

**FCMB Group Plc**  
**Unaudited Annual Report**  
**31 December 2019**

**FCMB Group Plc**  
**UNAUDITED ANNUAL REPORT - 31 DECEMBER 2019**

<b>Contents</b>	<b>Page</b>
<b>Financial statements:</b>	
Consolidated and separate statements of profit or loss and other comprehensive income	1-4
Consolidated and separate statements of financial position	5
Consolidated and separate statements of changes in equity	6 - 7
Consolidated and separate statements of cashflows	8
Notes to the consolidated and separate financial statements	9 - 47

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Naira	Note	GROUP		COMPANY	
		2019	2018	2019	2018
<b>Gross earnings</b>		<b>186,683,838</b>	<b>177,248,909</b>	<b>3,991,820</b>	<b>4,808,316</b>
Interest and discount income	8	141,278,595	131,662,948	438,602	440,429
Interest expense	9	(63,992,405)	(59,089,590)	-	-
<b>Net interest and discount income</b>		<b>77,286,190</b>	<b>72,573,358</b>	<b>438,602</b>	<b>440,429</b>
Fee and commission income	11	29,834,633	27,986,346	335,247	-
Fee and commission expense	11	(9,079,170)	(6,379,466)	(4)	(6)
<b>Net fee and commission income</b>		<b>20,755,463</b>	<b>21,606,880</b>	<b>335,243</b>	<b>(6)</b>
Net trading income	12	6,902,204	6,193,705	(1,396)	147,064
Net (loss)/ income from financial instruments measured at fair value through profit or loss	13	25,814	(345,819)	-	(345,819)
Other income	14	8,642,592	11,751,729	3,219,367	4,566,642
		<b>15,570,610</b>	<b>17,599,615</b>	<b>3,217,971</b>	<b>4,367,887</b>
Net impairment loss on financial assets	10	(9,314,356)	(14,113,282)	(3,552)	(62,355)
Personnel expenses	15	(29,588,256)	(25,927,891)	(307,650)	(336,181)
Depreciation and amortisation expenses	16	(6,670,435)	(5,537,314)	(12,817)	(18,358)
General and administrative expenses	17	(31,955,489)	(29,730,408)	(502,477)	(512,154)
Other operating expenses	18	(16,078,097)	(18,028,661)	(134,979)	(203,570)
<b>Profit before minimum tax and income tax</b>		<b>20,005,630</b>	<b>18,442,297</b>	<b>3,030,341</b>	<b>3,675,692</b>
Dividend tax	20	-	(107,102)	-	(107,102)
Minimum tax	20	(675,000)	(952,422)	-	-
Income tax expense	20	(1,610,413)	(2,411,245)	-	(16,198)
<b>Profit for the period</b>		<b>17,720,217</b>	<b>14,971,528</b>	<b>3,030,341</b>	<b>3,552,392</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
<b>Equity investments at fair value through other comprehensive income:</b>					
- Net change in fair value		1,929,876	2,465,800	-	-
		<b>1,929,876</b>	<b>2,465,800</b>	<b>-</b>	<b>-</b>
<b>Items that may be subsequently reclassified to profit or loss</b>					
<b>Debt investments at fair value through other comprehensive income:</b>					
- Net change in fair value		2,198,621	(644,994)	-	(1,481)
<b>Quoted equity at fair value through other comprehensive income:</b>					
- Net change in fair value		(316,770)	(432,576)	-	-
<b>Net impairment reclassified from profit or loss</b>	10	(24,141)	9,747	-	-
<b>Net reclassification adjustments for realised losses</b>		-	(659,184)	-	-
<b>Foreign currency translation differences for foreign operations</b>		246,453	1,148,941	-	-
		<b>2,104,163</b>	<b>(578,066)</b>	<b>-</b>	<b>(1,481)</b>
<b>Available-for-sale financial assets:</b>					
- Net change in fair value		-	-	-	-
<b>Other comprehensive income / (loss) for the period, net of tax</b>		<b>4,034,039</b>	<b>1,887,734</b>	<b>-</b>	<b>(1,481)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>21,754,256</b>	<b>16,859,262</b>	<b>3,030,341</b>	<b>3,550,911</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		17,646,732	14,885,691	3,030,341	3,552,392
Non-controlling interests		73,485	85,837	-	-
		<b>17,720,217</b>	<b>14,971,528</b>	<b>3,030,341</b>	<b>3,552,392</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		21,679,760	16,775,554	3,030,341	3,550,911
Non-controlling interests		74,496	83,708	-	-
		<b>21,754,256</b>	<b>16,859,262</b>	<b>3,030,341</b>	<b>3,550,911</b>
<b>Basic and diluted earnings per share (Naira)</b>	19	<b>0.89</b>	<b>0.75</b>	<b>0.15</b>	<b>0.18</b>

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

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Naira	GROUP				COMPANY			
	4TH QTR ENDED DECEMBER		YEAR-TO-DATE ENDED DECEMBER		4TH QTR ENDED DECEMBER		YEAR-TO-DATE ENDED DECEMBER	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Gross earnings</b>	<b>50,860,235</b>	<b>44,374,149</b>	<b>186,683,838</b>	<b>177,248,909</b>	<b>3,024,687</b>	<b>2,776,029</b>	<b>3,991,820</b>	<b>4,808,316</b>
Interest and discount income	39,477,034	36,245,791	141,278,595	131,662,948	123,345	103,810	438,602	440,429
Interest expense	(18,422,277)	(16,907,628)	(63,992,405)	(59,089,590)	-	-	-	-
<b>Net interest and discount income</b>	<b>21,054,757</b>	<b>19,338,163</b>	<b>77,286,190</b>	<b>72,573,358</b>	<b>123,345</b>	<b>103,810</b>	<b>438,602</b>	<b>440,429</b>
Fee and commission income	8,122,548	8,097,821	29,834,633	27,986,346	(214,169)	(88,161)	335,247	-
Fee and commission expense	(2,674,711)	(1,950,683)	(9,079,170)	(6,379,466)	(1)	-	(4)	(6)
<b>Net fee and commission income</b>	<b>5,447,837</b>	<b>6,147,138</b>	<b>20,755,463</b>	<b>21,606,880</b>	<b>(214,170)</b>	<b>(88,161)</b>	<b>335,243</b>	<b>(6)</b>
Net trading income	2,060,228	1,612,363	6,902,204	6,193,705	(476)	-	(1,396)	147,064
Net income from financial instruments measured at fair value through profit or loss	1,218	(345,819)	25,814	(345,819)	-	(345,819)	-	(345,819)
Other income	1,199,207	(1,236,007)	8,642,592	11,751,729	3,115,987	3,106,199	3,219,367	4,566,642
	3,260,653	30,537	15,570,610	17,599,615	3,115,511	2,760,380	3,217,971	4,367,887
Net impairment loss on financial assets	(1,462,493)	513,572	(9,314,356)	(14,113,282)	-	(62,355)	(3,552)	(62,355)
Personnel expenses	(8,025,131)	(7,816,214)	(29,588,256)	(25,927,891)	(65,451)	(90,426)	(307,650)	(336,181)
Depreciation and amortisation expenses	(1,866,687)	(1,404,550)	(6,670,435)	(5,537,314)	(6,176)	(2,638)	(12,817)	(18,358)
General and administrative expenses	(8,516,208)	(7,872,458)	(31,955,489)	(29,730,408)	(173,916)	(89,709)	(502,477)	(512,154)
Other operating expenses	(2,690,323)	(5,261,200)	(16,078,097)	(18,028,661)	6,594	(49,119)	(134,979)	(203,570)
<b>Results from operating activities</b>	<b>7,202,405</b>	<b>3,674,988</b>	<b>20,005,630</b>	<b>18,442,297</b>	<b>2,785,737</b>	<b>2,481,782</b>	<b>3,030,341</b>	<b>3,675,692</b>
Gain / (loss) on disposal of associate	-	-	-	-	-	-	-	-
<b>Profit before minimum tax and income tax</b>	<b>7,202,405</b>	<b>3,674,988</b>	<b>20,005,630</b>	<b>18,442,297</b>	<b>2,785,737</b>	<b>2,481,782</b>	<b>3,030,341</b>	<b>3,675,692</b>
Dividend tax	-	(107,102)	-	(107,102)	-	(107,102)	-	(107,102)
Minimum tax	25,819	1,114,327	(675,000)	(952,422)	-	-	-	-
Income tax expense	(299,408)	(1,052,043)	(1,610,413)	(2,411,245)	-	(16,198)	-	(16,198)
<b>Profit for the year</b>	<b>6,928,816</b>	<b>3,630,170</b>	<b>17,720,217</b>	<b>14,971,528</b>	<b>2,785,737</b>	<b>2,358,482</b>	<b>3,030,341</b>	<b>3,552,392</b>
<b>Discontinued operations</b>								
Profit/ (loss) from discontinued operation (net of tax)	-	-	-	-	-	-	-	-
<b>Profit for the year</b>	<b>6,928,816</b>	<b>3,630,170</b>	<b>17,720,217</b>	<b>14,971,528</b>	<b>2,785,737</b>	<b>2,358,482</b>	<b>3,030,341</b>	<b>3,552,392</b>
<b>Other comprehensive income</b>								
<b>Items that will not be reclassified to profit or loss</b>								
<b>Equity investments at fair value through other comprehensive income:</b>								
- Net change in fair value	-	(5,017,400)	1,929,876	2,465,800	-	-	-	-
	-	(5,017,400)	1,929,876	2,465,800	-	-	-	-
<b>Items that may be subsequently reclassified to profit or loss</b>								
<b>Debt instruments at fair value through other comprehensive income:</b>								
- Net change in fair value	7,395,871	(115,583)	2,198,621	(644,994)	-	(1,481)	-	(1,481)
<b>Quoted equity at fair value through other comprehensive income:</b>								
- Net change in fair value	-	(388)	(316,770)	(432,576)	-	-	-	-
<b>Net impairment reclassified from profit or loss</b>	-	8,996	(24,141)	9,747	-	-	-	-
<b>Net reclassification adjustments for realised losses</b>	-	(58,846)	-	(659,184)	-	-	-	-
<b>Foreign currency translation differences for foreign operations</b>	120,422	(99,673)	246,453	1,148,941	-	-	-	-
	7,516,293	(265,494)	2,104,163	(578,066)	-	(1,481)	-	(1,481)
<b>Available-for-sale financial assets:</b>								
Net change in fair value	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Other comprehensive income for the year, net of tax</b>	<b>7,516,293</b>	<b>(5,282,894)</b>	<b>4,034,039</b>	<b>1,887,734</b>	<b>-</b>	<b>(1,481)</b>	<b>-</b>	<b>(1,481)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>14,445,109</b>	<b>(1,652,724)</b>	<b>21,754,256</b>	<b>16,859,262</b>	<b>2,785,737</b>	<b>2,357,001</b>	<b>3,030,341</b>	<b>3,550,911</b>
<b>Profit attributable to:</b>								
Equity holders of the Company	6,908,440	3,613,268	17,646,732	14,885,691	2,785,737	2,358,482	3,030,341	3,552,392
Non-controlling interests	20,376	16,902	73,485	85,837	-	-	-	-
	6,928,816	3,630,170	17,720,217	14,971,528	2,785,737	2,358,482	3,030,341	3,552,392
<b>Total comprehensive income attributable to:</b>								
Equity holders of the Company	14,424,173	(1,667,497)	21,679,760	16,775,554	2,785,737	2,357,001	3,030,341	3,550,911
Non-controlling interests	20,936	14,773	74,496	83,708	-	-	-	-
	14,445,109	(1,652,724)	21,754,256	16,859,262	2,785,737	2,357,001	3,030,341	3,550,911
<b>Basic and diluted earnings per share (naira)</b>	<b>0.35</b>	<b>0.18</b>	<b>0.89</b>	<b>0.75</b>	<b>0.14</b>	<b>0.12</b>	<b>0.15</b>	<b>0.18</b>

