5,323,435	-	-	714	4,204	-	269,824	5,598,177	-	5,598,177
Other liabilities	1,995,973	97,082,192	225,264	2,332,979	1,146,618	73,398	1,285,757	2,863,376	107,005,557	(3,899,957)	103,105,600
Share capital	9,901,355	2,000,000	500,000	943,577	50,000	150,000	800,000	500,000	14,844,932	(4,943,577)	9,901,355
Share premium	115,392,414	100,846,691	-	1,057,250	170,000	-	404,142	-	217,870,497	(102,478,083)	115,392,414
Retained earnings	6,642,875	19,009,676	821,581	1,230,257	231,113	34,492	827,403	4,928,019	33,725,416	462,441	34,187,857
Other reserves	2,817	53,212,831	-	44,247	-	45,682	747,063	2,028,891	56,081,531	(15,128,928)	40,952,603
Non-controlling Interest		-	-	-	-	-	-	-	-	232,418	232,418
	134,019,820	1,621,453,629	1,558,540	5,739,071	1,610,991	721,657	4,664,228	31,004,795	1,800,772,731	(132,266,936)	1,668,505,795
Acceptances and guarantees	-	209,940,465	-	-	-	-	-	-	209,940,465	-	209,940,465

(ii) The condensed financial data of the consolidated entities as at 31 December 2018 were as follows:

	FCMB Group Plc ₦'000	FCMB Limited Group ₦'000	FCMB CM Limited ₦'000	CSL Stockbrokers Limited Group ₦'000	FCMB Trustees Limited ₦'000	FCMB MFB Limited ₦'000	FCMB Pensions Limited ₦'000	Credit Direct Limited ₦'000	Total ₦'000	Consolidation Journal Entries ₦'000	Group ₦'000
Results of operations											
Interest and discount income	440,429	127,354,367	112,760	551,871	80,198	125,961	176,641	3,038,815	131,881,042	(218,094)	131,662,948
Interest expense	-	(58,891,668)	-	-	-	(4,309)	-	(411,151)	(59,307,128)	217,538	(59,089,590)
Net interest income	**440,429**	**68,462,699**	**112,760**	**551,871**	**80,198**	**121,652**	**176,641**	**2,627,664**	**72,573,914**	**(556)**	**72,573,358**
Other income	4,367,881	32,921,987	645,551	1,067,203	170,049	32,897	3,092,545	(74,293)	42,223,820	(3,017,325)	39,206,495
Operating income	**4,808,310**	**101,384,686**	**758,311**	**1,619,074**	**250,247**	**154,549**	**3,269,186**	**2,553,371**	**114,797,734**	**(3,017,881)**	**111,779,853**
Operating expenses	(1,070,263)	(73,184,261)	(526,124)	(1,004,539)	(106,759)	(105,819)	(1,810,093)	(1,486,441)	(79,294,299)	70,025	(79,224,274)
(Impairment expense)/write-back	(62,355)	(13,954,432)	(129,035)	4,326	(6,836)	(6,245)	-	49,726	(14,104,851)	(8,431)	(14,113,282)
Profit before tax	**3,675,692**	**14,245,993**	**103,152**	**618,861**	**136,652**	**42,485**	**1,459,093**	**1,116,656**	**21,398,584**	**(2,956,287)**	**18,442,297**
Income tax expense	(123,300)	(1,890,914)	(11,749)	(52,740)	(30,390)	(8,954)	(432,893)	(919,050)	(3,469,990)	(779)	(3,470,769)
Profit after tax	**3,552,392**	**12,355,079**	**91,403**	**566,121**	**106,262**	**33,531**	**1,026,200**	**197,606**	**17,928,594**	**(2,957,066)**	**14,971,528**
Other comprehensive income	(1,481)	1,911,788	-	2,885	-	-	(25,458)	-	1,887,734	-	1,887,734
Total comprehensive income for the year	**3,550,911**	**14,266,867**	**91,403**	**569,006**	**106,262**	**33,531**	**1,000,742**	**197,606**	**19,816,328**	**(2,957,066)**	**16,859,262**

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	FCMB Group Plc ₦'000	FCMB Limited Group ₦'000	FCMB CM Limited ₦'000	CSL Stockbrokers Limited Group ₦'000	FCMB Trustees Limited ₦'000	FCMB MFB Limited ₦'000	FCMB Pensions Limited ₦'000	Credit Direct Limited ₦'000	Total ₦'000	Consolidation Journal Entries ₦'000	Group ₦'000
Financial position											
Assets											
Cash and cash equivalents	297,957	181,262,433	216,059	1,588,395	2,387,081	35,783	485,154	3,297,988	189,570,850	(4,423,301)	185,147,549
Restricted reserve deposits	-	146,497,087	-	-	-	-	-	-	146,497,087	-	146,497,087
Non-pledged Trading assets	-	47,426,813	72	42,228	-	-	-	-	47,469,113	-	47,469,113
Derivative assets held for risk management	-	10,538	-	-	-	-	-	-	10,538	-	10,538
Loans and advances to customers	-	616,005,670	95,668	97,944	15,561	366,056	54,022	16,400,041	633,034,962	-	633,034,962
Assets pledged as collateral	-	87,409,893	-	-	-	-	-	-	87,409,893	-	87,409,893
Investment securities	3,727,938	229,666,586	916,865	2,410,405	920,803	15,000	1,136,892	-	238,794,489	(2,872,557)	235,921,932
Investment in subsidiaries	126,405,374	-	-	-	-	-	-	-	126,405,374	(126,405,374)	-
Property and equipment	17,846	32,428,195	10,519	170,580	23,195	14,521	1,872,226	2,744,672	37,281,754	-	37,281,754
Intangible assets	-	9,666,480	-	38,619	-	-	44,833	225,735	9,975,667	5,345,115	15,320,782
Deferred tax assets	-	7,944,838	-	-	-	-	-	-	7,944,838	-	7,944,838
Other assets	2,342,951	33,160,234	306,868	415,341	66,089	8,098	858,895	437,824	37,596,300	(2,336,726)	35,259,574
	132,792,066	1,391,478,767	1,546,051	4,763,512	3,412,729	439,458	4,452,022	23,106,260	1,561,990,865	(130,692,843)	1,431,298,022

	FCMB Group Plc ₦'000	FCMB Limited Group ₦'000	FCMB CM Limited ₦'000	CSL Stockbrokers Limited Group ₦'000	FCMB Trustees Limited ₦'000	FCMB MFB Limited ₦'000	FCMB Pensions Limited ₦'000	Credit Direct Limited ₦'000	Total ₦'000	Consolidation Journal Entries ₦'000	Group ₦'000
Financed by:											
Trading liabilities	-	32,474,632	-	-	-	-	-	-	32,474,632	-	32,474,632
Derivative liabilities held for risk management	-	10,538	-	-	-	-	-	-	10,538	-	10,538
Deposits from banks	-	39,140,044	-	-	-	-	-	-	39,140,044	-	39,140,044
Deposits from customers	-	825,976,401	-	-	-	194,324	-	-	826,170,725	(4,423,302)	821,747,423
Borrowings	-	97,419,259	-	-	-	-	-	11,312,263	108,731,522	-	108,731,522
On-lending facilities	-	57,889,225	-	-	-	-	-	-	57,889,225	-	57,889,225
Debt securities issued	-	57,524,638	-	-	-	-	-	-	57,524,638	(2,873,466)	54,651,172
Retirement benefit obligations	-	471	-	-	-	-	72,177	7,559	80,207	-	80,207
Current income tax liabilities	178,455	2,551,305	32,516	42,022	26,056	7,262	433,773	1,766,982	5,038,371	-	5,038,371
Deferred tax liabilities	-	-	-	33,417	3,841	2,641	88,721	179,083	307,703	-	307,703
Provision	303,630	10,901,503	-	-	313	334	-	377,652	11,583,432	-	11,583,432
Other liabilities	1,203,898	108,873,665	252,494	1,532,908	2,899,384	61,997	1,221,053	2,506,915	118,552,314	(2,335,667)	116,216,647
Share capital	9,901,355	2,000,000	500,000	943,577	50,000	150,000	800,000	500,000	14,844,932	(4,943,577)	9,901,355
Share premium	115,392,414	100,846,691	-	1,057,250	170,000	-	404,142	-	217,870,497	(102,478,083)	115,392,414
Retained earnings	5,813,795	14,775,957	761,041	1,152,997	263,135	6,135	972,703	4,695,160	28,440,923	521,221	28,962,144
Other reserves	(1,481)	41,094,438	-	1,341	-	16,765	459,453	1,760,646	43,331,162	(14,380,483)	28,950,679
Non-controlling Interest	-	-	-	-	-	-	-	-	-	220,514	220,514
	132,792,066	1,391,478,767	1,546,051	4,763,512	3,412,729	439,458	4,452,022	23,106,260	1,561,990,865	(130,692,843)	1,431,298,022
Acceptances and guarantees	-	234,930,713	-	-	-	-	-	-	234,930,713	-	234,930,713

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(e) Transactions with key management personnel

Key management personnel compensation for the year comprises:

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Short-term employee benefits	**524,753**	470,013	**238,313**	167,987
Contributions to defined contribution plans	**16,005**	14,335	**2,383**	1,958
	540,758	484,349	**240,696**	169,945
Loans and advances				
At start of the year	**4,696,016**	18,093,550	**-**	-
Granted during the year	**1,006,985**	2,688,713	**-**	-
Repayment during the year	**(1,480,748)**	(16,086,247)	**-**	-
At end of the year	**4,222,253**	4,696,016	**-**	-
Interest earned	**301,310**	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 ₦932.91 million (31 December 2018: ₦1.17 billion) 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 2019, the balances with key management personnel are allocated to stage 1 of the ECL model and have a loss allowance of ₦22.01 million (2018: ₦24.29 million).

(f) Loans and advances outstanding

Included in loans and advances is an amount of ₦4.22 billion (31 December 2018: ₦4.70 billion) representing credit facilities to companies in which certain Directors have interests and key management personnel. The balances as at 31 December 2019 and 31 December 2018 were as follows:

Name of company/ individual	Relationship	Name of Directors related to the companies	Facility type	2019 ₦'000	2018 ₦'000	Status	Security status
Dynamic Industries Limited	Directors-Shareholders	Alhaji Mustapha Damcida	Term loan	**754,732**	833,983	Performing	Perfected
Primrose Property Investment Ltd.	Directors-Shareholders	Otunba M. O Balogun	Term loan	**148,846**	110,563	Performing	Perfected
FCMB Microfinance Bank Limited	Common Parent	-	Overdraft	**177,551**	56,894	Performing	Perfected
Traxi Continental Limited	Directors-Shareholders	Mr Ladi Balogun	Term loan	**2,025,999**	2,521,256	Performing	Perfected
Tricontinental Oil Services Limited	Directors-Shareholders	Professor Oluwatoyin Ashiru	Term loan	**65,647**	-	Performing	Perfected
Outstanding loans of key management personnel	Directors/ Principal officers	-	Term loan	**1,049,478**	1,173,320		
				4,222,253	4,696,016		

(g) Related parties receivables

Included in other assets in the company is an amount of ₦2.98 billion (31 December 2018: ₦2.4 billion) representing related party receivables. The balances as at 31 December 2019 and 31 December 2018 were as follows:

Name of company/individual	Relationship	Facility type	2019 ₦'000	2018 ₦'000
Credit Direct Limited	Subsidiary	Dividend	**2,000,000**	1,600,000
FCMB Pensions Limited	Subsidiary	Dividend	**733,084**	733,084
CSL Stockbrokers Limited	Subsidiary	Dividend	**160,000**	-
CSL Stockbrokers Limited	Subsidiary	Receivable	**15,545**	-
FCMB Capital Market Limited	Subsidiary	Receivable	**10,151**	-
Traxi Continental Limited	Directors-Shareholders	Receivable	**62,999**	62,999
FCMB Pensions Limited	Subsidiary	Receivable	**-**	3,141
			2,981,779	2,399,224
Less Impairment allowances			**(92,187)**	(69,953)
			2,889,592	2,329,271

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

(h) Deposits outstanding

Included in deposit is an amount of ₦5.61 billion (31 December 2018: ₦7.02 billion) representing deposits from companies in which certain Directors have interests. The balances as at 31 December 2019 and 31 December 2018 were as follows:

Name of company/Individual	Relationship	Type of deposit	2019 ₦'000	2018 ₦'000
ATSC International Limited	Shareholder	Current Account	**440**	374
Bluechip Holding Limited	Shareholder	Current Account	**713**	2,899
Bluechip Holding Limited	Shareholder	Time Deposit	**544,190**	615,910
Chapel Hill Advisory Partners	Shareholder	Current Account	**1,134**	684
Dynamic Industries Limited	Directors-Shareholders	Current Account	**118,770**	199,825
Dynamic Industries Limited	Directors-Shareholders	Time Deposit	**66,956**	93,738
FDC Consulting Limited	Directors-Shareholders	Current Account	**-**	64,497
Financial Derivatives Company	Directors-Shareholders	Current Account	**1,701,868**	1,404,146
Financial Derivatives Company	Directors-Shareholders	Time Deposit	**5**	-
Gulvaris Capital Partners Limited	Directors-Shareholders	Current Account	**3,156**	9,386
Helios Investment Partners	Directors-Shareholders	Current Account	**620**	609
IHS Towers Ng Limited	Directors-Shareholders	Current Account	**-**	178,718
Lafarge Cement Wapco Nig Plc	Directors-Shareholders	Current Account	**2,351**	5,749
Lana Securities Limited	Shareholder	Current Account	**305**	303
Poly Products Nigeria Limited	Directors-Shareholders	Current Account	**102**	2,865
Primrose Development Company Limited	Shareholder	Current Account	**27,917**	14,826
Primrose Investments Limited	Shareholder	Current Account	**333**	4,292
Primrose Investments Limited	Shareholder	Time Deposit	**701,820**	632,863
Primrose Properties Investment Limited	Shareholder	Current Account	**54,048**	43,457
Primrose Properties Investment Limited	Shareholder	Time Deposit	**14,588**	14,352
S&B City Printers Limited	Directors-Shareholders	Current Account	**34,356**	39,685
S&B City Printers Limited	Directors-Shareholders	Time Deposit	**48,892**	44,411
First Concept Properties Ltd	Directors-Shareholders	Time Deposit	**-**	423,531
First Concept Properties Ltd	Directors-Shareholders	Current Account	**207,036**	-
Traxi Continental Limited	Directors-Shareholders	Current Account	**2,080,251**	2,982,411
Traxi Continental Limited	Directors-Shareholders	Time Deposit	**-**	240,529
			5,609,851	7,020,060

46 Employees and Directors

Employees

	GROUP		COMPANY	
	2019 Number	2018 Number	**2019 Number**	2018 Number
(a) The average number of persons employed during the year by category:				
Executive directors	**21**	19	**3**	2
Management	**576**	541	**8**	8
Non-management	**3,296**	3,222	**5**	5
	3,893	3,782	**16**	15

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(b) Compensation for the above persons (excluding executive directors):				
Wages and salaries	**22,970,542**	20,820,320	**230,187**	225,553
Contributions to defined contribution plans	**634,215**	589,482	**7,348**	6,606
Non-payroll staff cost	**5,982,664**	4,503,754	**67,732**	102,064
	29,587,421	25,913,556	**305,267**	334,223

	GROUP		COMPANY	
	2019 Number	2018 Number	**2019 Number**	2018 Number
(c) The number of employees of the Group, including executive directors, who received emoluments in the following ranges were:				
Less than ₦1,800,000	**998**	887	**-**	-
₦1,800,001–₦2,500,000	**414**	415	**-**	-
₦2,500,001–₦3,500,000	**691**	785	**-**	-
₦3,500,001–₦4,500,000	**572**	415	**-**	-
₦4,500,001–₦5,500,000	**305**	351	**1**	1
₦5,500,001 and above	**913**	929	**15**	14
	3,893	3,782	**16**	15

(d) Diversity in employment

i) A total of 1,555 women were in the employment of the Group during the year ended 31 December 2019 (31 December 2018: 1,505) which represents 40% of the total workforce (31 December 2018: 40%).

ii) A total of 14 women were in the top management position as at the year ended 31 December 2019 (31 December 2018: 12), which represents 21% of the total workforce in this position (31 December 2018: 21%). There was one (1) woman on the Board of the Company for the year ended 31 December 2019 (31 December 2018: 1).

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

iii) The analysis by grade is as shown below:

	GROUP			COMPANY		
	2019			2019		
Grade level	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Assistant General Manager (AGM)	**28**	**7**	**35**	**2**	**-**	**2**
Deputy General Manager (DGM)	**13**	**2**	**15**	**1**	**-**	**1**
General Manager (GM)	**11**	**5**	**16**	**-**	**1**	**1**
Total	**52**	**14**	**66**	**3**	**1**	**4**
Executive Director (ED)	**11**	**2**	**13**	**2**	**-**	**2**
Group Chief Executive/Chief Executive Officer (GCE/CEO)	**8**	**-**	**8**	**1**	**-**	**1**
Non-Executive Directors	**17**	**6**	**23**	**6**	**1**	**7**
Total	**36**	**8**	**44**	**9**	**1**	**10**

	GROUP			COMPANY		
	2018			2018		
Grade level	Male	Female	Total	Male	Female	Total
Assistant General Manager (AGM)	25	6	31	2	-	2
Deputy General Manager (DGM)	16	3	19	1	-	1
General Manager (GM)	3	3	6	-	1	1
Total	44	12	56	3	1	4
Executive Director (ED)	9	2	11	1	-	1
Group Chief Executive/Chief Executive Officer (GCE/CEO)	8	-	8	1	-	1
Non-Executive Directors	15	7	22	7	1	8
Total	32	9	41	9	1	10

iv) The Group is committed to maintaining a positive work environment and to conducting business in a positive, professional manner and will ensure equal employment opportunity.

(e) Directors

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

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Fees	**199,759**	183,459	**94,250**	85,500
Sitting allowances	**101,758**	100,278	**24,500**	20,400
Executive compensation	**524,753**	470,013	**238,313**	167,987
	826,270	753,750	**357,063**	273,887
Directors' other expenses	**392,264**	317,713	**22,133**	12,609
	1,218,534	1,071,463	**379,196**	286,496
The Directors' remuneration shown above includes:				
The Chairman	**13,000**	10,500	**13,000**	10,500
Highest paid director	**101,185**	89,185	**101,185**	89,185

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

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Below ₦1,000,000	**5**	6	**-**	-
₦1,000,001–₦5,000,000	**2**	1	**-**	-
₦5,000,001–₦10,000,000	**9**	7	**-**	-
₦10,000,001 and above	**28**	27	**10**	10
	44	41	**10**	10

47 Cash and Cash Equivalents

For the purposes of the statement of cash flow, cash and cash equivalents include:

	GROUP		COMPANY	
	2019 ₦'000	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
Cash	**57,492,442**	42,543,752	**-**	-
Current balances within Nigeria	**2,609,126**	2,248,763	**8,968**	162,721
Current balances outside Nigeria	**35,832,039**	116,042,160	**-**	-
Placements with local banks	**4,685,253**	5,242,183	**10,514**	135,236
Placements with foreign banks	**84,104,265**	1,632,229	**-**	-
Unrestricted balances with Central banks	**38,855,211**	17,456,438	**-**	-
	223,578,336	185,165,525	**19,482**	297,957

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

48 Compliance With Banking Regulations

During the year ended 31 December 2019, the Banking subsidiary contravened the following section of the provision of the Banks and Other Financial Institutions Act and relevant CBN circulars and was penalised as follows:

Section	Nature	Number of times	Penalties ₦'000
Violation of Section 8.0 and 9.0 of CBN circular dated June 17, 2014 on "Guidelines on the Establishment and Rationalization of Branches and other Outlets for Banks in Nigeria"	Penalty imposed by CBN for late commencement of operations in Ile-Ife branch within the validity period of 12 (twelve months) as approved.	1	2,000
Violation of Section 8.0 and 9.0 of CBN circular dated June 17, 2014 on "Guidelines on the Establishment and Rationalization of Branches and other Outlets for Banks in Nigeria"	Penalty imposed by CBN for operating offsite ATM Galleries without approval.	1	57,000
Violation of CBN circular BSD/DIR/GEN/LAB/07/011 dated April 10, 2014 on Timelines for Rendition of Statutory Returns through the FinA Application to the CBN and NDIC	Penalty imposed by CBN for late submission of Monthly FinA and Capital Adequancy Ratio (CAR) returns.	1	4,000
Anti-Money Laundering and Combating of the Financing of Terrorism (AML/CFT) Examinations for the period 1 April 2017 to 31 March 2018	Penalty as a result of: (1). Ommission of reportable transactions in the foreign currency transaction returns rendered to CBN. (2). Non compliance with Regulation 51 (4) of the CBN AML/CFT Regulations 2013 in respect of identification,& verification of identities of investors. (3). Non compliance with CBN circular on Dud Cheques. (4). Suspecious transactions not rendered to NFIU within a reasonable period of occurrence. (5). No evidence of AML/CFT reports rendered to the Board.	1	26,000
Failure to comply with the CBN recommendations from the previous Examinations on single obiligor limit and insider related facility	The banking subsidiary breached a single obligor limit on Oando Group PLC and non exposure of Lionstone Energy and Marine Services LTD as insider related facility despite Examinners recommendations in June 2018.	1	4,000
2019 AML/CFT Risk-based examination report. Contravention of CBN AML/CFT Regulation 2013, and section 3 (3(a) of MLPA 2011 as amended	Customer risk profiling was considered inadequate as source of funds and wealth of some high-risk customers were not specified in the KYC.	1	10,000
Violation of Central Bank of Nigeria (Anti-Money Laundering and combating the Financing of Terrorism (Administrative sections schedule) Regulations 2018	Sanction on Tier 1 Account Opening Documentations. Inadequate verification of customer address in the KYC.	1	1,000