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

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

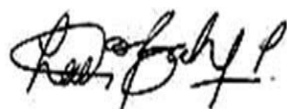
In thousands of Naira	GROUP				COMPANY			
	4TH QTR ENDED DECEMBER		YEAR-TO-DATE ENDED DECEMBER		4TH QTR ENDED DECEMBER		YEAR-TO-DATE ENDED DECEMBER	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>2 Interest income</b>								
Cash and cash equivalents	6,451,172	939,799	14,566,764	2,368,296	228	1,005	25,306	13,235
Loans and advances to customers	24,606,223	28,186,376	94,020,049	100,862,288	-	-	-	-
Investment securities at amortised cost	3,650,385	3,296,068	14,206,825	12,390,484	74,980	71,463	293,515	290,147
Investment securities at FVOCI	4,769,254	3,823,548	18,484,957	16,041,880	48,137	31,342	119,781	137,047
	<b>39,477,034</b>	<b>36,245,791</b>	<b>141,278,595</b>	<b>131,662,948</b>	<b>123,345</b>	<b>103,810</b>	<b>438,602</b>	<b>440,429</b>
<b>3 Interest expense</b>								
Deposits from banks	3,503,119	279,719	5,533,957	475,750	-	-	-	-
Deposits from customers	10,320,132	9,271,975	40,434,945	38,214,989	-	-	-	-
	<b>13,823,251</b>	<b>9,551,694</b>	<b>45,968,902</b>	<b>38,690,739</b>	-	-	-	-
Borrowings	2,163,808	1,467,955	8,256,357	7,829,455	-	-	-	-
Debt issues securities	2,161,636	2,149,090	8,555,439	8,514,138	-	-	-	-
Onlending facilities	273,582	3,738,889	1,211,707	4,055,258	-	-	-	-
	<b>18,422,277</b>	<b>16,907,628</b>	<b>63,992,405</b>	<b>59,089,590</b>	-	-	-	-
<b>4 Impairment charge for credit losses</b>								
Loan and advances	4,200,911	2,238,814	13,955,922	13,809,332	-	-	-	-
Other assets	286,842	(2,361,214)	2,009,706	2,757,212	-	62,507	-	62,507
Investment securities - amortised cost	(182,994)	19,256	(126,148)	1,556,914	-	(152)	3,552	(152)
Investment securities - fair value other comprehensive income	-	9,747	(24,140)	9,747	-	-	-	-
Investment securities - cash and cash equivalents	-	-	6,217	-	-	-	-	-
Financial guarantee contracts and loan commitment issued	(4,480)	746,952	303,068	746,952	-	-	-	-
Recoveries on loans previously written off	(2,837,786)	(1,167,127)	(6,810,269)	(4,766,875)	-	-	-	-
	<b>1,462,493</b>	<b>(513,572)</b>	<b>9,314,356</b>	<b>14,113,282</b>	-	<b>62,355</b>	<b>3,552</b>	<b>62,355</b>
<b>5 Net fee and commission income</b>								
Credit related fees	197,696	39,208	654,189	370,531	-	-	-	-
Account Maintenance	979,050	974,613	3,721,843	3,390,331	-	-	-	-
Letters of credit commission	158,773	224,451	773,609	879,296	-	-	-	-
Asset Management Fees	768,925	719,720	2,918,499	2,946,628	-	-	-	-
Administration Fees	16,942	36,615	169,418	146,485	-	-	-	-
Commission on off-balance sheet transactions	179,951	109,196	643,289	477,208	-	-	-	-
Electronics fees and commissions	3,059,402	2,302,949	11,039,660	8,316,466	-	-	-	-
Service fees and commissions	2,761,809	3,691,069	9,914,126	11,459,401	(214,169)	(88,161)	335,247	-
<b>Gross Fee and commission income</b>	<b>8,122,548</b>	<b>8,097,821</b>	<b>29,834,633</b>	<b>27,986,346</b>	<b>(214,169)</b>	<b>(88,161)</b>	<b>335,247</b>	<b>-</b>
Electronics fees and commissions recoverable expenses	(2,166,775)	(1,426,772)	(7,561,707)	(5,153,469)	-	-	-	-
Cheque books recoverable expenses	(11,788)	(16,079)	(46,748)	(40,551)	-	-	-	-
Other banks charges	(496,148)	(507,832)	(1,470,715)	(1,185,446)	(1)	-	(4)	(6)
<b>Fee and commission expense</b>	<b>(2,674,711)</b>	<b>(1,950,683)</b>	<b>(9,079,170)</b>	<b>(6,379,466)</b>	<b>(1)</b>	<b>-</b>	<b>(4)</b>	<b>(6)</b>
<b>Net fee and commission income</b>	<b>5,447,837</b>	<b>6,147,138</b>	<b>20,755,463</b>	<b>21,606,880</b>	<b>(214,170)</b>	<b>(88,161)</b>	<b>335,243</b>	<b>(6)</b>
<b>6 Net trading income</b>								
Foreign exchange trading income/ (loss)	33,607	758,264	296,891	2,700,002	(476)	-	(1,396)	147,064
Bonds trading income	161,903	279,980	363,024	1,333,150	-	-	-	-
Treasury bills trading income	1,838,854	557,227	6,177,192	2,137,099	-	-	-	-
Equities trading income/ (loss)	25,864	16,892	65,097	23,454	-	-	-	-
	<b>2,060,228</b>	<b>1,612,363</b>	<b>6,902,204</b>	<b>6,193,705</b>	<b>(476)</b>	<b>-</b>	<b>(1,396)</b>	<b>147,064</b>
<b>7 Net gains / (losses) from financial instruments at fair value through</b>								
Net gains / (losses) arising on:								
Fair value gain on derivative financial instruments held for risk management	1,218	(345,819)	25,814	(345,819)	-	(345,819)	-	(345,819)
	<b>1,218</b>	<b>(345,819)</b>	<b>25,814</b>	<b>(345,819)</b>	<b>-</b>	<b>(345,819)</b>	<b>-</b>	<b>(345,819)</b>
<b>8 Other revenue</b>								
Dividends on equity investment securities in the subsidiaries	-	-	-	-	2,733,084	2,833,083	2,809,084	2,953,212
Dividends on unquoted equity securities at cost	(1,492)	56,551	526,280	537,576	-	-	-	-
Foreign exchange gains	467,083	(1,055,545)	2,216,833	9,334,192	21,512	(13,806)	48,613	243,702
Profit on disposal of investment securities	-	230,598	-	1,313,358	-	227,849	-	1,310,609
Profit / (loss) on sale of property and equipment	107,540	48,623	158,804	63,456	27	-	306	46
Other income	626,076	(516,234)	5,740,675	503,147	361,364	59,073	361,364	59,073
	<b>1,199,207</b>	<b>(1,236,007)</b>	<b>8,642,592</b>	<b>11,751,729</b>	<b>3,115,987</b>	<b>3,106,199</b>	<b>3,219,367</b>	<b>4,566,642</b>
<b>9 Other operating expenses</b>								
Personnel expenses	8,025,131	7,816,214	29,588,256	25,927,891	65,451	90,426	307,650	336,181
Depreciation	1,457,372	1,128,326	5,229,078	4,290,943	6,176	2,638	12,817	18,358
Amortisation	409,315	276,224	1,441,357	1,246,371	-	-	-	-
Gen & Admin	8,516,208	7,872,458	31,955,489	29,730,408	173,916	89,709	502,477	512,154
Other expenses	2,690,323	5,261,200	16,078,097	18,028,661	(6,594)	49,119	134,979	203,570
	<b>21,098,349</b>	<b>22,354,422</b>	<b>84,292,277</b>	<b>79,224,274</b>	<b>238,949</b>	<b>231,892</b>	<b>957,923</b>	<b>1,070,263</b>

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Naira	GROUP				COMPANY			
	4TH QTR ENDED DECEMBER		YEAR-TO-DATE ENDED DECEMBER		4TH QTR ENDED DECEMBER		YEAR-TO-DATE ENDED DECEMBER	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>10 Personnel expenses</b>								
Wages and salaries	5,815,072	5,814,383	23,203,256	20,820,320	5,382	46,179	230,187	225,553
Contributions to defined contribution plans	164,340	140,392	650,220	603,817	2,985	2,162	9,731	8,564
Non-payroll staff cost	2,045,719	1,861,439	5,734,780	4,503,754	57,084	42,085	67,732	102,064
	<b>8,025,131</b>	<b>7,816,214</b>	<b>29,588,256</b>	<b>25,927,891</b>	<b>65,451</b>	<b>90,426</b>	<b>307,650</b>	<b>336,181</b>
<b>11 Depreciation and amortisation</b>								
Amortisation of intangibles	409,315	276,224	1,441,357	1,246,371	-	-	-	-
Depreciation of property and equipment	1,457,372	1,128,326	5,229,078	4,290,943	6,176	2,638	12,817	18,358
	<b>1,866,687</b>	<b>1,404,550</b>	<b>6,670,435</b>	<b>5,537,314</b>	<b>6,176</b>	<b>2,638</b>	<b>12,817</b>	<b>18,358</b>
<b>12 General and administrative expenses</b>								
Communication, stationery and postage	565,003	441,762	1,935,853	1,732,015	1,197	(4,312)	3,935	4,046
Business travel expenses	402,489	167,819	1,371,323	1,174,174	6,477	346	7,629	7,243
Advert, promotion and corporate gifts	902,108	764,477	3,846,354	3,463,459	10,704	4,937	15,039	7,522
Business premises and equipment costs	744,238	1,376,341	3,999,204	4,980,217	5,122	1,819	16,605	19,627
Operating lease expenses	298,914	-	641,606	-	1,856	-	6,144	-
Directors' emoluments and expenses	243,600	289,400	1,039,539	1,071,463	175,849	71,474	379,197	286,496
IT expenses	1,636,166	1,108,567	5,119,479	4,791,453	1,448	(1,614)	5,197	4,275
Contract Services and training expenses	1,729,850	1,938,740	7,288,159	6,005,872	861	156	3,075	626
Vehicles maintenance expenses	466,168	356,564	1,629,450	1,490,893	684	330	3,450	2,373
Security expenses	616,947	618,994	2,262,145	2,240,094	-	-	80	-
Auditors' remuneration	255,317	238,180	448,167	398,578	10,890	7,339	38,115	36,300
Professional charges	655,408	571,614	2,374,210	2,382,190	(41,172)	9,234	24,011	143,646
	<b>8,516,208</b>	<b>7,872,458</b>	<b>31,955,489</b>	<b>29,730,408</b>	<b>173,916</b>	<b>89,709</b>	<b>502,477</b>	<b>512,154</b>
<b>13 Other operating expenses</b>								
NDIC Insurance Premium	948,705	780,783	3,865,740	3,123,131	-	-	-	-
AMCON Levy	-	-	7,842,332	6,472,256	-	-	-	-
Insurance expenses	175,328	135,946	591,563	512,155	1,262	373	5,163	4,946
Lease liability on right-of-use	113,843	-	284,014	-	-	-	-	-
Others	1,452,447	4,344,471	3,494,448	7,921,119	(7,856)	48,746	129,816	198,624
	<b>2,690,323</b>	<b>5,261,200</b>	<b>16,078,097</b>	<b>18,028,661</b>	<b>(6,594)</b>	<b>49,119</b>	<b>134,979</b>	<b>203,570</b>
<b>(a) Others comprises:</b>								
AGM, meetings and shareholders expenses	80,430	240,911	546,735	493,261	(17,676)	42,309	79,299	169,237
Donation and sponsorship expenses	116,134	12,349	302,399	315,803	-	-	-	1,667
Entertainment expenses	118,864	136,709	444,284	394,861	674	3,599	4,296	8,001
Fraud and forgery expense	21,559	63,702	175,720	93,449	-	-	-	-
Regulatory charges	2,040	6,946	8,159	6,946	2,040	6,946	8,159	6,946
Other accounts written off	30,415	64,507	168,664	128,095	160	-	210	-
PENCOM Recovery Agent Fee	347	50	2,508	611	-	-	-	-
Pension Protection Fund Expenses	35,430	16,418	99,864	65,672	-	-	-	-
Provision for litigation	796,307	3,662,970	933,139	5,720,327	-	-	-	-
Industrial training fund levy	56,596	91,118	251,221	221,883	4,089	3,802	6,433	6,083
Nigeria Social Insurance Trust Fund expenses	48,160	48,224	193,422	179,192	1,157	684	3,501	2,965
Penalties	82,255	4,976	175,355	36,868	-	-	-	100
Miscellaneous expenses	63,910	(4,410)	192,978	264,150	1,700	(8,593)	27,918	3,625
	<b>1,452,447</b>	<b>4,344,470</b>	<b>3,494,448</b>	<b>7,921,118</b>	<b>(7,856)</b>	<b>48,746</b>	<b>129,816</b>	<b>198,624</b>
<b>14 Earnings per share</b>								
Profit attributable to equity holders of the Company	6,908,440	3,613,268	17,646,732	14,885,691	2,785,737	2,358,482	3,030,341	3,552,392
Weighted average number of ordinary shares in issue (in '000s)	19,802,710	19,802,710	19,802,710	19,802,710	19,802,710	19,802,710	19,802,710	19,802,710
Basic earnings per share (expressed in Naira per share)	0.35	0.18	0.89	0.75	0.14	0.12	0.15	0.18

**CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION**

In thousands of Naira	Note	GROUP		COMPANY	
		2019	2018	2019	2018
<b>ASSETS</b>					
Cash and cash equivalents	21	252,933,261	185,147,549	19,482	297,957
Restricted reserve deposits	22	220,866,226	146,497,087	-	-
Trading assets	23(a)	47,482,040	47,469,113	-	-
Derivative assets held for risk management	24	737,202	10,538	-	-
Loans and advances to customers	25	717,533,031	633,034,962	-	-
Assets pledged as collateral	27	240,709,742	87,409,893	-	-
Investment securities	26	207,013,960	235,921,932	3,829,945	3,727,938
Investment in subsidiaries	28	-	-	126,405,374	126,405,374
Property and equipment	29	43,765,886	37,281,754	91,263	17,846
Intangible assets	30	15,596,725	15,320,782	-	-
Deferred tax assets	31	7,944,838	7,944,838	-	-
Other assets	32	24,184,204	35,259,574	2,819,497	2,342,951
<b>Total assets</b>		<b>1,778,767,115</b>	<b>1,431,298,022</b>	<b>133,165,561</b>	<b>132,792,066</b>
<b>LIABILITIES</b>					
Trading liabilities	23(b)	33,476,838	32,474,632	-	-
Derivative liabilities held for risk management	24	711,388	10,538	-	-
Deposits from banks	33	189,911,737	39,140,044	-	-
Deposits from customers	34	953,772,257	821,747,423	-	-
Borrowings	35	133,344,087	108,731,522	-	-
On-lending facilities	36	72,629,951	57,889,225	-	-
Debt securities issued	37	71,864,898	54,651,172	-	-
Retirement benefit obligations	38	169,417	80,207	-	-
Current income tax liabilities	20(iii)	4,670,617	5,038,371	71,353	178,455
Deferred tax liabilities	31	307,703	307,703	-	-
Provision	39	7,947,025	11,583,432	-	303,630
Other liabilities	40	107,552,215	116,216,647	1,730,164	1,203,898
<b>Total liabilities</b>		<b>1,576,358,133</b>	<b>1,247,870,916</b>	<b>1,801,517</b>	<b>1,685,983</b>
<b>EQUITY</b>					
Share capital	41(b)	9,901,355	9,901,355	9,901,355	9,901,355
Share premium	42	115,392,414	115,392,414	115,392,414	115,392,414
Retained earnings	42	41,820,375	28,962,144	6,071,756	5,813,795
Other reserves	42	34,999,828	28,950,679	(1,481)	(1,481)
Total Equity attributable to owners of the Company		202,113,972	183,206,592	131,364,044	131,106,083
Non-controlling Interests		295,010	220,514	-	-
		202,408,982	183,427,106	131,364,044	131,106,083
<b>Total liabilities and equity</b>		<b>1,778,767,115</b>	<b>1,431,298,022</b>	<b>133,165,561</b>	<b>132,792,066</b>
<b>Acceptances and guarantees</b>	44(b)	<b>214,487,082</b>	<b>234,930,713</b>	<b>-</b>	<b>-</b>



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**

<b>GROUP</b>									
<b>In thousands of Naira</b>									
	Share capital	Share premium	Retained earnings	Statutory reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	Non-controlling Interest	Total equity
<b>Balance at 1 January 2019</b>	<b>9,901,355</b>	<b>115,392,414</b>	<b>28,962,144</b>	<b>10,741,073</b>	<b>8,001,202</b>	<b>10,061,614</b>	<b>146,790</b>	<b>220,514</b>	<b>183,427,105</b>
Profit for the year	-	-	17,646,732	-	-	-	-	73,485	17,720,217
<b>Other comprehensive income</b>									
Equity investments at fair value through other comprehensive income	-	-	-	-	-	1,613,106	-	-	1,613,106
Debt investments at fair value through other comprehensive income	-	-	-	-	-	2,173,469	-	1,011	2,174,480
Foreign currency translation differences for foreign operations	-	-	-	-	246,453	-	-	-	246,453
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>17,646,732</b>	<b>-</b>	<b>246,453</b>	<b>3,786,575</b>	<b>-</b>	<b>74,496</b>	<b>21,754,256</b>
<b>Transfer between reserves</b>									
Transfer to statutory reserve	-	-	(2,016,121)	2,016,121	-	-	-	-	-
<b>Transactions with owners recorded directly in equity</b>									
Dividend paid	-	-	(2,772,380)	-	-	-	-	-	(2,772,380)
<b>Total Contributions and distributions</b>	<b>-</b>	<b>-</b>	<b>(4,788,501)</b>	<b>2,016,121</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,772,380)</b>
<b>Balance at 31 December 2019</b>	<b>9,901,355</b>	<b>115,392,414</b>	<b>41,820,375</b>	<b>12,757,194</b>	<b>8,247,655</b>	<b>13,848,189</b>	<b>146,790</b>	<b>295,010</b>	<b>202,408,982</b>
<b>Balance at 1 January 2018</b>	<b>9,901,355</b>	<b>115,392,414</b>	<b>28,761,146</b>	<b>8,887,811</b>	<b>6,852,261</b>	<b>2,547,807</b>	<b>14,756,812</b>	<b>362,206</b>	<b>187,461,812</b>
<b>Adjustments on initial application of IFRS 9, net of tax:</b>									
- Equity investments at FVOCI (see Note 46)	-	-	-	-	-	6,772,885	-	-	6,772,885
- Loans and receivables (see Note 46)	-	-	(25,149,831)	-	-	-	-	-	(25,149,831)
Transfer from regulatory risk reserve	-	-	14,204,674	-	-	-	(14,204,674)	-	-
<b>Restated balance as at 1 January 2018</b>	<b>9,901,355</b>	<b>115,392,414</b>	<b>17,815,989</b>	<b>8,887,811</b>	<b>6,852,261</b>	<b>9,320,692</b>	<b>552,138</b>	<b>362,206</b>	<b>169,084,865</b>
Profit for the year	-	-	14,885,691	-	-	-	-	85,837	14,971,528
<b>Other comprehensive income</b>									
Equity investments at fair value through other comprehensive income	-	-	-	-	-	2,465,800	-	-	2,465,800
Debt investments at fair value through other comprehensive income	-	-	-	-	-	(1,724,878)	-	(2,129)	(1,727,007)
Foreign currency translation differences for foreign operations	-	-	-	-	1,148,941	-	-	-	1,148,941
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>14,885,691</b>	<b>-</b>	<b>1,148,941</b>	<b>740,922</b>	<b>-</b>	<b>83,708</b>	<b>16,859,262</b>
<b>Transfer between reserves</b>									
Transfer to statutory reserve	-	-	(1,853,262)	1,853,262	-	-	-	-	-
Transfer from regulatory risk reserve	-	-	405,348	-	-	-	(405,348)	-	-
<b>Transactions with owners recorded directly in equity</b>									
Dividend paid	-	-	(1,980,270)	-	-	-	-	-	(1,980,270)
<b>Transactions with minority shareholders recorded directly in equity</b>									
Dividend paid	-	-	-	-	-	-	-	(142,288)	(142,288)
Acquisition of part minority interest by the Group	-	-	(311,352)	-	-	-	-	(83,112)	(394,464)
<b>Total Contributions and distributions</b>	<b>-</b>	<b>-</b>	<b>(3,739,536)</b>	<b>1,853,262</b>	<b>-</b>	<b>-</b>	<b>(405,348)</b>	<b>(225,400)</b>	<b>(2,517,022)</b>
<b>Balance at 31 December 2018</b>	<b>9,901,355</b>	<b>115,392,414</b>	<b>28,962,144</b>	<b>10,741,073</b>	<b>8,001,202</b>	<b>10,061,614</b>	<b>146,790</b>	<b>220,514</b>	<b>183,427,105</b>



CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY									
In thousand of Naira									
	Share capital	Share premium	Retained earnings	Statutory reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	Non-controlling Interest	Total equity
<b>Balance at 1 January 2019</b>	9,901,355	115,392,414	5,813,795	-	-	(1,481)	-	-	131,106,083
Profit for the year	-	-	3,030,341	-	-	-	-	-	3,030,341
<b>Other comprehensive income</b>									
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	3,030,341	-	-	-	-	-	3,030,341
<b>Transfer between reserves</b>									
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-	-	-
<b>Transactions with owners recorded directly in equity</b>									
Dividend paid	-	-	(2,772,380)	-	-	-	-	-	(2,772,380)
<b>Total Contributions and distributions</b>	-	-	(2,772,380)	-	-	-	-	-	(2,772,380)
<b>Balance at 31 December 2019</b>	9,901,355	115,392,414	6,071,756	-	-	(1,481)	-	-	131,364,044
<b>Balance at 1 January 2018</b>	9,901,355	115,392,414	4,350,828	-	-	-	-	-	129,644,597
Adjustments on initial application of IFRS 9, net of tax (see Note 46)									
- Loans and receivables (see Note 46)	-	-	(109,154)	-	-	-	-	-	(109,154)
<b>Restated balance as at 1 January 2018</b>	9,901,355	115,392,414	4,241,674	-	-	-	-	-	129,535,443
Profit for the year	-	-	3,552,392	-	-	-	-	-	3,552,392
<b>Other comprehensive income</b>									
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	(1,481)	-	-	(1,481)
<b>Total comprehensive income for the year</b>	-	-	3,552,392	-	-	(1,481)	-	-	3,550,911
<b>Transactions with owners recorded directly in equity</b>									
Dividend paid	-	-	(1,980,271)	-	-	-	-	-	(1,980,271)
<b>Total Contributions and distributions</b>	-	-	(1,980,271)	-	-	-	-	-	(1,980,271)
<b>Balance at 31 December 2018</b>	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 CASHFLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Naira	Note	GROUP		COMPANY	
		2019	2018	2019	2018
<b>Cash flows from operating activities</b>					
Profit for the period		17,720,217	14,971,528	3,030,341	3,552,392
<b>Adjustments for:</b>					
Net impairment loss on financial assets	10	9,314,356	14,113,282	3,552	62,355
Fair value gain on financial assets at fair value through profit or loss			(1,125,296)	-	-
Net (loss)/ income from other financial instruments at fair value through profit or loss	13	(25,814)	345,819	-	345,819
Amortisation of intangibles	16	1,441,357	1,246,371	-	-
Depreciation of property and equipment	16	5,229,078	4,290,943	12,817	18,358
Gain on disposal of property and equipment	14	(158,804)	(63,456)	(306)	(46)
Loss on disposal of investment securities	14	-	(1,313,358)	-	(1,310,609)
Unrealised foreign exchange gains	14	(2,216,833)	(9,334,192)	(48,613)	(243,702)
Net interest income		(77,286,190)	(72,573,358)	(438,602)	(440,429)
Dividend income	14	(526,280)	(537,576)	(2,809,084)	(2,953,212)
Tax expense	20	2,285,413	3,470,769	-	123,300
		(44,223,500)	(46,508,524)	(249,895)	(845,774)
<b>Changes in operating assets and liabilities</b>					
Net (increase)/ decrease in restricted reserve deposits		(74,369,139)	(36,858,528)	-	-
Net decrease in derivative assets held for risk management		-	335,246	-	-
Net (increase) in trading assets		(32,291,309)	(24,170,040)	-	-
Net decrease in loans and advances to customers		(74,219,577)	3,883,781	-	-
Net decrease/(increase) in other assets		11,075,370	9,825,703	(476,546)	(1,594,376)
Net increase in trading liabilities		1,002,206	10,857,972	-	-
Net increase/ (decrease) in deposits from banks		150,771,693	32,784,655	-	-
Net increase in deposits from customers		132,024,834	131,886,783	-	-
Net increase/ (decrease) in on-lending facilities		14,700,788	11,214,450	-	-
Net increase in assets pledged as collateral		(161,386,508)	(26,679,736)	-	-
Net (decrease) in derivative liabilities held for risk management		-	(335,246)	-	-
Net increase/ (decrease) in provision		(2,565,202)	9,143,690	-	-
Net increase/ (decrease) in other liabilities		(9,745,618)	48,857,836	508,750	(440,180)
		(89,225,962)	124,238,042	(217,691)	(2,880,330)
Interest received		131,780,108	137,984,787	438,602	440,429
Interest paid		(68,234,780)	(59,211,577)	-	-
Dividends received		526,280	537,576	2,809,084	1,184,756
VAT paid		(832,517)	(1,460,608)	(24,039)	(2,829)
Income taxes paid	20(iii)	(2,037,839)	(1,395,826)	(107,102)	(4,760)
<b>Net cash generated from /used in) operating activities</b>		<b>(28,024,710)</b>	<b>200,692,394</b>	<b>2,898,854</b>	<b>(1,262,734)</b>
<b>Cash flows from investing activities</b>					
Investment in subsidiaries		-	-	-	(810,672)
Purchase of property and equipment		(8,627,961)	(8,721,178)	(88,860)	(2,077)
Purchase of intangible assets		(1,493,202)	(648,377)	-	-
Purchase of intangible assets - Work-in-progress		(375,587)	(1,089,091)	-	-
Proceeds from sale of property and equipment		106,240	709,492	2,931	3,941
Acquisition of investment securities		(42,888,712)	(153,697,259)	-	(76,793)
Proceeds from sale and redemption of investment securities		80,494,408	49,515,208	-	2,682,713
<b>Net cash (used in)/ generated from investing activities</b>		<b>27,215,186</b>	<b>(113,931,206)</b>	<b>(85,929)</b>	<b>1,797,112</b>
<b>Cash flows from financing activities</b>					
Dividend paid		(2,772,380)	(1,980,270)	(2,772,380)	(1,980,271)
Proceeds from long term borrowing		94,897,912	48,769,311	-	-
Repayment of long term borrowing		(43,334,922)	(58,135,758)	-	-
<b>Net cash used in financing activities</b>		<b>65,803,866</b>	<b>(11,346,717)</b>	<b>(2,772,380)</b>	<b>(1,980,271)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>64,994,343</b>	<b>75,414,471</b>	<b>40,546</b>	<b>(1,445,893)</b>
Cash and cash equivalents at start of period	46	185,165,525	103,888,007	297,957	146,366
Effect of exchange rate fluctuations on cash and cash equivalents		2,797,340	5,863,047	(319,021)	1,597,485
<b>Cash and cash equivalents at end of period</b>	46	<b>252,957,208</b>	<b>185,165,525</b>	<b>19,482</b>	<b>297,957</b>