Section	Nature	Number of times	Penalties ₦'000
Contravention of memorandum 25(b) of the Foreign Exchange Manual	Failure to ensure customer processed requisite e-form M for importation of goods. Customer allowed to transfer accumulated cash deposit of $10,000	1	72,000
Failure to comply with the CBN recommendations from the previous Examinations	Failure to comply with previous examination on divestment of investment in Credit Direct Limited	1	2,000
CBN Letter, referenced BSD/AML/CON/FCMB/03/002	Failure to comply with CBN directive to relieve Mr Ademola Onigbanjo of his position as Chief Compliance Officer (CCO)	1	2,000
Section 3.2.1 of CBN code of corporate governance	Failure to comply with CBN directive to relieve Mr Ademola Onigbanjo of his position as Chief Compliance Officer (CCO)	1	2,000

During the year ended 31 December 2019, the stockbroking subsidiary (CSL Stockbrokers Limited) and the capital market subsidiary (FCMB Capital Market Limited) paid penalties as detailed below:

Company	Nature	Number of times	Penalties ₦'000
CSL Strockbrokers Limited	Penalty imposed by the Securities and Exchange Commission for not obtaining approval for the appointment of CEO/MD	1	100
FCMB Capital Markets Limited	Penalty imposed by the Federal Inland Revenue for Late filing of Value Added Taxation	1	1,255

The penalties totalling ₦183.36 million were paid during the year (2018: ₦36.87 million).

49 Events After the Reporting Period

There were no significant events after the reporting period which could have a material effect on the financial position of the Company and Group as at 31 December 2019 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed (2018: none).

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

50 Reconciliation Notes to Consolidated and Separate Statement of Cash Flows

		GROUP		COMPANY	
	Note	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(i) Net gain/(loss) on debt securities at Fair value through profit or loss					
Gross trading income before fair value adjustments		**5,347,974**	5,068,409	**(1,396)**	147,064
Fair value gain on financial assets adjustments		**1,556,516**	1,125,296	**-**	-
Net trading income	*12*	**6,904,490**	6,193,705	**(1,396)**	147,064
(ii) Interest received					
Balance at end of the year (interest receivables, overdue interest and loan fees)		**55,836,464**	57,362,018	**-**	-
Accrued Interest income during the year	*8*	**137,447,224**	131,662,948	**427,608**	440,429
Amortised cost on financial assets adjustments during the year		**(2,632,963)**	(2,074,486)	**-**	-
Balance at start of the year (interest receivables, overdue interest and loan fees)		**(57,362,018)**	(48,965,693)	**-**	-
Interest received during the year		**133,288,707**	137,984,787	**427,608**	440,429
(iii) Interest paid					
Balance at end of the year (interest payables, interest prepaid and deferred FCY charges)		**7,265,225**	5,540,677	**-**	-
Accrued Interest expense during the year	*9*	**61,470,839**	59,089,590	**-**	-
Amortised cost on financial liabilities adjustments		**152,493**	(13,514)	**-**	-
Balance at start of the year (interest payables, interest prepaid and deferred FCY charges)		**(5,540,677)**	(5,405,176)	**-**	-
		63,347,880	59,211,577	**-**	-
(iv) VAT paid					
This relates to monthly remittances to the tax authorities with respect vatable services		**1,053,949**	1,460,608	**24,039**	2,829
(v) Acquisition of investment securities and proceeds from sale and redemption of investment securities					
Balance at start of the year	*26*	**235,921,932**	153,428,659	**3,727,938**	5,109,140
Non-cash related adjustments		**(7,106,663)**	(47,750,459)	**24,038**	1,224,718
Fair value gain on financial assets adjustments		**-**	(618,056)	**-**	-
Less reclassification of pledged assets		**-**	(26,679,736)	**-**	-
Add: Acquisition of investment securities during the year		**83,975,620**	153,697,260	**267,765**	76,793
Less: Proceeds from sale and redemption of investment securities		**(72,855,133)**	(49,515,208)	**(220,000)**	(2,682,713)
Balance at end of the year	*26*	**239,935,756**	182,562,460	**3,799,741**	3,727,938

		GROUP		COMPANY	
	Note	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(vi) Effect of exchange rate fluctuations on cash and cash equivalents held					
Balance at end of the year on net translated foreign balances at closing exchange rates		**80,188,345**	77,998,411	**4,743,838**	4,722,705
Balance at start of the year on net translated foreign balances at opening exchange rates		**(77,998,411)**	(72,135,364)	**(4,722,705)**	(3,125,221)
		2,189,934	5,863,047	**21,133**	1,597,484
(vii) Net increase/(decrease) in other liabilities					
Closing balance for the year	*40*	**103,105,600**	116,216,647	**1,995,973**	1,203,898
Total amounts remitted under retirement benefit obligations	*38*	**(1,118,061)**	(1,077,028)	**(17,516)**	(15,415)
Non-cash related adjustments		**(4,782,254)**	-	**-**	-
Opening balance for the year	*40*	**(116,216,647)**	(66,281,783)	**(1,203,898)**	(1,628,663)
Net increase/(decrease) in other liabilities		**(19,011,362)**	48,857,836	**774,559**	(440,180)
(viii) Net increase/(decrease) in provision					
Opening balance for the year	*39*	**(11,583,432)**	(5,222,471)	**(303,630)**	(303,630)
Provisions written back during the year	*39*	**6,457,163**	2,782,729	**303,630**	-
Effects of movement in exchange rates	*39*	**138,066**	-	**-**	-
Closing balance for the year	*39*	**5,598,177**	11,583,432	**-**	303,630
Net increase in provision		**609,974**	9,143,690	**-**	-
(viii) Proceeds from sale of property and equipment					
Gain on sale of property and equipment	*14(a)*	**115,214**	63,456	**306**	46
Cost eliminated on disposal during the year	*29*	**761,906**	1,228,842	**38,919**	11,322
Accumulated depreciation and impairment losses - eliminated on disposal	*29*	**(543,425)**	(582,806)	**(36,293)**	(7,427)
Proceeds from sale of property and equipment		**333,695**	709,492	**2,932**	3,941
(ix) Net interest income					
Interest income	*8*	**137,447,224**	131,662,948	**427,608**	440,429
Interest expense	*9*	**(61,470,839)**	(59,089,590)	**-**	-
		75,976,385	72,573,358	**427,608**	440,429
(x) Net (increase) restricted reserve deposits					
Opening balance for the year	*22*	**146,497,087**	109,638,559	**-**	-
Closing balance for the year	*22*	**(208,916,226)**	(146,497,087)	**-**	-
Net (increase) in restricted reserve deposits		**(62,419,139)**	(36,858,528)	**-**	-

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

	Note	GROUP 2019 ₦'000	GROUP 2018 ₦'000	COMPANY 2019 ₦'000	COMPANY 2018 ₦'000
(xi) Net (increase)/decrease in derivative assets held held for risk management					
Opening balance for the year	*24(a)*	**10,538**	345,784	**-**	-
Fair value gain on financial assets adjustments		**-**	-	**-**	-
Closing balance for the year	*24(a)*	**(11,666,095)**	(10,538)	**-**	-
		(11,655,557)	335,246	**-**	-
(xii) Net decrease/(increase) in loans and advances to customers					
Opening balance for the year	*25*	**681,326,413**	675,101,825	**-**	-
Non cash related adjustments		**3,562,405**	10,108,369	**-**	-
Closing balance for the year	*25*	**(754,390,866)**	(681,326,413)	**-**	-
		(69,502,048)	3,883,781	**-**	-
(xiii) Net (increase) in assets pledged as collateral					
Opening balance for the year	*27*	**87,409,893**	61,330,157	**-**	-
Non cash related adjustments		**(4,427,967)**	(600,000)	**-**	-
Closing balance for the year	*27*	**(118,653,230)**	(87,409,893)	**-**	-
		(35,671,304)	(26,679,736)	**-**	-
(xiv) Net (increase)/decrease in other assets					
Opening balance for the year	*32*	**35,259,574**	27,604,320	**2,342,951**	748,575
Non cash related adjustments		**4,730,764**	17,480,957	**560,000**	-
Closing balance for the year	*32*	**(31,554,348)**	(35,259,574)	**(2,908,633)**	(2,342,951)
		8,435,990	9,825,703	**(5,682)**	(1,594,376)
(xv) Net increase in trading liabilities					
Closing balance for the year	*23(b)*	**37,082,002**	32,474,632	**-**	-
Fair value gain on financial assets adjustments		**(1,978)**	-	**-**	-
Opening balance for the year	*23(b)*	**(32,474,632)**	(21,616,660)	**-**	-
		4,605,392	10,857,972	**-**	-
(xvi) Net increase in deposits from banks					
Closing balance for the year	*33*	**90,060,925**	39,140,044	**-**	-
Opening balance for the year	*33*	**(39,140,044)**	(6,355,389)	**-**	-
		50,920,881	32,784,655	**-**	-
(xvii) Net increase in deposits from customers					
Closing balance for the year	*34*	**943,085,581**	821,747,423	**-**	-
Opening balance for the year	*34*	**(821,747,423)**	(689,860,640)	**-**	-
		121,338,158	131,886,783	**-**	-

		GROUP		COMPANY	
	Note	**2019 ₦'000**	2018 ₦'000	**2019 ₦'000**	2018 ₦'000
(xviii) Net increase in on-lending facilities					
Closing balance for the year	*36*	**70,912,203**	57,889,225	**-**	-
Amortised cost on financial liabilities adjustments		**(407,978)**	(4,140,459)	**-**	-
Opening balance for the year	*36*	**(57,889,225)**	(42,534,316)	**-**	-
		12,615,000	11,214,450	**-**	-
(xix) Net increase/(decrease) in derivative liabilities held held for risk management					
Closing balance for the year	*24(b)*	**7,563,600**	10,538	**-**	-
Fair value gain on financial liabilities adjustments		**(1,952,495)**	-	**-**	-
Opening balance for the year	*24(b)*	**(10,538)**	(345,784)	**-**	-
		5,600,567	(335,246)	**-**	-
(xx) Net increase in debt securities issued					
Opening balance for the year	*37*	**54,651,172**	54,691,520	**-**	-
Proceeds from debt securities issued		**17,013,255**	-	**-**	-
Accrued coupon interest for the year		**7,588,100**	509,554	**-**	-
Coupon interest paid during the year		**(8,059,446)**	(1,025,442)	**-**	-
Amortised cost on financial liabilities adjustments		**671,817**	475,540	**-**	-
Closing balance for the year	*37*	**71,864,898**	54,651,172	**-**	-
(xxi) Dividend received					
Dividend receivable as at beginning of year		**-**	-	**2,333,084**	-
Dividend accrued within the year		**526,855**	537,576	**2,969,084**	3,517,840
Dividend received within the year		**(526,855)**	(537,576)	**(2,409,084)**	(1,184,756)
Dividend receivable as at end of year		**-**	-	**2,893,084**	2,333,084
(xxii) Investment in subsidiaries					
Opening balance for the year		**-**	-	**127,200,705**	126,390,033
Additional investment for the year		**-**	-	**-**	810,672
Closing balance for the year		**-**	-	**127,200,705**	127,200,705
(xxiii) Net (increase) in non-pledged trading assets					
Opening balance for the year	*23(a)*	**47,469,113**	23,936,031	**-**	-
Fair value gain on financial assets adjustments		**(503,931)**	(636,958)	**-**	-
Closing balance for the year	*23(a)*	**(51,087,200)**	(47,469,113)	**-**	-
		(4,122,018)	(24,170,040)	**-**	-

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

51 Financial Reporting Council's Certification Requirement for Professionals Engaged in Financial Reporting Process

In line with Financial Reporting Council of Nigeria certification requirement for professionals engaged in the financial reporting process: external auditors, officers of reporting entities and other professional providing assurance to reporting entities, below is a list of professionals engaged in the financial reporting process relating to financial statements for the year ended 31 December 2019.