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

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### 1 Reporting entity

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

The principal activity of FCMB Group Plc is to carry on business as a financial holding company, investing in and holding controlling shares in, as well as managing equity investments in Central Bank of Nigeria approved financial entities. The Company has seven direct subsidiaries; First City Monument Bank Limited (100%), FCMB Capital Markets Limited (100%), CSL Stockbrokers Limited (100%), FCMB Trustees Limited (100%), FCMB Microfinance Bank Limited (100%), FCMB Pensions Limited (91.64%) and Credit Direct Limited (100%).

Effective 1 October 2018, Credit Direct Limited was transferred to the Company by the banking subsidiary.

FCMB Group Plc is a company domiciled in Nigeria. The address of the Company's registered office is 44 Marina, Lagos. These unaudited reports for the period ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the 'Group').

### 2 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 2018.

#### i. IFRS 9: Financial Instruments.

The Group has adopted IFRS 9, "Financial Instruments" as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt IFRS 9 in previous periods. The new standards brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Adjustments to the carrying amounts of financial assets and financial liabilities at the date of the transition were recognised in the opening retained earnings and other reserves of the current period.

The adoption of IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 (Financial Instrument Disclosures). Consequently for notes disclosure, the consequential amendments to IFRS 7 disclosures will also only be applied in the current period, see note 4. The comparative period disclosures repeat those disclosure made in the prior year.

The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarized below.

#### Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification. For an explanation of how the Group classifies financial assets under IFRS 9, see Note 3(K)(ii).

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option were recognised in profit and loss, under IFRS 9 fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

#### Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39, see Note 3(K)(vii).

As permitted by the transitional provisions of IFRS 9, comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented to 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss
- The designation of certain investments in equity instruments not held for trading at fair value through other comprehensive income
- For financial liabilities designated as at fair value through profit or loss, the determination of whether presenting the effects of changes in the financial liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss statement.
  - If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

For more information and details on the changes and applications resulting from the adoption of IFRS 9, see Note 46.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

---

### ii. IFRS 15: Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognizing revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g. IFRS 9, and IFRS 16 Leases). Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The following five step model in IFRS 15 is applied in determining when to recognize revenue, and at what amount:

- a) Identify the contract(s) with a customer
- b) Identify the performance obligations in the contract
- c) Determine the transaction price
- d) Allocate the transaction price to the performance obligations in the contract
- e) Recognise revenue when (or as) the entity satisfies a performance obligation

The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers. This standard does not have any significant impact on the Group. The impact on the comparative information is limited to the new disclosure requirements.

### 3 Significant Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated and separate financial statements, unless otherwise stated.

The principal accounting policies adopted in the preparation of these financial statements are set out below:

#### (a) Basis of accounting

##### (i) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standard Board (IASB) in the manner required by the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, and relevant Central Bank of Nigeria circulars and guidelines. The IFRS accounting policies have been consistently applied to all periods presented.

These consolidated and separate financial statements were authorised for issue by the Board of directors on 8 March 2019.

##### (ii) Functional and presentation currency

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

##### (iii) Use of estimates and judgments

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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 financial statements are described in note 5.

#### (b) Basis of Consolidation

##### (i) Subsidiaries

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

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

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

---

### (ii) Special purpose entities

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

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

### (iii) Loss of control

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### (iv) Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investments, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

### (v) Common control transactions

Common control transactions in the consolidated financial statement are accounted for at book value. 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

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 year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the spot exchange rate at the end of the year.

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 (2017: available-for-sale equity investments) 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 the 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.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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 statement of 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 a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains or 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 instruments 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 (or impairment allowance before 1 January 2018). The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

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

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

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

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

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

Prior to 1 January 2018, Interest income and expense on financial instruments are recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, the next repricing date) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

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

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

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.
- Interest on available for sale investment securities calculated on an effective interest rate basis

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

### (e) Fees and commission

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

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

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

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### (f) Net trading income

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

### (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 on trading equities are reflected as a component of net trading income. Dividend income on long term equity investments is recognised as a component of other operating income.

From 1 January 2018, dividends on equity instruments designated at fair value through other comprehensive income that clearly represent a recovery of part of the cost of the investments are presented in other comprehensive income.

### (i) Leases

The Group initially adopted IFRS 16 Leases from 1 January 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee has recognized the right-of-use assets

The major lease transaction wherein the Group / Company is a lessee relates to the lease of Banking subsidiary's branches.

As permitted by the standard, the Group has applied IFRS 16 using the modified retrospective approach. 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.

#### i). Definition of a lease

The Group has elected to apply the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease component as a single component

#### ii). Group / Company is a lessee

Leases, under which the Group possess a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration is disclosed in the Group's statement of financial position and recognized as a leased asset.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset, and
- (b) the right to direct the use of the identified asset.

The Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The Group recognizes expenses associated with these leases as an expense on straight line basis over the lease term.

The Group presents right-of-use assets as a separate line in the financial statement of financial position. The Group presents lease liability in other liabilities in the statement of financial position.

#### Significant accounting policies

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, 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 lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### Transition

Previously, the Group classified property leases as operating leases under IAS 17. These properties are the Bank's branch offices. At transition, for leases classified as operating leases under IAS 17, 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 an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments - the Group applied this approach to all other leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17;

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

### iii). Group / Company is 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 charges 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.

## (j) Income Tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in statement of profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

### (i) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and it consists of Company Income Tax, Education tax and NITDA levy. Company Income tax is assessed at 30% statutory rate of total profit whereas Education tax is computed as 2% of assessable profit while NITDA levy is a 1% levy on Profit Before Tax of the Company and the subsidiary companies.

Current income tax and adjustments to past years tax liability is recognised as an expense for the period except to the extent that the current tax relates to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on available-for-sale investments).

The Group evaluates positions stated in tax returns; ensuring information disclosed are in agreement with the underlying tax liability.

### (ii) 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 to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Where the Group has tax losses that can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position.

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

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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional taxes that arise from the distribution of dividend by the Group are recognised at the same time as the liability to pay the related dividend is recognised. These amounts are generally recognised in statement of profit or loss because they generally relate to income arising from transactions that were originally recognised in statement of profit or loss.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### (iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### (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

Effective from 1 January 2018, on initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as fair value through profit or loss:

- The asset is held within a business model whose objective is to hold assets to collect contractual cashflow; and
- the contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

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 principal and interest on principal amount outstanding

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

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

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

#### Business model assessment: policy applicable from 1 January 2018.

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cashflows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated, e.g. Whether compensation is based on the fair value of the asset managed or the contractual cashflows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cashflows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cashflows and to sell financial assets.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### **Assessment whether contractual cash flows are solely payments of principal and interest: policy applicable from 1 January 2018.**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cashflows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cashflows;
- terms that may adjust the contractual coupon rate, including variable-rate features.
- prepayment and extension terms
- terms that limit the Group's claim to cashflows from specified assets (e.g non-recourse asset arrangements); and
- features that modify consideration of the time value of money-eg. periodical reset of interest rates

The Group holds a portfolio of long-term fixed rate loans for which the Group has options to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cashflows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

### **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

Financial assets - policy application before 1 January 2018

The Group classified its financial assets into one of the following categories:

- loan and receivables
- held to maturity
- available-for-sale; and
- at fair value through profit or loss and within the category as:
  - held-for-trading; or
  - designated at fair value through profit or loss.

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

### **Financial liabilities**

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

### **(iii) Derecognition**

#### **Financial assets**

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

From 1 January 2018 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 enter into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risk and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

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

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

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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.

Before 1 January 2018, retained interests were primarily classified as available-for-sale investment securities and measured at fair value.

### Financial liabilities

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

### (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.

Policy applicable from 1 January 2018, 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.

Before 1 January 2018, if the terms of a financial assets were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate.

### Financial liabilities

The Group 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 settle them on a net basis or to realise the asset and settle the liability simultaneously.

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

### (vi) Fair value measurement

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

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

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

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

If an asset or a liability measured at fair value has a bid price and ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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

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

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

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

---

### (vii) Impairment

Effective from 1 January 2018, the Group recognises loss allowances for ECL on the following financial instruments that are not measured at fair value through profit or loss:

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

No impairment loss is recognised on equity investments.

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

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

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

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

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

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

### Measurement of ECL

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

- financial assets that are 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 the estimated future cash flows of the financial asset have occurred.

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

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

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.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

### Presentation of allowance for ECL in the statement of financial position

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

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

### Write-off

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 included in impairment losses "on financial instruments" in the statement of profit or loss and other comprehensive income". However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### Policy applicable before 1 January 2018

Before 1 January 2018, at each reporting date, the Group assessed whether there was objective evidence that financial assets not carried at fair value through profit or loss were impaired. A financial asset or a group of financial assets was 'impaired' when objective evidence demonstrated that a loss event had occurred after the initial recognition of the asset(s) and that the loss event had an impact on the future cash flows of the asset(s) that could be estimated reliably.

In addition, a retail loan that was overdue for 90 days or more was considered impaired.

Objective evidence that financial assets were impaired included;

- Significant financial difficulty of a borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- indications that a borrower or issuer would enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlated with defaults in the group.

### Individual or collective assessment

An individual measurement of impairment was based on management's best estimate of the present value of the cash flows that were expected to be received. In estimating these cash flows, management made judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset was assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable were independently approved by the Credit Risk function.

The collective allowance for groups of homogeneous loans was established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience. The roll rate methodology used statistical analysis of historical data on delinquency to estimate the amount of loss. Management applied judgement to ensure that the estimate of loss arrived at on the basis of historical information was appropriately adjusted to reflect the economic conditions and product mix at the reporting date. Roll rates and loss rates were regularly benchmarked against actual loss experience.

The IBNR allowance covered credit losses inherent in portfolios of loans and advances, and held-to-maturity investment securities with similar credit risk characteristics when there was objective evidence to suggest that they contained impaired items but the individual impaired items could not yet be identified.

In assessing the need for collective loss allowance, management considered factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions were made to define how inherent losses were modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depend on the model assumptions and parameters used in determining the collective allowance.

Loans that were subject to a collective IBNR provision were not considered impaired.

### Measurement of impairment

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

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### Reversal of impairment

- For assets measured at amortised cost: If an event occurring 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 occurring 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 cumulative 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 wrote off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when Group Credit 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.

Before 1 January 2018, the Group also designated certain financial assets as at fair value through profit or loss because the assets were managed, evaluated and reported internally on a fair value basis.

#### Financial liabilities

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

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

### (l) (i) Cash and cash equivalents

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

### (ii) Restricted reserve deposits

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

### (m) Trading assets and liabilities

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

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

### (n) Assets pledged as collateral

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

### (o) Loan and advances

Effective from 1 January 2018, 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 transaction 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
- finance lease receivables.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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.

Prior to 1 January 2018, 'loans and advances' were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans and advances to customers included:

- those classified as loans and receivables;
- those designated as at fair value through profit or loss; and
- finance lease receivable.

Loans and advances were initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using effective interest method. When the Group chose to designate the loans and advances as measured at fair value through profit or loss, they were Loans and advances also included finance lease receivables in which the Group was the lessor.

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

### (p) Investment securities

Effective from 1 January 2018, '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 or 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.

Prior to 1 January 2018, investment securities were initially measured at fair value plus, in the case of investment securities not at fair value through profit or loss, incremental direct transaction costs, and subsequently accounted for depending on their classification as either held-to-maturity, fair value through profit or loss or available-for-sale.

#### (i) Held-to-maturity

Held-to maturity investments' are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method, less any impairment losses. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale and would prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassification after the Group has collected substantially all of the asset's original principal; and
- sales or reclassifications that are attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

#### (ii) Fair value through profit or loss

The Group designates some investment securities as at fair value, with fair value changes recognised immediately in profit or loss as described.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**(iii) Available-for-sale**

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale investments are measured at fair value after initial recognition.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when Group becomes entitled to the dividend. Foreign Exchange gains or losses on available-for-sale debt security investments recognised in profit or loss. Impairment losses are recognised in profit or loss.

Other fair value changes, other than impairment losses are recognised in OCI and presented in the fair value reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivables category if it would otherwise have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

**(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

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

**(iv) De-recognition**

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



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### (s) Intangible assets

#### (i) Goodwill

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

#### *Subsequent measurement*

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 8. Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash generating unit with the carrying value of its net assets, including attributable goodwill and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

#### (ii) Software

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

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

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

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

### (t) Impairment of non-financial assets

The Group's non-financial assets with carrying amounts other than investment property and 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, 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 the statement of 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 borrowing, 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 plus 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 placements. 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 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. The Group recognises no provisions for future operating losses.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### (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

- from 1 January 2018: at the higher of this amortised amount and the amount of loss allowance (see (vii)); and
- before 1 January 2018 at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

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

For other loan commitments:

- from 1 January 2018: the Group recognises loss allowance (see (vii)); and
- before 1 January 2018: the Group recognises a provision in accordance with IAS 37 if the contract was considered to be onerous.

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

### (y) Employee benefits

#### (i) 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, 18% (10% by the company 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 statement of profit or loss in the period during which related services are rendered. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (ii) 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.

#### (iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and 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.

### (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 Company's ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company'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.

Where the Company or other members of the Group purchase the Company's share, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

### 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

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.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

### 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

#### (i) Amendments to IAS 1 and IAS 8 Definition of material

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework. The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020, but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

#### (ii) Amendments to IFRS 3 Definition of a Business

Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

(i) the process must be substantive and

(ii) the inputs and process must together significantly contribute to creating outputs.

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.

- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and

- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

#### (iii) Amendments to IFRS 10 and IAS 28

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

#### (iv) Other Standards

The following amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Annual improvement to IFRS standards 2015-2017 Cycle – various standards

- Plan Amendment, Curtailment or settlement (Amendment to IAS 19)

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>8 Interest and discount income</b>				
Cash and cash equivalents	14,566,764	2,368,296	25,306	13,235
Loans and advances to customers	94,020,049	100,862,288	-	-
Investment securities at amortised cost	14,206,825	12,390,484	293,515	290,147
Investment securities at FVOCI	18,484,957	16,041,880	119,781	137,047
	<b>141,278,595</b>	<b>131,662,948</b>	<b>438,602</b>	<b>440,429</b>
<b>9 Interest expense</b>				
Deposits from banks	5,533,957	475,750	-	-
Deposits from customers	40,434,945	38,214,989	-	-
	<b>45,968,902</b>	<b>38,690,739</b>	-	-
Borrowings	8,256,357	7,829,455	-	-
Debt securities issued	8,555,439	8,514,138	-	-
Onlending facilities	1,211,707	4,055,258	-	-
	<b>63,992,405</b>	<b>59,089,590</b>	-	-
(a) There is no negative interest on government securities and consequently, no interest expense on same.				
(b) Total interest expense are calculated using the effective interest method reported above and does not include interest expense on financial liabilities carried at fair value through profit or loss.				
<b>10 Net impairment loss on financial assets</b>				
Loan and advances	13,955,922	13,809,332	-	-
Other assets	2,009,706	2,757,212	-	62,507
Investment securities - amortised cost	(126,148)	1,556,914	3,552	(152)
Investment securities - fair value other comprehensive income	(24,140)	9,747	-	-
Investment securities - cash and cash equivalents	6,217	-	-	-
Financial guarantee contracts and loan commitment issued	303,068	746,952	-	-
Recoveries on loans previously written off	(6,810,269)	(4,766,875)	-	-
	<b>9,314,356</b>	<b>14,113,282</b>	<b>3,552</b>	<b>62,355</b>
In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>11 Net fee and commission income</b>				
Credit related fees	654,189	370,531	-	-
Account Maintenance	3,721,843	3,390,331	-	-
Letters of credit commission	773,609	879,296	-	-
Asset Management Fees	2,918,499	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	9,914,126	11,459,401	335,247	-
<b>Gross Fee and commission income</b>	<b>29,834,633</b>	<b>27,986,346</b>	<b>335,247</b>	<b>-</b>
Electronics fees and commissions recoverable expenses	(7,561,707)	(5,153,469)	-	-
Cheque books recoverable expenses	(46,748)	(40,551)	-	-
Other banks charges	(1,470,715)	(1,185,446)	(4)	(6)
<b>Fee and commission expense</b>	<b>(9,079,170)</b>	<b>(6,379,466)</b>	<b>(4)</b>	<b>(6)</b>
<b>Net fee and commission income</b>	<b>20,755,463</b>	<b>21,606,880</b>	<b>335,243</b>	<b>(6)</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.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

<b>12 Net trading income</b>				
Foreign exchange trading income	296,891	2,700,002	(1,396)	147,064
Bonds trading income	363,024	1,333,150	-	-
Treasury bills trading income	6,177,192	2,137,099	-	-
Options & Equities trading income	65,097	23,454	-	-
	<b>6,902,204</b>	<b>6,193,705</b>	<b>(1,396)</b>	<b>147,064</b>
<b>13 Net (loss)/ income from financial instruments measured at fair value through profit or loss</b>				
Net (loss)/ income arising on:				
Fair value gain on derivative financial instruments held for risk management	25,814	(345,819)	-	(345,819)
	<b>25,814</b>	<b>(345,819)</b>	<b>-</b>	<b>(345,819)</b>
<b>14 Other income</b>				
Dividends on equity investment securities in the subsidiaries	-	-	2,809,084	2,953,212
Dividends on unquoted equity securities (see note (a) below)	526,280	537,576	-	-
Foreign exchange gains (see note (b) below)	2,216,833	9,334,192	48,613	243,702
Gain on disposal of investment securities	-	1,313,358	-	1,310,609
Gain on sale of property and equipment	158,804	63,456	306	46
Other income (see note (c) below)	5,740,675	503,147	361,364	59,073
	<b>8,642,592</b>	<b>11,751,729</b>	<b>3,219,367</b>	<b>4,566,642</b>

(a) 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.

(b) Foreign currency gain represent gains from the revaluation of foreign currency-denominated assets and liabilities held in the non-trading books.

(c) Other income comprises:

Rental income	539,738	406,912	-	-
Others	5,200,937	96,235	361,364	59,073
	<b>5,740,675</b>	<b>503,147</b>	<b>361,364</b>	<b>59,073</b>

(d) Others comprise provisions for litigation and other items no longer required as at the year end.

In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>15 Personnel expenses</b>				
Wages and salaries	23,203,256	20,820,320	230,187	225,553
Contributions to defined contribution plans (see note 38)	650,220	603,817	9,731	8,564
Non-payroll staff cost (see note (a) below)	5,734,780	4,503,754	67,732	102,064
	<b>29,588,256</b>	<b>25,927,891</b>	<b>307,650</b>	<b>336,181</b>
(a) <b>Non-payroll staff cost</b>				
Non-payroll staff cost also includes medical expenses, club subscriptions and other related expenses not paid to staff.				
<b>16 Depreciation and amortisation</b>				
Amortisation of intangibles	1,441,357	1,246,371	-	-
Depreciation of property and equipment and right of use assets	5,229,078	4,290,943	12,817	18,358
	<b>6,670,435</b>	<b>5,537,314</b>	<b>12,817</b>	<b>18,358</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>17 General and administrative expenses</b>				
Communication, stationery and postage	1,935,853	1,732,015	3,935	4,046
Business travel expenses	1,371,323	1,174,174	7,629	7,243
Advert, promotion and corporate gifts	3,846,354	3,463,459	15,039	7,522
Business premises and equipment costs	3,999,204	4,980,217	16,605	19,627
Operating lease expenses	641,606	-	6,144	-
Directors' emoluments and expenses	1,039,539	1,071,463	379,197	286,496
IT expenses	5,119,479	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	2,262,145	2,240,094	80	-
Auditors' remuneration	448,167	398,578	38,115	36,300
Professional charges	2,374,210	2,382,190	24,011	143,646
	<b>31,955,489</b>	<b>29,730,408</b>	<b>502,477</b>	<b>512,154</b>
In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>18 Other operating expenses</b>				
NDIC Insurance Premium	3,865,740	3,123,131	-	-
AMCON Levy	7,842,332	6,472,256	-	-
Insurance expenses	591,563	512,155	5,163	4,946
Lease liability on right-of-use	284,014	-	-	-
Others (see note (a) below)	3,494,448	7,921,119	129,816	198,624
	<b>16,078,097</b>	<b>18,028,661</b>	<b>134,979</b>	<b>203,570</b>
(a) Others comprises:				
AGM, meetings and shareholders expenses	546,735	493,261	79,299	169,237
Donation and sponsorship expenses	302,399	315,803	-	1,667
Entertainment expenses	444,284	394,861	4,296	8,001
Fraud and forgery expense	175,720	93,449	-	-
Regulatory charges	8,159	6,946	8,159	6,946
Other accounts written off	168,664	128,095	210	-
PENCOM Recovery Agent Fee	2,508	611	-	-
Pension Protection Fund Expenses	99,864	65,672	-	-
Provision for litigation	933,139	5,720,327	-	-
Industrial training fund levy	251,221	221,883	6,433	6,083
Nigeria Social Insurance Trust Fund expenses	193,422	179,192	3,501	2,965
Penalties	175,355	36,868	-	100
Miscellaneous expenses	192,978	264,150	27,918	3,625
	<b>3,494,448</b>	<b>7,921,118</b>	<b>129,816</b>	<b>198,624</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>19 Earnings per share</b>				
<b>Basic and diluted earnings per share</b>				
Profit attributable to equity holders	17,646,732	14,885,691	3,030,341	3,552,392
Weighted average number of ordinary shares in issue	19,802,710	19,802,710	19,802,710	19,802,710
	<b>0.89</b>	<b>0.75</b>	<b>0.15</b>	<b>0.18</b>
The Group does not have dilutive potential ordinary shares as at 31 December 2019 (December 2018: nil).				
<b>20 Tax expense</b>				
(i) <b>Current tax expense:</b>				
Dividend tax	-	107,102	-	107,102
Minimum tax	675,000	952,422	-	-
National Information Technology Development Agency (NITDA) levy	-	120,463	-	16,198
Tertiary education tax	-	130,931	-	-
Capital gain tax	-	1,182	-	-
Corporate income tax	1,610,413	1,670,012	-	-
	<b>2,285,413</b>	<b>2,982,112</b>	<b>-</b>	<b>123,300</b>
(ii) <b>Deferred tax expense:</b>				
Origination of temporary differences (see note 32(b))	-	488,657	-	-
	-	488,657	-	-
Income tax credit /(expense)	<b>2,285,413</b>	<b>3,470,769</b>	<b>-</b>	<b>123,300</b>
<b>Total tax expense</b>	<b>2,285,413</b>	<b>3,470,769</b>	<b>-</b>	<b>123,300</b>
<b>In thousands of Naira</b>	<b>GROUP</b>	<b>2018</b>	<b>COMPANY</b>	<b>2018</b>
(iii) <b>Current income tax liability</b>	<b>2019</b>		<b>2019</b>	
Beginning of the year	5,038,371	3,860,163	178,455	59,915
Tax paid	(2,037,839)	(1,395,826)	(107,102)	(4,760)
Tax refund (see note (a) below)	(615,328)	(408,078)	-	-
Dividend tax	-	107,102	-	107,102
Minimum tax	675,000	952,422	-	-
Capital gain tax	-	1,182	-	-
National Information Technology Development Agency (NITDA) levy	-	120,463	-	16,198
Tertiary education tax	-	130,931	-	-
Income tax expense	1,610,413	1,670,012	-	-
	<b>4,670,617</b>	<b>5,038,371</b>	<b>71,353</b>	<b>178,455</b>