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 and Valuation Experts
4	AKUJURU ASSOCIATES	FRC/2014/00000004631	Property and Valuation Experts
5	ALAGBE & PARTNERS	FRC/2013/NIESV/00000004334	Property and Valuation Experts
6	ARIGBEDE & CO.	FRC/2014/00000004634	Property and Valuation Experts
7	AUSTIN CHINEGWU & CO.	FRC/2015/NIESV/00000012501	Property and Valuation Experts
8	BAMIGBOLA CONSULTING	FRC/2013/NIESV/00000000897	Property and Valuation Experts
9	BAYO ADEYEMO & ASSOCIATES	FRC/2013/NIESV/00000005193	Property and Valuation Experts
10	BAYO OYEDEJI & CO.	FRC/2013/NIESV/00000003983	Property and Valuation Experts
11	BEN EBOREIME & CO.	FRC/2013/NIESV/00000003232	Property and Valuation Experts
12	BIODUN OLAPADE & CO.	FRC/2013/NIESV/00000004303	Property and Valuation Experts
13	BOLA OLAWUYI CONSULTING	FRC/2014/NIESV/00000007657	Property and Valuation Experts
14	CHIKE MONEME & PARTNERS	FRC/2014/00000005796	Property and Valuation Experts
15	CHUMA EZEALIGO ASSOCIATES	FRC/2013/NIESV/00000004822	Property and Valuation Experts
16	DIPO FAKOREDE & CO.	FRC/2013/NIESV/00000000324	Property and Valuation Experts
17	DIYA FATIMILEHIN & CO.	FRC/2013/NIESV/00000000754; FRC/2013/NIESV/00000002773	Property and Valuation Experts
18	GAB OKONKWO & CO.	FRC/2013/NIESV/00000002220	Property and Valuation Experts
19	IMO EKANEM & CO.	FRC/2012/NIESV/00000000114	Property and Valuation Experts
20	J OKARO AND ASSOCIATES	FRC/2015/NIESV/00000002947	Property and Valuation Experts
21	JOE NWORAH & CO.	FRC/2015/NIESV/00000010760	Property and Valuation Experts
22	JOHN ZEDOMI & ASSOCIATES	FRC/2013/NIESV/00000002415	Property and Valuation Experts
23	JOSEPH ADEGBILE AND CO.	FRC/2013/NIESV/00000004005	Property and Valuation Experts
24	KNIGHT FRANK	FRC/2013/0000000000584	Property and Valuation Experts
25	LANSAR AGHAJI & CO.	FRC/2015/00000006074	Property and Valuation Experts
26	LOLA ADEYEMO & CO.	FRC/2015/NIESV/00000010805	Property and Valuation Experts
27	MGBEODURU SAM & CO.	FRC/2013/NIESV/00000003326	Property and Valuation Experts
28	NWOKOMA NWANKWO & COMPANY	FRC/2012/000000000200	Property and Valuation Experts
29	O.S. BORONI ASSOCIATES	FRC/2013/NIESV/00000003393	Property and Valuation Experts
30	ODUDU & CO.	FRC/2012/000000000124; FRC/2012/NIESV/00000000198	Property and Valuation Experts

S/N	Name of professional	FRC number	Role
31	OKEY OGBONNA & CO.	FRC/2013/NIESV/00000000964	Property and Valuation Experts
32	PAUL OSAJI & CO.	FRC/2013/00000001098	Property and Valuation Experts
33	PHIL NWACHUKWU & ASSOCIATES	FRC/2014/NIESV/00000009853	Property and Valuation Experts
34	RAWLINGS EHUMADU AND CO.	FRC/2013/NIESV/00000002351	Property and Valuation Experts
35	SAM NWOSU & CO.	FRC/2013/NIESV/00000002538	Property and Valuation Experts
36	UNIGWE & CO.	FRC/2012/0000000000130	Property and Valuation Experts
37	VIC ONWUMERE & CO.	FRC/2015/NIESV/00000010974	Property and Valuation Experts
38	VICTOR OKPEVA & CO.	FRC/2013/NIESV/00000003029	Property and Valuation Experts
39	YEMI OLUGBILE & CO.	FRC/2013/00000000001227	Property and Valuation Experts
40	YINKA KAYODE & CO.	FRC/2013/00000000001197	Property and Valuation Experts
41	A. C. OTEGBULU & PARTNERS	FRC/NIESV/00000001582	Property and Valuation Experts
42	BIODUN ADEGOKE & CO	FRC/2015/NIESV/00000010747	Property and Valuation Experts
43	BOLA ONABADEJO & CO	FRC/2013/00000000001601; FRC/2015/NIESV/00000012433	Property and Valuation Experts
44	CHIKA EGWUATU & PARTNERS	FRC/2013/NIESV/00000000862; FRC/2013/NIESV/00000000857	Property and Valuation Experts
45	EMEKA OKORONKWO & ASSOCIATES	FRC/2013/NIESV/00000002548	Property and Valuation Experts
46	EMMA OFOEGBU AND PARTNERS	FRC/2014/NIESV/00000007527	Property and Valuation Experts
47	GBOYEGA AKERELE & PARTNERS	FRC/2012/00000000117	Property and Valuation Experts
48	GODWIN KALU & CO	FRC/2012/NIESV/00000000470	Property and Valuation Experts
49	J AJAYI PATUNOLA & CO.	FRC/2013/0000000000679	Property and Valuation Experts
50	JUDE ONUOHA & CO	FRC/2012/NIESV/00000000477	Property and Valuation Experts
51	LEKAN DUNMOYE & PARTNERS	FRC/2013/00000000001142	Property and Valuation Experts
52	ODUDU & CO.	FRC/2012/0000000000124; FRC/2012/NIESV/00000000198	Property and Valuation Experts
53	OMOBAYO ADEGOKE AND PARTNERS	FRC/2014/00000005787	Property and Valuation Experts
54	OSAS & OSEJI ESTATE SURVEYORS & VALUERS	FRC/2012/0000000000522	Property and Valuation Experts
55	REMI OLOFA & CO.	FRC/2013/0000000001631	Property and Valuation Experts
56	SOLA BADMUS & CO	FRC/2012/NIESV/00000000256	Property and Valuation Experts
57	TOKUN & ASSOCIATES	FRC/2013/00000000001353	Property and Valuation Experts
58	YAYOK ASSOCIATES	FRN/2013/ NIESV/0000000000834	Property and Valuation Experts

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019 continued

52 Provision of Non-Audit Services

The details of non-audit services and the applicable fees paid during the year ended 31 December 2019 were:

Description of non-audit services	Fee paid ₦'000
(i) Assistance with the Banking subsidiary's digital strategy and transformation roadmaps	48,000
(ii) Nigeria Deposit Insurance Corporation (NDIC) certification for the year ended 31 December 2018	4,000
(iii) Re-validation of the Banking subsidiary's 3-year Corporate and SBU Strategy	25,500
(iv) Professional services rendered in connection with the Loan Covenant Certificate on borrowings from European Investment Bank	4,000
(v) Annual subscription to KPMG Ethics Line	1,500
(vi) Participation in the annual banking industry remuneration survey	1,200
	84,200

53 Leases

(a). Leases as leasee (IFRS 16)

The Group leases a number of branch and office premises. The leases typically run for a period of 5 years, with an option to renew the lease after that date. Some leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

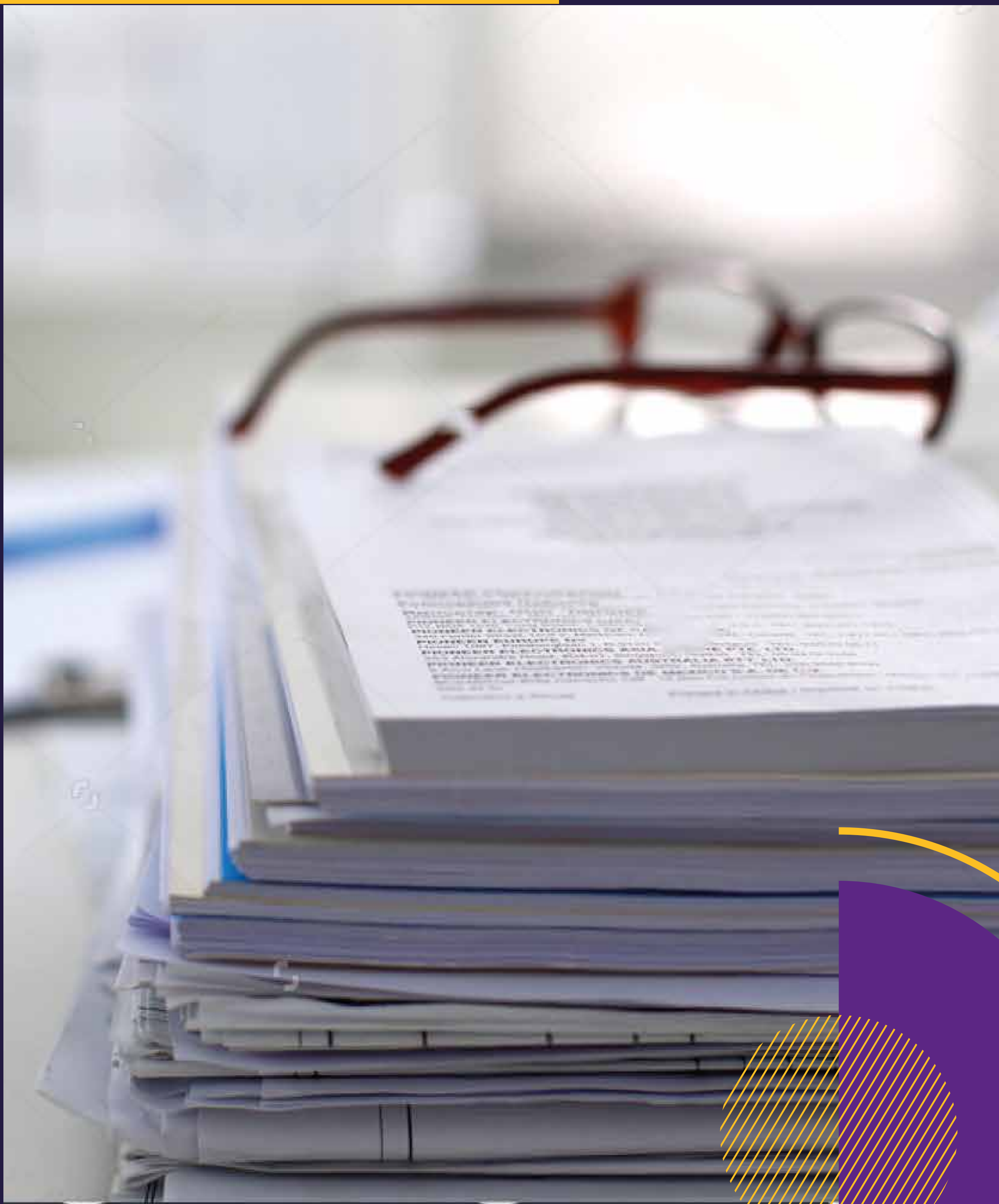
Previously, these leases were classified as operating leases under IAS 17. Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets relate to leased branch and office premises that are presented within property and equipment (see Note 29).