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

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>21 Cash and cash equivalents</b>				
Cash	57,492,442	42,543,752	-	-
Current balances within Nigeria	2,608,390	2,248,763	8,968	162,721
Current balances with banks outside Nigeria (see note (b) below)	53,802,475	116,042,160	-	-
Placements with local banks	4,685,192	5,242,183	10,514	135,236
Placements with foreign banks	96,426,874	1,632,229	-	-
Unrestricted balances with Central banks	37,941,835	17,456,438	-	-
	<b>252,957,208</b>	<b>185,165,525</b>	<b>19,482</b>	<b>297,957</b>
Less impairment allowances	(23,947)	(17,976)	-	-
	<b>252,933,261</b>	<b>185,147,549</b>	<b>19,482</b>	<b>297,957</b>
Current	252,933,261	185,147,549	19,482	297,957
Non-current	-	-	-	-
	<b>252,933,261</b>	<b>185,147,549</b>	<b>19,482</b>	<b>297,957</b>

(a) 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.

(b) Balances with banks outside Nigeria include N13.92billion (31 December 2018: N35.07billion) which represents the naira value of foreign currency amounts held by the Banking subsidiary's on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see Note 40(a)).

In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>22 Restricted reserve deposits</b>				
Restricted mandatory reserve deposits with central banks (see note (a))	168,784,481	121,386,623	-	-
Special Cash Reserve Requirement (see note (b))	25,110,464	25,110,464	-	-
LDR Cash Reserve (see note (c) below)	26,971,281	-	-	-
	<b>220,866,226</b>	<b>146,497,087</b>	<b>-</b>	<b>-</b>
Current	-	-	-	-
Non-current	220,866,226	146,497,087	-	-
	<b>220,866,226</b>	<b>146,497,087</b>	<b>-</b>	<b>-</b>

(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 penalty for failure of the banking subsidiary to meet the Loan to Deposit Ratio of 60% as at 31 December 2019.



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**In thousands of Naira**

	GROUP		COMPANY	
	2019	2018	2019	2018
<b>23(a) Trading assets</b>				
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)	43,012,815	46,843,340	-	-
Equity securities	163,464	42,300	-	-
	<b>47,482,040</b>	<b>47,469,113</b>	<b>-</b>	<b>-</b>
Current	47,482,040	47,469,113	-	-
Non-current	-	-	-	-
	<b>47,482,040</b>	<b>47,469,113</b>	<b>-</b>	<b>-</b>
<b>(b) Trading liabilities</b>				
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)	33,443,474	24,699,726	-	-
	<b>33,476,838</b>	<b>32,474,632</b>	<b>-</b>	<b>-</b>
<b>In thousands of Naira</b>				
	GROUP		COMPANY	
	2019	2018	2019	2018
<b>24 Derivative assets and liabilities held for risk management</b>				
<b>Instrument type</b>				
Assets: - Net position of non-deliverable forwards transactions	737,202	10,538	-	-
	<b>737,202</b>	<b>10,538</b>	<b>-</b>	<b>-</b>
Liabilities - Net position of non-deliverable forwards transactions	711,388	10,538	-	-
	<b>711,388</b>	<b>10,538</b>	<b>-</b>	<b>-</b>

The Banking Subsidiary enters into foreign exchange non-deliverable forward contracts with counterparties. On initial recognition, 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.)

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>25 Loans and advances to customers</b>				
(a) Overdrafts	38,991,496	43,384,163	-	-
Term loans	656,521,579	566,775,157	-	-
On-lending facilities	42,641,654	53,829,600	-	-
Advances under finance lease	17,943,292	17,337,493	-	-
<b>Gross loans and advances to customers</b>	<b>756,098,021</b>	<b>681,326,413</b>	<b>-</b>	<b>-</b>
Less impairment loss allowance	<b>(38,564,990)</b>	<b>(48,291,451)</b>	<b>-</b>	<b>-</b>
<b>Net loans and advances to customers</b>	<b>717,533,031</b>	<b>633,034,962</b>	<b>-</b>	<b>-</b>
In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
(b) Finance lease				
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	-	-
	<b>24,439,211</b>	<b>23,579,824</b>	<b>-</b>	<b>-</b>
Unearned finance income	<b>(6,495,919)</b>	<b>(6,242,331)</b>	<b>-</b>	<b>-</b>
Net investment in finance leases	<b>17,943,292</b>	<b>17,337,493</b>	<b>-</b>	<b>-</b>
Less impairment allowance	<b>(1,205,561)</b>	<b>(1,145,072)</b>	<b>-</b>	<b>-</b>
	<b>16,737,731</b>	<b>16,192,421</b>	<b>-</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2019	2018	2019	2018
<b>26 Investment securities</b>				
Investment securities at amortised cost (see note (a))	94,654,075	89,272,549	2,815,201	2,771,953
Investment securities at FVOCI - debt instruments (see note (b) below)	97,195,013	133,893,811	1,014,744	955,985
Investment securities at FVOCI - quoted equity investments (see note (c) below)	1,046,031	578,474	-	-
Investment securities at FVOCI - unquoted equity investments (see note (d) below)	14,118,841	12,177,098	-	-
	<b>207,013,960</b>	<b>235,921,932</b>	<b>3,829,945</b>	<b>3,727,938</b>
<b>(a) Investment securities at amortised cost</b>				
Federal Government of Nigeria (FGN) Bonds - listed	78,105,800	80,174,530	-	-
State Government Bonds - unlisted	3,263,292	6,643,979	-	-
Treasury Bills	132,567	1,005,350	-	-
Corporate bonds - unlisted	5,226,313	2,515,711	2,920,309	2,873,509
Placements	9,849,104	773,719	-	-
	<b>96,577,076</b>	<b>91,113,289</b>	<b>2,920,309</b>	<b>2,873,509</b>
Less impairment allowances	<b>(1,923,001)</b>	<b>(1,840,740)</b>	<b>(105,108)</b>	<b>(101,556)</b>
	<b>94,654,075</b>	<b>89,272,549</b>	<b>2,815,201</b>	<b>2,771,953</b>
<b>In thousands of Naira</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>(b) Investment securities at FVOCI</b>				
Federal Government of Nigeria (FGN) Bonds - listed	8,124,961	8,076,637	-	-
Federal Government of Nigeria (FGN) Sukuk Bonds	-	2,003,460	-	-
Treasury bills - listed	87,932,399	122,857,729	-	-
Promissory note	122,909	-	-	-
Unclaimed dividend investment fund	1,014,744	955,985	1,014,744	955,985
	<b>97,195,013</b>	<b>133,893,811</b>	<b>1,014,744</b>	<b>955,985</b>
<b>(c) Investment securities at FVOCI - quoted equity investments</b>				
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	56,140	60,500	-	-
Legacy Debt Fund	47,440	42,065	-	-
Legacy USD Bond Fund	173,670	153,348	-	-
Legacy Money Market Fund	762,870	-	-	-
	<b>1,046,031</b>	<b>578,474</b>	<b>-</b>	<b>-</b>
<b>(d) Investment securities at FVOCI - unquoted equity investments</b>				
Credit Reference Company Limited	125,921	84,183	-	-
Nigeria Inter-bank Settlement System Plc	1,144,496	952,790	-	-
Africa Finance Corporation	10,463,182	9,233,807	-	-
Africa Export-Import Bank, Cairo	1,809,543	1,600,314	-	-
Smartcard Nigeria Plc	266,498	258,418	-	-
FMDQ (OTC) Plc	283,293	33,546	-	-
Financial Derivative Ltd	25,908	14,040	-	-
	<b>14,118,841</b>	<b>12,177,098</b>	<b>-</b>	<b>-</b>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>27 Assets pledged as collateral</b>				
The nature and carrying amounts of the non tradable financial assets pledged as collaterals are as follows:				
<b>(a) Investment Securities - FVOCI</b>				
Treasury Bills - listed	151,073,429	15,122,879	-	-
Federal Government of Nigeria (FGN) Bonds - listed	-	-	-	-
	<b>151,073,429</b>	<b>15,122,879</b>	<b>-</b>	<b>-</b>
<b>(b) Investment Securities - FVTPL</b>				
Treasury Bills - listed	1,615,862	-	-	-
	<b>1,615,862</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(c) Investment Securities - Amortized cost</b>				
Treasury Bills - listed	-	-	-	-
Federal Government of Nigeria (FGN) Bonds - listed	88,020,451	72,287,014	-	-
	<b>88,020,451</b>	<b>72,287,014</b>	<b>-</b>	<b>-</b>
	<b>240,709,742</b>	<b>87,409,893</b>	<b>-</b>	<b>-</b>
<b>28 Investment in Subsidiaries</b>				
(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
	-	-	<b>127,200,705</b>	<b>127,200,705</b>
Specific allowances for impairment	-	-	<b>(795,331)</b>	<b>(795,331)</b>
Carrying amount	-	-	<b>126,405,374</b>	<b>126,405,374</b>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(b) Group entities

The subsidiary companies, country of incorporation, nature of business, percentage equity holding and year 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%	December 2019
(2) FCMB Capital Markets Limited (see Note (ii) below)	Nigeria	Capital Market	100%	December 2019
(3) CSL Stockbrokers Limited (CSLS) (see Note (iii) below)	Nigeria	Stockbroking	100%	December 2019
(4) FCMB Trustees Limited (see Note (iv) below)	Nigeria	Trusteeship	100%	December 2019
(5) FCMB Microfinance Bank Limited (see Note (v) below)	Nigeria	Micro-lending Pension Fund	100%	December 2019
(6) FCMB Pensions Limited (see Note (vi) below)	Nigeria	Administrator	91.64%	December 2019
(7) Credit Direct Limited (see Note (vii) below)	Nigeria	Micro-lending	100.00%	December 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 in April 4, 2002.

(iii) This represents the cost of the Company's 100% equity holding in CSL Stockbrokers Limited. The Company was incorporated on January 24, 1979 and commenced operations in May 1979.

(iv) This represents the cost of the Company's 100% equity holding in FCMB Trustees Limited. The Company was incorporated in November 24, 2010. The company changed its name from CSL Trustees to FCMB Trustees in May 2019.

(v) This represents the cost of the Company's 100% equity holding in FCMB Microfinance Bank Limited. The Company was incorporated on February 25, 2015 and started operations on January 1, 2017.

(vi) This represents the Company's 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 respectively 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 June 13, 2006 and commenced operations in January 2007

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

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>29 Property and equipment</b>				
This comprises:				
Property and equipment	43,765,886	37,281,754	91,263	17,846
	43,765,886	37,281,754	91,263	17,846
Current	-	-	-	-
Non-current	43,765,886	37,281,754	91,263	17,846
	43,765,886	37,281,754	91,263	17,846
<b>30 Intangible assets</b>				
(a) <b>Software</b>				
<b>Cost</b>				
Beginning of the year	9,950,451	8,284,068	3,851	3,851
Additions during the year	1,493,202	648,377	-	-
Work-in-progress - additions during the year	375,587	1,089,091	-	-
Items written-off	(83,982)	(318)	-	-
Transfer to property and equipment	(62,378)	(88,440)	-	-
Translation difference for the year	-	17,673	-	-
Balance at reporting date	11,672,880	9,950,451	3,851	3,851
<b>Amortisation</b>				
Beginning of the year	5,968,646	4,702,085	3,851	2,968
Charge for the year (see note 16)	1,441,357	1,246,371	-	883
Translation difference for the year	5,129	20,190	-	-
Balance at reporting date	7,415,132	5,968,646	3,851	3,851
<b>Carrying amount</b>	4,257,748	3,981,805	-	-
(b) <b>Goodwill</b>				
Beginning of the year	11,338,977	11,338,977	-	-
Impairment charge	-	-	-	-
At end of the reporting date	11,338,977	11,338,977	-	-
	15,596,725	15,320,782	-	-

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## In thousands of Naira

## 31 Deferred tax assets and liabilities

## (a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	2019			2018		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment	1,268,838	(394,983)	873,855	1,268,838	(394,983)	873,855
Defined benefits	(51,008)	21,653	(29,355)	(51,008)	21,653	(29,355)
Allowances for loan losses	1,878,223	65,627	1,943,850	1,878,223	65,627	1,943,850
Unrelieved loss carried forward	4,848,785	-	4,848,785	4,848,785	-	4,848,785
<b>Net tax assets/ (liabilities)</b>	<b>7,944,838</b>	<b>(307,703)</b>	<b>7,637,135</b>	<b>7,944,838</b>	<b>(307,703)</b>	<b>7,637,135</b>

## In thousands of Naira

## 32 Other assets

## (a) Other financial assets:

	GROUP		COMPANY	
	2019	2018	2019	2018
E-settlement receivables	21,247,931	22,765,797	-	-
Agric SMEIS receivables	1,358,662	890,922	-	-
Insurance claims and fraud receivables	2,026,211	2,017,094	-	-
Deposits with the Court	2,920,863	9,925,631	-	-
Accounts receivable- Recovery and bonds	2,670,482	395,482	-	-
Accounts receivable- TSA refunds	433,101	433,101	-	-
Accounts receivable- others	6,100,434	8,052,263	2,876,396	2,403,108
	36,757,684	44,480,290	2,876,396	2,403,108
	(17,150,996)	(15,404,549)	(69,953)	(69,953)
	19,606,688	29,075,741	2,806,443	2,333,155

## (b) Other non-financial assets:

Prepayments	4,124,604	5,742,007	13,054	9,796
Consumables	452,912	441,826	-	-
	4,577,516	6,183,833	13,054	9,796

	24,184,204	35,259,574	2,819,497	2,342,951
--	------------	------------	-----------	-----------

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Naira		GROUP		COMPANY	
		2019	2018	2019	2018
<b>33</b>	<b>Deposits from banks</b>				
	Other deposits from banks	189,911,737	39,140,044	-	-
		<b>189,911,737</b>	<b>39,140,044</b>	<b>-</b>	<b>-</b>
In thousands of Naira		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>34</b>	<b>Deposits from customers</b>				
	<b>Retail customers:</b>				
	Term deposits	219,753,258	219,698,884	-	-
	Current deposits	291,231,817	237,286,893	-	-
	Savings	244,530,648	195,086,667	-	-
		<b>755,515,723</b>	<b>652,072,444</b>	<b>-</b>	<b>-</b>
	<b>Corporate customers:</b>				
	Term deposits	78,844,190	24,430,891	-	-
	Current deposits	119,412,344	145,244,088	-	-
		<b>198,256,534</b>	<b>169,674,979</b>	<b>-</b>	<b>-</b>
		<b>953,772,257</b>	<b>821,747,423</b>	<b>-</b>	<b>-</b>

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



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>35 Borrowings</b>				
(a) Borrowings comprise:				
Standard Bank, London	11,262,604	11,109,416	-	-
International Finance Corporation (IFC)		4,538,101	-	-
International Finance Corporation (IFC)		3,403,413	-	-
Netherlands Development Finance Company (FMO)	1,015,102	3,010,549	-	-
Netherlands Development Finance Company (FMO)	1,015,102	3,010,549	-	-
European Investment Bank (EIB)	10,016,407	11,901,688	-	-
Citibank, N.A (OPIC)	-	5,417,185	-	-
African Export-Import Bank (Afrexim)	14,214,640	22,056,854	-	-
BMCE Bank International Plc	731,242	3,602,644	-	-
African Export-Import Bank (Afrexim)/ Cargill		2,693,745	-	-
African Export-Import Bank (Afrexim)/ Cargill	9,341,381	10,775,732	-	-
Credit Suisse Bank/ Cargill	-	3,384,875	-	-
British Arab Commercial Bank UK	-	3,540,462	-	-
Standard Bank / Cargill	-	3,482,511	-	-
Credit Suisse Bank/ Cargill	-	3,481,769	-	-
Bank of Industry (BOI), Nigeria	-	2,009,765	-	-
African Export-Import Bank (Afrexim)	9,193,281	-	-	-
Standard Chartered Bank / Louis Dreyfuss	2,465,188	-	-	-
Wilben/Monafri/CBD	1,258,776	-	-	-
British Arab Commercial Bank (BACB) UK / Louis Dreyfuss	1,792,725	-	-	-
Standard Chartered Bank/ Bunge SA	3,638,376	-	-	-
Standard Chartered Bank/ Bunge SA	2,873,054	-	-	-
Standard Bank / Louis Dreyfuss	2,312,008	-	-	-
Standard Bank / Louis Dreyfuss	2,055,080	-	-	-
Commercial Bank, Dubai / Monafri International Trading Company	3,635,463	-	-	-
Standard Chartered Bank / Monafri International Trading Company	5,453,153	-	-	-
Citibank / Monafri International Trading Company	3,627,305	-	-	-
Commerze / Monafri International Trading Company	3,622,888	-	-	-
Standard Chartered Bank / Monafri International Trading Company	3,617,896	-	-	-
KGI Bank / Cargill	1,052,806	-	-	-
Zenith Bank UK / Bunge S.A	7,213,096	-	-	-
Standard Bank\ Monafri/Wilben	4,318,180	-	-	-
BACB UK/Cargill	1,790,293	-	-	-
Monafri/Wilben	1,789,318	-	-	-
BACB UK/Glencore Agriculture BV	1,790,663	-	-	-
BACB UK/Glencore Agriculture BV	1,779,744	-	-	-
BMCE Bank/Louis Dreyfuss	1,395,720	-	-	-
First City Asset Management	18,105,201	10,280,936	-	-
Micheal Ojo	967,394	838,586	-	-
Tayo Oyedeji	-	192,742	-	-
	<b>133,344,087</b>	<b>108,731,522</b>	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

		GROUP		COMPANY	
In thousands of Naira		2019	2018	2019	2018
<b>36</b>	<b>On-lending facilities</b>				
	On-lending facilities	72,629,951	57,889,225	-	-
In thousands of Naira		GROUP		COMPANY	
		2019	2018	2019	2018
<b>37</b>	<b>Debt securities issued</b>				
	<b>Debt securities at amortised cost:</b>				
	Bond issued	54,851,643	54,651,172	-	-
	Note issued	17,013,255	-	-	-
		<b>71,864,898</b>	<b>54,651,172</b>	<b>-</b>	<b>-</b>

**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 has complied with the Pension Reform Act 2014 and up to date payment of the reviewed employer contribution of 10% remitted while employees' contribution remains at 8%.

Total contributions to the scheme for the year were as follows:

Balance at start of year

Charged to profit or loss (see note 15)

Employee contribution

Total amounts remitted

At reporting date

		GROUP		COMPANY	
		2019	2018	2019	2018
	Balance at start of year	80,207	70,364	-	-
	Charged to profit or loss (see note 15)	650,220	603,817	9,731	8,564
	Employee contribution	520,176	483,054	7,785	6,851
	Total amounts remitted	(1,081,186)	(1,077,028)	(17,516)	(15,415)
	At reporting date	<b>169,417</b>	<b>80,207</b>	<b>-</b>	<b>-</b>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Naira		GROUP		COMPANY	
		2019	2018	2019	2018
<b>39</b>	<b>Provision</b>				
	Legal claims	5,519,846	9,611,857	-	303,630
	Financial guarantee contracts and loan commitments issued	1,525,788	1,205,367	-	-
	Deferred income	901,391	766,208	-	-
		<b>7,947,025</b>	<b>11,583,432</b>	<b>-</b>	<b>303,630</b>
In thousands of Naira		GROUP		COMPANY	
		2019	2018	2019	2018
<b>40</b>	<b>Other liabilities</b>				
(a)	<b>Other financial liabilities:</b>				
	Customers' deposit for letters of credit	22,918,820	35,067,564	-	-
	Bank cheques/drafts	4,052,947	4,156,421	-	-
	Negotiated letters of credits	19,723,676	36,494,903	-	-
	E-settlement payables	4,140,534	10,853,376	-	-
	Withholding tax and value added tax payables	1,182,877	986,546	8,214	2,689
	Collections account balances	30,463,398	-	-	-
	Unclaimed items	6,356,903	6,863,401	-	-
	Undisbursed intervention funds	5,163,802	4,815,007	-	-
	AMCON Sinking fund accounts payable (see note (c) below)	1,204,655	1,505,819	-	-
	Pension Protection Fund	231,655	120,120	-	-
	Accounts payable - others	4,563,891	10,866,813	481,478	13,410
	Accounts payable - unclaimed dividend	921,429	766,957	921,429	766,957
	Proceeds from public offers	77,357	97,964	-	-
		<b>101,001,944</b>	<b>112,594,891</b>	<b>1,411,121</b>	<b>783,056</b>
(b)	<b>Other non-financial liabilities:</b>				
	Deferred income	36,664	99,559	-	-
	Accrued expenses	3,676,384	3,522,197	319,043	420,842
	Lease liability (see note (d) below)	2,837,223	-	-	-
		<b>6,550,271</b>	<b>3,621,756</b>	<b>319,043</b>	<b>420,842</b>
		<b>107,552,215</b>	<b>116,216,647</b>	<b>1,730,164</b>	<b>1,203,898</b>

(c) 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 year of five years commencing in year 2019.

(d) The Group does not face any significant risk with regards to the lease liability. Also the Banking subsidiary exposure to liquidity risk as a result of leases are monitored by the enterprise risk management unit.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Naira	GROUP		COMPANY	
	2019	2018	2019	2018
<b>41 Share capital</b>				
(a) <b>Authorised</b> 30billion ordinary shares of 50k each (2018: 30billion)	15,000,000	15,000,000	15,000,000	15,000,000
(b) <b>Issued and fully paid</b> 19.8billion ordinary shares of 50k each (2018: 19.8billion)	9,901,355	9,901,355	9,901,355	9,901,355

**42 Share premium and reserves**

The nature and purpose of the reserves in equity are as follows:

- (a) **Share premium:** is the excess paid by shareholders over the nominal value for their shares. Premiums from the issue of shares are reported in share premium.
- (b) **Statutory reserve:** Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The Bank transferred 15% of its profit after tax to statutory reserves as at year end (31 December 2018: 15%).
- (c) **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.
- (d) **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.
- (e) **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. 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.
- (f) **Retained earnings:** Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.
- (g) **Foreign currency translation reserve (FCTR):** Records exchange movements on the Group's net investment in foreign subsidiaries.