	GROUP	COMPANY
	2019 **₦'000**	**2019** **₦'000**
Balance at 1 January	4,304,255	-
Additions	700,282	-
Depreciation charge for the year	(652,900)	-
Effect of movements in exchange rates	(1,285)	-
Balance at 31 December	**4,350,352**	-
At 31 December 2018, the future minimum lease payments under non-cancellable operating leases were payable as follows:		
Maturity analysis – Contractual undiscounted cash flows		
Less than one year	1,563,537	-
Between one and five years	1,722,527	-
More than five years	498,386	-
Total undiscounted lease liabilities at 31 December	**3,784,450**	-
(ii) Amounts recognised in profit or loss		
2019 – Leases under IFRS 16		
Interest expense on lease liabilities	**274,658**	-
Expenses relating to short-term leases	**361,281**	**4,480**
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	**147,098**	**1,664**
2018 – Operating leases under IAS 17		
Lease expense	**2,603,492**	**6,254**
(iii) Amounts recognised in statement of cash flows		
Total cash outflows for leases	**700,282**	-

Other National Disclosures



Value Added Statement

for the year ended 31 December 2019

	GROUP				COMPANY			
	2019 ₦'000	%	2018 ₦'000	%	**2019 ₦'000**	%	2018 ₦'000	%
Gross income	**181,249,930**		177,248,909		**3,501,949**		4,808,316	
Interest expense and charges								
– Local	**(54,507,278)**		(50,477,733)		**(4)**		(6)	
– Foreign	**(15,964,149)**		(14,991,323)		**-**		-	
	110,778,503		111,779,853		**3,501,945**		4,808,310	
Impairment losses	**(13,747,603)**		**(14,113,282)**		**746,036**		**(62,355)**	
	97,030,900		97,666,571		**4,247,981**		4,745,955	
Bought-in material and services								
– Local	**(31,226,970)**		(38,952,376)		**(313,021)**		(715,724)	
– Foreign	**(9,357,198)**		(8,806,693)		**-**		-	
Value added	**56,446,732**	**100**	49,907,502	100	**3,934,960**	**100**	4,030,231	100
Distribution								
Employees								
Wages, salaries, pensions, gratuity and other employee benefits	**29,603,426**	**52**	25,927,891	52	**307,650**	**8**	336,181	8
Government								
Taxation	**2,793,123**	**5**	3,470,769	7	**13,033**	**0**	123,300	3
The future								
Replacement of property and equipment/ intangible assets	**6,712,909**	**12**	5,537,314	11	**12,817**	**0**	18,358	1
Profit for the year (including statutory and regulatory risk reserves)	**17,258,454**	**31**	14,887,820	30	**3,601,460**	**92**	3,552,392	88
Non-controlling interest	**78,820**	**0**	83,708	0	**-**	**-**	-	-
Value added	**56,446,732**	**100**	49,907,502	100	**3,934,960**	**100**	4,030,231	100

This statement represents the distribution of the wealth created through the use of the Group's assets through its own and its employees' efforts.

Five-Year Financial Summary – Group

	GROUP				
	31 December 2019 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2016 ₦'000	31 December 2015 ₦'000
ASSETS EMPLOYED					
Cash and cash equivalents	**223,545,838**	185,147,549	103,888,007	108,104,632	180,921,698
Restricted reserve deposits	**208,916,226**	146,497,087	109,638,559	139,460,914	125,552,318
Trading assets	**51,087,200**	47,469,113	23,936,031	9,154,198	1,994,350
Derivative assets held for risk management	**11,666,095**	10,538	345,784	1,018,912	1,479,760
Loans and advances to customers	**715,880,600**	633,034,962	649,796,726	659,937,237	592,957,417
Assets pledged as collateral	**118,653,230**	87,409,893	61,330,157	59,107,132	51,777,589
Investment securities	**239,935,756**	235,921,932	153,428,659	128,441,676	135,310,147
Investment in associates	**-**	-	-	846,512	731,964
Property and equipment	**43,697,159**	37,281,754	33,402,173	32,283,226	29,970,738
Intangible assets	**15,624,505**	15,320,782	14,920,960	9,672,530	8,968,539
Deferred tax assets	**7,944,838**	7,944,838	8,233,563	7,971,990	8,166,241
Other assets	**31,554,348**	35,259,574	27,604,320	16,779,119	21,703,415
	1,668,505,795	1,431,298,022	1,186,524,939	1,172,778,078	1,159,534,176
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	**34,187,857**	28,962,144	28,761,146	31,749,646	17,181,437
Other reserves	**40,952,603**	28,950,679	33,044,691	21,120,986	19,916,081
Non-controlling Interest	**232,418**	220,514	362,206	-	-
Trading liabilities	**37,082,002**	32,474,632	21,616,660	6,255,933	-
Derivative liabilities held for risk management	**7,563,600**	10,538	345,784	770,201	1,317,271
Deposits from banks	**90,060,925**	39,140,044	6,355,389	24,798,296	5,461,038
Deposits from customers	**943,085,581**	821,747,423	689,860,640	657,609,807	700,216,706
Borrowings	**133,344,085**	108,731,522	109,434,970	132,094,368	113,700,194
On-lending facilities	**70,912,203**	57,889,225	42,534,316	42,199,380	33,846,116
Debt securities issued	**71,864,898**	54,651,172	54,691,520	54,481,989	49,309,394
Retirement benefit obligations	**132,542**	80,207	70,364	17,603	50,544
Current income tax liabilities	**4,743,683**	5,038,371	3,860,163	2,859,562	3,497,954
Deferred tax liabilities	**345,852**	307,703	106,821	65,902	68,438
Provision	**5,598,177**	11,583,432	3,904,717	2,343,010	-
Other liabilities	**103,105,600**	116,216,647	66,281,783	71,117,626	89,675,234
	1,668,505,795	1,431,298,022	1,186,524,939	1,172,778,078	1,159,534,176
Acceptances and guarantees	**209,940,465**	234,930,713	167,211,168	159,383,506	141,031,528

	GROUP				
	31 December 2019 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2016 ₦'000	31 December 2015 ₦'000
PROFIT OR LOSS ACCOUNT					
Gross earnings	**180,102,777**	175,368,948	169,881,972	176,351,973	152,507,947
Profit before tax	**20,130,397**	18,442,297	10,665,166	16,251,397	7,768,664
Tax	**(2,793,123)**	(3,470,769)	(2,052,188)	(1,912,515)	(3,007,998)
Profit after tax	**17,337,274**	14,971,528	8,612,978	14,338,882	4,760,666
Transfer to reserves	**17,337,274**	14,971,528	8,612,978	14,338,882	4,760,666
Earnings per share – basic and diluted (Naira)	**0.87**	0.75	0.43	0.72	0.24

Five-Year Financial Summary – Company

	COMPANY				
	31 December 2019 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2016 ₦'000	31 December 2015 ₦'000
ASSETS EMPLOYED					
Cash and cash equivalents	**19,482**	297,957	146,366	5,817,754	7,231,196
Investment securities	**3,799,741**	3,727,938	5,109,140	4,844,200	2,013,621
Investment in subsidiaries	**127,200,705**	126,405,374	125,594,702	118,140,772	118,246,361
Investment in associates	**-**	-	-	418,577	418,577
Property and equipment	**91,259**	17,846	38,022	59,468	41,263
Intangible assets	**-**	-	-	882	1,845
Other assets	**2,908,633**	2,342,951	748,575	2,084,532	1,425,398
	134,019,820	132,792,066	131,636,805	131,366,185	129,378,261
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	**6,642,875**	5,813,795	4,350,828	4,806,213	3,056,224
Other reserves	**2,817**	(1,481)	-	-	-
Current income tax liabilities	**84,386**	178,455	59,915	44,582	25,231
Provision	**-**	303,630	303,630	416,864	-
Other liabilities	**1,995,973**	1,203,898	1,628,663	804,757	1,003,037
	134,019,820	132,792,066	131,636,805	131,366,185	129,378,261

	31 December 2019 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2016 ₦'000	31 December 2015 ₦'000
PROFIT OR LOSS ACCOUNT					
Gross earnings	**3,443,909**	3,438,588	2,529,399	4,654,135	4,200,904
Profit before tax	**3,614,493**	3,675,692	1,540,219	3,749,611	2,548,286
Tax	**(13,033)**	(123,300)	(15,333)	(19,351)	(25,231)
Profit after tax	**3,601,460**	3,552,392	1,524,886	3,730,260	2,523,055
Transfer to reserves	**3,601,460**	3,552,392	1,524,886	3,730,260	2,523,055
Earnings per share – basic and diluted (Naira)	**0.18**	0.18	0.08	0.19	0.13

Shareholder Information

Notice of Annual General Meeting

Notice is hereby given that the 7th Annual General Meeting of FCMB Group Plc (FCMB) will be held at the Shell Hall, MUSON Centre, Onikan, Lagos on Tuesday 28 April 2020 at 11.00 am to transact the following:

Ordinary Business

1. To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31 December 2019, the Auditor's Report thereon and the Audit Committee Report.
2. To declare a dividend.
3. To ratify the retirement of a Director.
4. To approve the appointment of Directors.
5. To re-elect Directors that are retiring by rotation.
6. To approve the appointment of Messrs Deloitte & Touché as the new auditors of the company.
7. To authorise the Directors to fix the remuneration of the new auditors.
8. To elect members of the Audit Committee.

Dated this 1st day of April 2020

By Order of the Board

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

NOTES:

Proxy

Only a member (shareholder) of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his/her stead. All valid instruments of proxy should be completed, stamped and deposited at the office of the Company's Registrars, CardinalStone Registrars Limited, 358 Herbert Macaulay Way, Yaba, Lagos, not later than 48 hours before the time fixed for the meeting.

Closure of Register

The Register of Members will be closed from 15 April 2020 to 17 April 2020 (both days inclusive).

Dividend Payment

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend will be credited on 28 April 2020 to mandated accounts of members so entitled, whose names appear in the register of members at the close of business on 14 April 2020.

Statutory Audit Committee

In accordance with Section 359 (5) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nominations should be in writing and reach the Company Secretary not less than 21 days before the Annual General Meeting.

The Code of Corporate Governance issued by the Securities and Exchange Commission stipulates that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. Thus, a detailed curriculum vitae confirming the nominee's qualification should be submitted with each nomination.

Rights of Shareholders to Ask Questions

Shareholders and other holders of the Company's securities reserve the right to ask questions not only at the meeting, but also in writing prior to the meeting, and such questions should be submitted to the Company on or before 20 April 2020.

Explanatory Note to Members of FCMB Group Plc on the Appointment of New Auditors

This explanatory note has been prepared to provide detailed information to the members of FCMB, on the appointment of Messrs Deloitte & Touché as the new auditors of the company.

By virtue of the provision of Section 5.2.12 of the CBN Code of Corporate Governance for Banks and Discount Houses, the tenure of auditors in a given bank shall be for a maximum period of ten (10) cumulative years, after which the audit firm shall not be reappointed in the bank until after a period of another ten (10) consecutive years.

Following the expiration of the 10-year tenure of Messrs KPMG Professional Services with First City Monument Bank Limited (the Bank), the Board of the Bank approved the appointment of Messrs Deloitte & Touché as its external auditors.

With the Bank being the largest subsidiary in the FCMB Group, to ensure timely conclusion of the Group's audit, the Board of Directors of FCMB Group Plc has always adopted the strategy of appointing the same Audit firm to audit both the Bank and the Group. This is to enhance easy coordination of the Group's audit process and support quick review of the consolidated financial statements to meet regulatory deadlines on audit.

The Board is of the opinion that maintaining the same audit firm as was the case when KPMG was auditing both the Bank and the Group would improve efficiency and ultimately enhance the integrity of the company's financial reporting process.

The Board hereby recommends the approval of the appointment of Messrs Deloitte & Touché as the new auditors of the Company.

By Order of the Board

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

Proxy Form and Resolutions

FCMB GROUP PLC (RC 1079631)

7TH ANNUAL GENERAL MEETING to be held at the Shell Hall, MUSON Centre, Onikan, Lagos on **Tuesday 28 April 2020** at 11.00 am.

I/We ....

being a member/members of FCMB Group Plc hereby appoint

* ....

....

(PLEASE USE BLOCK CAPITALS)

or failing him, the Chairman of the Meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of FCMB Group Plc, which will be held at Shell Hall, MUSON Centre, Onikan, Lagos on Tuesday 28 April 2020 at 11.00 am or at any adjournment thereof.

Dated this ....

day of .... 2020.

Shareholder's signature

....

NOTES:

1. A member (shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy and the above proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.
2. Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy but, if you wish, you may insert in the blank space (marked*) the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf.
3. Please sign and post the proxy form so as to reach The Registrar, CardinalStone Registrars Limited, 358 Herbert Macaulay Way, Yaba, Lagos, not later than 48 hours before the time appointed for the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties.
4. If executed by a corporate body, the proxy form should be sealed with the Common Seal or under the hand of an officer or attorney duly authorised in that behalf.

	RESOLUTIONS	For	Against	Abstain
1	To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31 December 2019, the Auditor's Report thereon and the Audit Committee Report.			
2	To declare a dividend.			
3	To ratify the retirement of a Director: Mr Bismarck Rewane			
4	To approve the appointment of Directors: i. Mr Olufemi Badeji ii. Mrs 'Tokunboh Ishmael			
5	To re-elect Directors that are retiring by rotation: i. Mr Olutola Mobolurin ii. Professor Oluwatoyin Ashiru; and iii. Dr (Engr) Gregory O Ero.			
6	To approve the appointment of Messrs Deloitte & Touche as the new auditors of the company.			
7	To authorise the Directors to fix the remuneration of the new auditors.			
8	To elect members of the Audit Committee.			

Before posting this form, tear off this part and retain it.

ADMISSION CARD

FCMB GROUP PLC
7th Annual General Meeting

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE 7TH ANNUAL GENERAL MEETING BEING HELD AT THE SHELL HALL, MUSON CENTRE, ONIKAN, LAGOS ON TUESDAY 28 APRIL 2020 AT 11.00 AM.

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRARS.

NAME OF SHAREHOLDER/PROXY

....

SIGNATURE ....

ADDRESS ....

....

....

....

Mandate for E-Dividend Payment

PLEASE RETURN TO: CardinalStone Registrars, 358 Herbert Macaulay Way, Yaba, Lagos, Nigeria P.O. Box 9117, Marina, Lagos, Nigeria

It is our pleasure to inform you that the Securities and Exchange Commission (SEC) has directed that dividend(s) due to a shareholder should be paid by **DIRECT CREDIT** into the shareholder's mandated bank account. Consequently, we hereby request you provide the following information to enable us to process the direct payment of your dividend (when declared) into your bank account.

(PLEASE COMPLETE ALL SECTIONS IN CAPITAL LETTERS)

Shareholder's Account Number Date of Birth (DD/MM/YYYY) / /

Surname/Company's Name

Other Names (for Individual Shareholders)

Postal Address

City/Town State

Email Address

Mobile (GSM) Phone

Bank Name

Account Name

Branch Address

Bank Account Number

Bank Sort Code

I/We hereby request that all dividend(s) due to me/our holding(s) in FCMB be paid by direct credit to my/our bank account given above.

Shareholder's Signature or Thumbprint

Company Seal/Incorporation Number
(for Corporate Shareholders)

Shareholder's Signature or Thumbprint

Authorised Signature & Stamp of Bankers

Electronic Delivery Mandate Form

Dear Sir/Madam,

To enable you to receive your shareholder communications promptly, FCMB has introduced the electronic delivery of its Annual Report and Accounts, proxy forms and other statutory documents to shareholders.

With this service, instead of receiving a hard copy of our annual reports and other corporate documents, you can elect to receive a soft copy of the Annual Report, proxy form, etc., either as a link to a downloadable version of the report that will be sent to your email address or on a compact disc (CD), which will be posted to you.

Please complete this form to register your preference and return the completed form to:

The Registrar,
CardinalStone Registrars Limited,
358 Herbert Macaulay Way,
Yaba, Lagos

or any of the Registrar's offices nationwide.

Mrs. Olufunmilayo Adedibu
Company Secretary

I ____________________
of ____________________
____

HEREBY AGREE TO THE ELECTRONIC DELIVERY OF FCMB GROUP PLC'S ANNUAL REPORTS, PROXY FORMS, PROSPECTUSES, NEWSLETTERS AND STATUTORY DOCUMENTS TO ME THROUGH:

Please tick only one option

- [ ] An electronic copy via compact disc (CD) sent to my postal address, or
- [ ] I will download from the web address forwarded to my email address stated below
- [ ] Continue receiving the report in hard copy to my postal address

My email address:
____

How often would you like to receive them?
- [ ] Annually
- [ ] Semi-annually

Description of Service

By enrolling in the electronic delivery service, you have agreed to receive all future announcements/ shareholder communications, as stated below, by email. These communications can be made available to you either semi-annually or annually.

Annual reports, proxy forms, prospectuses and newsletters are examples of the shareholder communications that can be made available to you electronically. Enrolment to our electronic delivery service will be effective for all your holdings in FCMB Group Plc on an ongoing basis, unless you change or cancel your enrolment.

This initiative is in line with our determination to help protect and sustain our planet's environment and the consolidated SEC Rule 128 (6) of September 2011 which states that "A Registrar of a public company may dispatch Annual Reports and Notices of Meetings to shareholders by electronic means".

Name (surname first)

....

....

Signature

....

Date ....

+234(0) 1 279 8800

www.fcmbgroup.com

Branch and Account Opening Information

List of Branches

- FCMB Branch
- Standalone FCMB Pension Managers Outlet
- FCMB Pension Managers Outlet in an FCMB Branch
- FCMB Pension Managers Outlet in a UBA building

	Branch Address
Abia	
1	90 Asa Road, Aba, Abia
2	10 Brass Road Branch, Aba, Abia
3	161 Faulks Road, Aba, Abia
4	5 Library Avenue, Umuahia, Abia
5	10 Akanu Ibiam Road, Umuahia, Abia
Abuja	
6	Plot 112, Aminu Kano Crescent, opposite Shaif Plaza, Wuse 2, Abuja
7	1 Yola Street, Area 7, Garki, Abuja
8	6 Ogbomosho Street, Area 8, Garki, Abuja
9	Plot 750, Aminu Kano Way, Wuse, Abuja
10	1 Council Secretariat Avenue, Bwari, Abuja
11	1st Avenue, Crest Plaza, Gwarimpa, Abuja
12	Federal Secretariat Complex, Phase 3, Abuja
13	Plot 252, Herbert Macauly Way, Central Business District, Abuja
14	30 Gana Street, Maitama, Abuja
15	Plot 1,640, Ladoke Akintola Boulevard, Garki II, Abuja
16	Izon Wari House, 1,038 Shehu Shagari Way, Bayelsa State Guest House, Maitama, Abuja
17	Plot 136B, Gado Nasko Road, Kubwa, Abuja
18	Plot 33A, Sauka Extension, Kuje Town Centre, Abuja
19	White House Basement, National Assembly Complex, Three Arms Zone, Abuja
20	Plot 108, Adetokunbo Ademola Cadastral Zone A08, Wuse 2 District, Abuja
21	Plot 532, IBB Way Zone 4, Wuse, Abuja
22	75 Yakubu Gowon Crescent, Asokoro, Abuja
23	203A Phase One Specialist Hospital Road, Gwagwalada, Abuja
24	Mallam Shehu Plaza, Plot 35, IT Igbani Street, off Obafemi Awolowo Way, Jabi, Abuja
25	4 Mediterranean Street, Imani Estate, Maitama, Abuja
26	Plot 207 Zakara Maimalari Street, Cadastral Zone AO, Central Business District, Abuja
27	14 Port Harcourt Crescent, off Gimbiya Street, Area 11, Garki, Abuja

	Branch Address
Adamawa	
28	20 Atiku Abubakar Way, Jimeta, Yola, Adamawa
Akwa Ibom	
29	Grace Bill by Marina Junction, Eket, Akwa Ibom
30	5 Harley Drive, Ikot Ekpene, Akwa Ibom
31	143 Abak Road, Uyo, Akwa Ibom
32	105 Oron Road, Uyo, Akwa Ibom
Anambra	
33	84 Nnamdi Azikiwe Avenue, Awka, Anambra
34	38 Zik Avenue, Awka, Anambra State
35	10 Awka Road, Ekwulobia, Anambra
36	15 Oraifite Road, Nnewi, Anambra
37	Zone 19, New Machine Parts Market, Nnewi, Anambra
38	Electrical Market, Obosi, Onitsha, Anambra
39	4 Hospital Road, along Ekwulobia-Oko Road, Ekwulobia, Anambra
40	40 Ugah Street, Bridgehead, Onitsha, Anambra
41	9A New Market Road, Onitsha, Anambra
42	53 New Market Road, Onitsha, Anambra
Bauchi	
43	4 Jamaare Road, Azare, Bauchi
44	Isa Yuguda House, 19/23 Jos Road, Bauchi
45	FCMB, Commercial Road, By State Library, Bauchi
46	Former Women Development Center, GRA, Bauchi
Bayelsa	
47	181 Mbiama Road, Yenagoa, Bayelsa
48	76 Mbiama/Yenagoa Road, By Chief Obele Street Junction, Ovom-Yenagoa, Bayelsa
Benue	
49	20B, New Otukpo Road, Opp. OG Winners Plaza, Wurukum, Makurdi (FCMB), Benue
Borno	
50	3 Baga Road, before the railway crossing, Maiduguri, Borno
Cross River	
51	14 Calabar Road, Calabar, Cross River
52	7 Calabar Road, Ikom, Cross River
53	New Secretariat Complex, Murtala Mohammed Highway, Calabar, Cross River

	Branch Address
Delta	
54	370 Nnebisi Road, Asaba, Delta
55	461 Nnebisi Road, Asaba, Delta
56	68 Effurun/Sapele Road, Warri, Delta
57	30 Ughelli/Warri Road, Ughelli, Delta
58	52 Airport Road, Warri, Delta
59	37 Okumagba Avenue, by Okere Roundabout, Warri, Delta
60	16 Anwai Road, Asaba, Delta
Ebonyi	
61	36B Sam Egwu Way, Abakaliki, Ebonyi
Edo	
62	112 Mission Road, Benin City, Edo
63	183 Uselu-Ugbowo Road, Benin City, Edo
64	62 Jattu Road, Auchi (UBA Building), Edo
65	84 Akpakpava Road, Benin City, Edo
Ekiti	
66	New Secretariat Road, Ado Ekiti, Ekiti
67	67 UNAD Road, Adebayo Street, Ado Ekiti, Ekiti
Enugu	
68	71 Enugu Road, Agbani Town, Enugu
69	12A Market Road, Enugu, Enugu
70	41 Garden Avenue, Enugu, Enugu
71	7B University Road, Nsukka, Enugu
72	4 Presidential Avenue, Nkpokiti Junction, Enugu, Enugu
Gombe	
73	Ashaka Cement Factory Complex, Ashaka, Gombe
74	11 Biu Link Road, Opposite Central Market, Gombe
75	Adamu Fura house, BIU Road, adjacent to Eco Bank, Gombe
Imo	
76	5B Mbaise Road, Owerri, Imo
77	5 LN Obioha Road, Orlu, Imo
78	81 Wetheral Road, Owerri, Imo
79	40 Wetheral Road, Owerri, Imo
Jigawa	
80	12A–13A Kiyawa Road, Dutse, Jigawa

	Branch Address
Kaduna	
81	1A Ahmadu Bello Way, Kaduna
82	40 Ali Akilu Road, Kaduna
83	Beside Kachia Police Station, Kachia, Kaduna
84	1/2A Kachia Road, Kaduna
85	26/27 Constitution Road, Kaduna
86	26 Kachia Road, Sabon Tasha, Kaduna
87	6 Yakubu Gowon Way, Kaduna
88	Block F3, Kaduna-Gusau Road, Zaria, Kaduna
89	40, Ali Akilu Road, Abdulahi Yaro House, Kaduna North
Kano	
90	40 Murtala Mohammed Way, Kano
91	17/18 Bello Road, Kano
92	7 Bompai Road, Kano
93	58E Ibrahim Taiwo Road, Fegge, Kano
94	15, Bank Road, Kano
95	9c Muritala Mohammed Road, Kano
96	145 Murtala Mohammed Way, Kano
Katsina	
97	132 IBB Way, Kano/Katsina Road, by Yantomaki Road, Katsina
Kebbi	
98	Plot 20, Emir Haruna Road, Birnin Kebbi, Kebbi
99	4 Emir Haruna Road, Beside Nitel Office, Birnin Kebbi, Kebbi
Kogi	
100	Along Idah-Ajaokuta Road, opposite General Post Office, Anyigba, Kogi
101	16 Aliyu Obaje Road, Okene/Kabba Road, opposite Stella Obasanjo Library, Lokoja, Kogi
102	Suit 5 Grand Quest Plaza, Lokoja, Kogi
Kwara	
103	120 Abdulazeez Atta Road, Surulere, Ilorin, Kwara
104	79B Ibrahim Taiwo Road, Ilorin, Kwara
105	33 Murtala Mohammed Way, Ilorin, Kwara
Lagos	
106	1 Davies Street, UNTL Building off Marina Street, Lagos Island, Lagos
107	11 Ijaiye Street, Oke Arin, Lagos
108	117 Okota Road, Okota, Isolo, Lagos

List of Branches

Continued

FCMB Branch

Standalone FCMB Pension Managers Outlet

FCMB Pension Managers Outlet in an FCMB Branch

FCMB Pension Managers Outlet in a UBA building

	Branch Address
109	11B Adeola Odeku Street, Victoria Island, Lagos
110	12 Macarthy Street, Onikan, Lagos
111	12 Oroyinyin Street, Idumota, Lagos Island, Lagos
112	122/124 Ladipo Street, beside AP Filling Station, Ladipo, Mushin, Lagos
113	13 Alfred Rewane Road, Ikoyi, Lagos
114	148A Olojo Drive, Ojo, Lagos
115	16 Warehouse Road, Apapa, Lagos
116	178 Ikorodu Road, Onipanu, Lagos
117	18/20 Mobolaji Bank Anthony Way, Ikeja, Lagos
118	2 Joseph Street, off Marina Street, Lagos Island, Lagos
119	218 Egbeda-Idimu Road, Idimu, Lagos
120	22 Idoluwo Street, Idumota, Lagos
121	23 Ogba Ijaiye Road, opposite WAEC Office, Ogba, Lagos
122	23/25 Murtala Mohammed International Airport Road, Ikeja, Lagos
123	253 Agege Motor Road, Mushin, Lagos
124	25B Ilupeju Bypass, off Coker Junction, Ilupeju, Lagos
125	28 Creek Road, Apapa, Lagos
126	29 Oba Akran Avenue, Ikeja, Lagos
127	33 Adeniran Ogunsanya Street, Surulere, Lagos
128	33 Osolo Way, Ajao Estate, Lagos
129	36 Allen Avenue, Ikeja, Lagos
130	38 Adeola Hopewell Street, Victoria Island, Lagos
131	42 Diya Street, Ifako Gbagada, Lagos
132	43 Ojuelegba Road, Surulere, Lagos
133	44 Marina Street, Lagos Island, Lagos
134	48 Isaac John Street, Ikeja G.R.A., Lagos
135	545/547 Ketu, Ikorodu Road, Lagos
136	63/64 Igbokushu Village, opposite Jakande Estate, Lekki, Lagos
137	68 Awolowo Road, Ikoyi, Lagos
138	7 Lagos Road, Ikorodu, Lagos
139	757 Lagos-Abeokuta Expressway, Salolo Alagbole, Lagos
140	80 Kudirat Abiola Way, Oregun, Ikeja, Lagos
141	90 Awolowo Road, Ikoyi, Lagos
142	481 Agege Motor Road, Oshodi, Lagos

	Branch Address
143	Above Plaza, BBA Trade Fair Complex, Lagos
144	74/76, Broad Street, adjacent to Methodist Church of the Trinity by Tinubu Square, Lagos
145	Block 11, Suite 3–8, Agric Market, Odun Ade Bus Stop, Orile Coker, Lagos
146	Daddy Doherty House, 34 Idumagbo Avenue, Lagos
147	Eleganza Plaza, 1 Wharf Road, Apapa, Lagos
148	Founders Place, 2 Sanusi Fafunwa Street, Victoria Island, Lagos
149	Km 18, Lekki-Epe Expressway, before Chevron Roundabout, Lekki, Lagos
150	Km 23, Berger Bus Stop, Lekki-Epe Expressway, Ajah, Lagos
151	Leventis Building, 2–4 Iddo Road, Iddo, Lagos
152	M1 Point Motorways Complex, Ikeja, Lagos
153	MMA Zulu Terminal, Domestic Airport, Ikeja, Lagos
154	Obosi Plaza, A-line, Alaba International Market, Alaba, Lagos
155	Old Abeokuta Express Road, Oko-Oba, Agege, Lagos
156	Olusegun Obasanjo Hall, Aspamda, Trade Fair Complex, Badagry Expressway, Lagos
157	Plot 1,572, 4th Avenue, Festac Town, Lagos
158	Plot 111 Ogudu GRA, Ojota Road, Ogudu, Lagos
159	Plot 123, Amuwo Odofin Road, Festac Link Bridge, Amuwo-Odofin, Lagos
160	Plot 719A, Adetokunbo Ademola Street, Victoria Island, Lagos
161	Plot B, Block E12E, Admiralty Way, Lekki, Lagos
162	Primateck Plaza, Shasha Roundabout, Akowonjo, Lagos
163	Primrose Tower, 17A Tinubu Street, Lagos
164	S Line, Old Garage, Alaba Electrical Section, Alaba International Market, Alaba, Lagos
165	Shop 529–531, Iponri Shopping Complex, Iponri, Surulere, Lagos
166	Slok House, 10 Randle Road, Apapa, Lagos
167	The Hive Mall, Plot 16, T.F. Kuboye Road, off New Market Road, Oniru, Lagos
Nasarawa	
168	43 Sani Abacha Way (Jos Road), Lafia, Nasarawa
169	75 Abdu Zanga Way, Tsohon Tasha, Keffi, Nasarawa

	Branch Address
170	Plot 35779, Mararaba Gurku, Karu, Nasarawa
Niger	
171	3 Paiko Road, opposite CBN, Minna, Niger
172	18 Suleiman Barau Road, Suleja, Niger
173	83 Broadcasting Road, Minna, Niger
Ogun	
174	1 Ilaro Street, Agbara Industrial Estate, Agbara, Ogun
175	141 Akarigbo Street, Sagamu, Ogun
176	168 Folagbade Street, Ijebu-Ode, Ogun
177	21 Lalubu Street, Oke-Ilewo Abeokuta, Ogun
178	52 Ejirin Road, Impepe, Ijebu-Ode, Ogun
179	54 Ojodu-Akute Road, Alagbole Bus Stop, Akute, Ogun
180	57, Idi-Iroko Road, Sango Ota, Ogun
181	Km 48, Lagos-Ibadan Expressway, Redeem Camp, Ogun
182	Permanent Site, Olabisi Onabanjo University, Ago-Iwoye, Ogun
Ondo	
183	5 Bishop Fagun Road, Alagbaka, Akure, Ondo
184	1 Olukayode House, Oshinle, Akure, Ondo
185	Plot 1E, 5B GRA Igbokoda, Ilaje, Ondo
186	15 Yaba Street, Ondo
187	5 Bishop Fagbo,Ado-Owo, Alagbaka, Akure, Ondo
Osun	
188	F16 Ereguru Street, Ilesha, Osun
189	Km 3, Gbongan/Ibadan Road, Osogbo, Osun
190	No 3, Akarabata Layout, Along Lagere Road, Osogbo, Osun
191	B11 Treasure Plaza, Beside Wema Bank, Igbona Market, Osogbo, Osun
Oyo	
192	10 Moshood Abiola Way, Challenge, Ibadan, Oyo
193	1C Sabo Garage, Ojoo/Ibadan Express Road, Ojoo, Ibadan, Oyo
194	23/25 Lebanon Street, Dugbe, Ibadan, Oyo
195	30 Oyo Road, opposite UI Post Office, Ibadan, Oyo
196	55 Iwo Road, Ibadan, Oyo
197	57 Agbeni Market Road, Agbeni, Ibadan, Oyo

	Branch Address
198	Plot 3, University of Ibadan/Secretariat Road, Bodija Extension, Bodija, Ibadan, Oyo
199	University College Hospital, opposite Total Filling Station, Ibadan, Oyo
Plateau	
200	4 Beach Road, opposite Plateau State Board of Internal Revenue Office, Jos, Plateau
201	British American Tobacco Junction, Bukuru Bypass, Jos, Plateau
202	7 Murtala Mohammed Way, Jos, Plateau
Rivers	
203	117 Trans Amadi Industrial Layout, Port Harcourt, Rivers
204	19 Ikwerre Road, Mile 1, Diobu, Port Harcourt, Rivers
205	2/3 Rumuokoro Street, Rumuomasi, Port Harcourt, Rivers
206	26 Zaakpon/Poly Road, Bori, Port Harcourt, Rivers
207	282A GRA Bus Stop, Aba Road, Port Harcourt, Rivers
208	290 Old Aba Road, Oyigbo, Rivers
209	457 Ikwerre Road, Port Harcourt, Rivers
210	46A Abuloma Road, Port Harcourt, Rivers
211	642 Ikwerre Road, Rumuokoro, Port Harcourt, Rivers
212	7B Azikwe Road, Port Harcourt, Rivers
213	80 Olu Obasanjo Road, Port Harcourt, Rivers
214	81 Aggrey Road, Port Harcourt, Rivers
215	85 Aba Road, by Garrison Junction, Port Harcourt, Rivers
216	9 Port Harcourt-Aba Expressway, Port Harcourt, Rivers
217	Plot 466/467, Trans Amadi Industrial L/Out, Port Harcourt, Rivers
218	26 Aba Road, UAC Building, Port Harcourt, Rivers
Sokoto	
219	27 Sani Abacha Way (Old Kano Road), Sokoto
Taraba	
220	73 Hammaruwa Way, Jalingo, Taraba
Yobe	
221	29/32 Bukar Abba Ibrahim Way, Damaturu, Yobe
Zamfara	
222	Plot 103, Sani Abacha Way, Gusau, Zamfara

Personal Account Application Form

Affix Passport Photograph Here

This form should be completed in CAPITAL LETTERS.

Category of Account: (Please tick as appropriate)

Joint Account ☐ Fixed Investment Account ☐ Savings Account ☐

Account Type: (Please tick as appropriate)

Current Account ☐ Fixed Deposit Account ☐ Savings Account ☐

Domiciliary Account £ ☐ € ☐ $ ☐ Others ☐

BRANCH ACCOUNT NO. (For official use only)

BANK VERIFICATION ID NO.

1. PERSONAL INFORMATION

Title First Name

Surname Other Names

Marital Status (Please tick) Single ☐ Married ☐ Other (Please specify) Gender: Male ☐ Female ☐

Date of Birth (DD/MM/YYYY) / / Country of Birth

Mother's Maiden Name

Nationality 2nd Nationality

Country of Residence

Permit Issue Date (DD/MM/YYYY) / / Permit Expiry Date (DD/MM/YYYY) / /

L.G.A. State of Origin

Tax Identification No. (TIN) Resident Permit No.

Purpose of Account Religion (Optional)

2. CHILD'S DETAILS

Full Name Other Names

Surname Date of Birth (DD/MM/YYYY) / / Gender: Male ☐ Female ☐

3A. CONTACT DETAILS

House Number Street Name

Nearest Bus Stop/Landmark

City/Town L.G.A.

State

Mailing Address

Phone Number (1) + Phone Number (2) +

Country Code Country Code

Email Address

Personal Account Application Form

Continued

3B. FOREIGN ADDRESS (IF ANY)

House Number ☐☐☐☐☐ Street Name ☐

City/Town ☐ Postcode ☐

State ☐ Country ☐

Type of Visa ☐ Phone Number + ☐

Country Code Country Code

4. VALID MEANS OF IDENTIFICATION

National ID Card ☐ National Driver's Licence ☐ International Passport ☐ INEC Voters Card ☐

Others (Please specify) ☐

ID No. ☐ ID Issue Date (DD/MM/YYYY) ☐☐/☐☐/☐☐☐☐

ID Expiry Date (DD/MM/YYYY) ☐☐/☐☐/☐☐☐☐

Country of Issuance ☐

5. ACCOUNT SERVICE(S) REQUIRED (Please tick applicable option below)

Card Preferences: Verve Card ☐ MasterCard ☐ Visa Card ☐ Others (Please specify) ☐

Electronic Banking Preferences: FCMBOnline ☐ FCMBMobile ☐ ATM ☐ POS ☐

Other Electronic Channels (Fees may apply) (Specify) ☐

Transaction Alert Preferences: Email Alert (Free) ☐ SMS Alert (Fee applies) ☐

Statement Preferences: Email ☐ Collection at Branch ☐

Statement Frequency: Monthly ☐ Quarterly ☐ Bi-Annually ☐ Annually ☐

Cheque Book Requisition: (Fee applies) Open Cheque ☐ Crossed Cheque ☐ 25 Leaves ☐ 50 Leaves ☐ 100 Leaves ☐

Cheque Confirmation: Would you like to pre-confirm your cheques? Yes ☐ No ☐

Cheque Confirmation Threshold: If yes, please specify the threshold ☐

6. EMPLOYMENT DETAILS

Employed ☐ Self-Employed ☐ Unemployed ☐ Retired ☐ Student ☐ Other (Please specify) ☐

Date of Employment (If employed) (DD/MM/YYYY) ☐☐/☐☐/☐☐☐☐

Annual Salary/Expected Annual Income: (a) Less than ₦50,000 ☐ (b) ₦51,000 – ₦250,000 ☐

(c) ₦251,000 – ₦500,000 ☐ (d) ₦501,000 – Less than ₦1 million ☐ (e) ₦1 million – Less than ₦5 million ☐

(f) ₦5 million – Less than ₦10 million ☐ (g) ₦10 million – Less than ₦20 million ☐ (h) Above ₦20 million ☐

Employer's Name ☐

House Number ☐☐☐☐☐ Street Name ☐

Nearest Bus Stop/Landmark ☐

City/Town ☐ L.G.A. ☐

State ☐

Type of Business/Occupation ☐

Office Phone No. 1 + ☐ Office Phone No. 2 + ☐

Country Code Country Code

7. DETAILS OF NEXT OF KIN

First Name Other Names

Surname

Date of Birth (DD/MM/YYYY) / / Gender: Male Female Title (Specify)

Relationship

Phone Number (1) + Phone Number (2) +

Country Code Country Code

Email Address

House Number Street Name

Nearest Bus Stop/Landmark

City/Town

State

8. ADDITIONAL DETAILS

I Name of Beneficial Owner(s) (if any)

II Spouse's Name (if applicable)

III Spouse's Date of Birth (DD/MM/YYYY) / /

Spouse's Occupation

IV Source of Funds to the Account 1.

2.

V Expected Annual Income from Other Sources

VI Name of Associated Business(es) (if any) 1.

2.

3.

VII Type of Business

VIII Business Address

IX How did you hear about us? TV Radio Press Online Word of Mouth

Other (please specify)

9. ACCOUNT(S) HELD WITH OTHER BANKS

S/N	NAME AND ADDRESS OF BANK/BRANCH	ACCOUNT NAME	ACCOUNT NUMBER	STATUS ACTIVE/DORMANT
1.				
2.				
3.				
4.				

Personal Account Application Form

Continued

10. TERMS AND CONDITIONS

I/We hereby certify that the information given on this form is correct and that I/We have read, understood and agree with the Account opening terms and conditions governing the selected account(s)

Principal Account Holder's Signature

Mandate/Special Instructions
(Minimum Confirmation Amount/Signature Mandate)

JOINT ACCOUNT HOLDER (PLEASE COMPLETE ALL SECTIONS IN CAPITAL LETTERS)

Name(s) ____________________

Contact Address ____________________

____

Mobile ____________ Date of Birth ____________

Email Address ____________________

Gender: Male ☐ Female ☐

Joint Account Holder's Signature

Please Affix your Passport Photograph Here

Joint Account Holder

11. DECLARATION:

I hereby apply for the opening of account(s) with First City Monument Bank Limited. I understand that the information given herein and the documents supplied are the basis for opening such account(s) and I therefore warrant that such information is correct.

I further undertake to indemnify the bank of any loss suffered as a result of any false information or error in the information provided to the Bank.

1. Name ____________________ Signature ____________ Date ____________

1. Name ____________________ Signature ____________ Date ____________

12. JURAT (this should be adopted where the applicant is not literate or is blind and the form is read to him/her by a third party)

I agree to abide by the content of the agreement and acknowledge that it has been truly and audibly read over and explained to me by an interpreter.

Mark of Customer/ Thumbprint

Magistrate/ Commissioner for Oaths

Date ☐☐/☐☐/☐☐☐☐

Name of Interpreter

Address of Interpreter

Phone Number

Language of Interpretation

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