**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	
	2019	2018
NCI Percentage	8.36%	8.36%
Total Assets	4,623,067	4,452,022
Total Liabilities	1,096,283	1,815,724
Net Assets	3,526,784	2,636,298
Adjustment to Net Assets	130	-
Adjusted Net Assets	3,526,914	2,636,298
Net assets attributable to NCI	295,010	220,514
<b>Movement in NCI</b>		
Opening balance	220,514	362,206
Dividend paid/declared	-	(142,288)
(Reduction)/ Addition due to acquisition of FCMB Pensions shares by the Group	-	(83,112)
Share of profit	73,485	85,837
Share of other comprehensive income	1,011	(2,129)
<b>Total NCI at year end</b>	<b>295,010</b>	<b>220,514</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 44 Contingencies

Acceptances, bonds, guarantees and other obligations for the account of customers:

In thousands of Naira

	GROUP		COMPANY	
	2019	2018	2019	2018
Performance bonds and guarantees	118,553,767	172,690,065	-	-
Loan commitments	9,975,667	2,604,173	-	-
Clean line letters of credit	85,793,717	59,236,345	-	-
	214,323,151	234,530,583	-	-
Other commitments	163,931	400,130	-	-
	214,487,082	234,930,713	-	-

Clean line letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations, carry the same credit risk as loans.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**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 N'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) First City Asset Management Limited (FCAM)	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 N1,783.48billion and N1,588.70billion respectively.

The Group does not have any subsidiary that has material non-controlling interest.

**(d) Condensed Financial Information**

(i) The condensed financial data of the consolidated entities as at 31 December 2019 were as follows:

In thousands of Naira	RESULTS OF OPERATIONS										CONSOLIDATION JOURNAL ENTRIES	GROUP
	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	STOCKBROKE RS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL			
Interest and discount income	438,602	129,002,518	111,261	415,015	51,980	283,465	183,299	11,203,882	141,690,021	(411,426)	141,278,595	
Interest expense	-	(62,247,925)	-	-	(2,167)	(23,761)	-	(2,129,978)	(64,403,831)	411,426	(63,992,405)	
<b>Net interest income</b>	<b>438,602</b>	<b>66,754,593</b>	<b>111,261</b>	<b>415,015</b>	<b>49,813</b>	<b>259,704</b>	<b>183,299</b>	<b>9,073,904</b>	<b>77,286,193</b>	-	<b>77,286,190</b>	
Other income	3,553,214	31,202,719	493,428	1,078,489	116,616	43,549	3,119,677	109,970	39,717,662	(3,391,589)	36,326,073	
<b>Operating income</b>	<b>3,991,816</b>	<b>97,957,312</b>	<b>604,689</b>	<b>1,493,504</b>	<b>166,429</b>	<b>303,253</b>	<b>3,302,976</b>	<b>9,183,874</b>	<b>117,003,853</b>	<b>(3,391,590)</b>	<b>113,612,263</b>	
Operating expenses	(957,923)	(74,389,142)	(549,570)	(1,119,247)	(93,949)	(198,430)	(2,047,926)	(5,518,599)	(84,874,786)	582,509	(84,292,277)	
Provision expense / recoveries	(3,552)	(8,831,372)	(13)	(21,520)	(12,817)	(7,061)	-	(438,022)	(9,314,356)	-	(9,314,356)	
<b>Profit before tax</b>	<b>3,030,341</b>	<b>14,736,798</b>	<b>55,106</b>	<b>352,737</b>	<b>59,663</b>	<b>97,762</b>	<b>1,255,050</b>	<b>3,227,253</b>	<b>22,814,711</b>	<b>(2,809,081)</b>	<b>20,005,630</b>	
Income tax expense	-	(675,000)	(18,185)	(101,753)	(16,705)	(32,262)	(376,515)	(1,064,993)	(2,285,413)	-	(2,285,413)	
<b>Profit after tax</b>	<b>3,030,341</b>	<b>14,061,798</b>	<b>36,921</b>	<b>250,984</b>	<b>42,958</b>	<b>65,500</b>	<b>878,535</b>	<b>2,162,260</b>	<b>20,529,298</b>	<b>(2,809,081)</b>	<b>17,720,217</b>	
Other comprehensive income	-	4,014,935	-	7,018	-	-	12,086	-	4,034,040	-	4,034,039	
<b>Total comprehensive income for the year</b>	<b>3,030,341</b>	<b>18,076,733</b>	<b>36,921</b>	<b>258,002</b>	<b>42,958</b>	<b>65,500</b>	<b>890,621</b>	<b>2,162,260</b>	<b>24,563,338</b>	<b>(2,809,082)</b>	<b>21,754,256</b>	

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FINANCIAL POSITION

<i>In thousands of Naira</i>	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	CSL STOCKBROKE			FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
				RS LIMITED GROUP									
<b>Assets</b>													
Cash and cash equivalents	19,482	246,150,828	94,743	3,081,418	956,465	183,531	921,612	5,115,635	256,523,714	(3,590,453)	252,933,261		
Restricted reserve deposits	-	220,866,226	-	-	-	-	-	-	220,866,226	-	220,866,226		
Trading assets	-	47,318,576	61	163,404	-	-	-	-	47,482,041	1.00	47,482,040		
Derivative assets held for risk management	-	737,202	-	-	-	-	-	-	737,202	-	737,202		
Loans and advances to customers	-	694,404,425	106,350	27,638	10,839	469,833	67,117	22,446,828	717,533,030	1	717,533,031		
Assets pledged as collateral	-	240,709,742	-	-	-	-	-	-	240,709,742	-	240,709,742		
Investment securities	3,829,945	201,736,301	1,162,865	1,530,440	591,798	36,000	1,047,406	-	209,934,755	(2,920,795)	207,013,960		
Investment in subsidiaries	126,405,374	-	-	-	-	-	-	-	126,405,374	(126,405,374)	-		
Property and equipment	91,263	38,780,754	61,068	157,197	31,270	28,135	1,852,624	2,763,576	43,765,888	2	43,765,886		
Intangible assets	-	9,933,009	-	27,887	2,689	-	27,206	260,818	10,251,609	5,345,116	15,596,725		
Deferred tax assets	-	7,944,838	-	-	-	-	-	-	7,944,838	-	7,944,838		
Other assets	2,819,497	29,695,709	40,005	750,333	34,678	13,015	707,102	433,541	34,493,880	(10,309,676)	24,184,204		
	<b>133,165,561</b>	<b>1,738,277,610</b>	<b>1,465,092</b>	<b>5,738,317</b>	<b>1,627,739</b>	<b>730,514</b>	<b>4,623,067</b>	<b>31,020,398</b>	<b>1,916,648,298</b>	<b>(137,881,184)</b>	<b>1,778,767,115</b>		
<b>Financed by:</b>													
Trading liabilities	-	33,476,838	-	-	-	-	-	-	33,476,838	-	33,476,838		
Derivative liabilities held for risk management	-	711,388	-	-	-	-	-	-	711,388	-	711,388		
Deposits from banks	-	189,911,737	-	-	-	-	-	-	189,911,737	-	189,911,737		
Deposits from customers	-	956,980,337	-	-	-	382,372	-	-	957,362,709	(3,590,452)	953,772,257		
Borrowings	-	114,271,490	-	-	-	-	-	19,072,595	133,344,085	2.00	133,344,087		
On-lending facilities	-	72,629,951	-	-	-	-	-	-	72,629,951	-	72,629,951		
Debt securities issued	-	74,785,695	-	-	-	-	-	-	74,785,695	(2,920,797)	71,864,898		
Retirement benefit obligations	-	45,561	-	81	-	-	108,695	15,081	169,418	(1)	169,417		
Current income tax liabilities	71,353	2,506,711	-8,170	95,757	13,128	32,262	414,343	1,545,233	4,670,617	-	4,670,617		
Deferred tax liabilities	-	-	-	33,417	3,841	2,641	88,721	179,083	307,703	-	307,703		
Provision	-	7,673,662	-	-	-	169	-	273,195	7,947,025	-	7,947,025		
Other liabilities	1,730,164	108,490,421	175,303	2,195,896	1,160,678	75,705	484,524	817,146	115,129,837	(7,577,622)	107,552,215		
Share capital	9,901,355	2,000,000	500,000	943,577	50,000	150,000	800,000	500,000	14,844,932	(4,943,577)	9,901,355		
Share premium	115,392,414	100,846,691	-	1,057,250	170,000	-	404,142	-	217,870,497	(102,478,083)	115,392,414		
Retained earnings / (accumulated deficit)	6,071,756	26,821,634	797,959	1,370,246	230,092	72,583	1,697,507	6,589,174	43,650,951	(1,830,576)	41,820,375		
Other reserves	(1,481)	47,125,494	-	42,093	-	14,782	625,135	2,028,891	49,834,914	(14,835,086)	34,999,828		
Non-controlling Interest	-	-	-	-	-	-	-	-	-	295,010	295,010		
	<b>133,165,561</b>	<b>1,738,277,610</b>	<b>1,465,092</b>	<b>5,738,317</b>	<b>1,627,739</b>	<b>730,514</b>	<b>4,623,067</b>	<b>31,020,398</b>	<b>1,916,648,298</b>	<b>(137,881,184)</b>	<b>1,778,767,115</b>		
Acceptances and guarantees	-	214,487,082	-	-	-	-	-	-	214,487,082	-	214,487,082		

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(ii) The condensed financial data of the consolidated entities as at 31 December 2018 were as follows:

RESULTS OF OPERATIONS

	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	STOCKBROKE RS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
<i>In thousands of Naira</i>											
Interest and discount income	440,429	127,354,367	112,760	551,871	80,198	125,961	176,641	3,038,815.00	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)
<b>Net interest income</b>	<b>440,429</b>	<b>68,462,699</b>	<b>112,760</b>	<b>551,871</b>	<b>80,198</b>	<b>121,652</b>	<b>176,641</b>	<b>2,627,664.00</b>	<b>72,573,914</b>	<b>(556)</b>	<b>72,573,358</b>
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
<b>Operating income</b>	<b>4,808,310</b>	<b>101,384,686</b>	<b>758,311</b>	<b>1,619,074</b>	<b>250,247</b>	<b>154,549</b>	<b>3,269,186</b>	<b>2,553,371.00</b>	<b>114,797,734</b>	<b>(3,017,881)</b>	<b>111,779,853</b>
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)
Provision expense	(62,355)	(13,954,432)	(129,035)	4,326	(6,836)	(6,245)	-	49,726	(14,104,851)	(8,431)	(14,113,282)
Share of post tax result of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Profit / (loss) before tax</b>	<b>3,675,692</b>	<b>14,245,993</b>	<b>103,152</b>	<b>618,861</b>	<b>136,652</b>	<b>42,485</b>	<b>1,459,093</b>	<b>1,116,656.00</b>	<b>21,398,584</b>	<b>(2,956,287)</b>	<b>18,442,297</b>
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)
<b>Profit / (loss) after tax</b>	<b>3,552,392</b>	<b>12,355,079</b>	<b>91,403</b>	<b>566,121</b>	<b>106,262</b>	<b>33,531</b>	<b>1,026,200</b>	<b>197,606.00</b>	<b>17,928,594</b>	<b>(2,957,066)</b>	<b>14,971,528</b>
Other comprehensive income	(1,481)	1,911,788	-	2,885	-	-	(25,458)	-	1,887,734	-	1,887,734
<b>Total comprehensive income for the year</b>	<b>3,550,911</b>	<b>14,266,867</b>	<b>91,403</b>	<b>569,006</b>	<b>106,262</b>	<b>33,531</b>	<b>1,000,742</b>	<b>197,606.00</b>	<b>19,816,328</b>	<b>(2,957,066)</b>	<b>16,859,262</b>

FINANCIAL POSITION

	FCMB GROUP PLC	FCMB LIMITED GROUP	FCMB CM LIMITED	STOCKBROKE RS LIMITED GROUP	FCMB TRUSTEES LIMITED	FCMB MFB LIMITED	FCMB PENSIONS LIMITED	CREDIT DIRECT LIMITED	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
<i>In thousands of Naira</i>											
<b>Assets</b>											
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
Trading assets	-	47,426,813	72.00	42,228	-	-	-	-	47,469,113	-	47,469,113
Derivative assets held for risk management	-	10,538.00	-	-	-	-	-	-	10,538.00	-	10,538.00
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
	<b>132,792,066</b>	<b>1,391,478,767</b>	<b>1,546,051</b>	<b>4,763,512</b>	<b>3,412,729</b>	<b>439,458</b>	<b>4,452,022</b>	<b>23,106,260</b>	<b>1,561,990,865</b>	<b>(130,692,843)</b>	<b>1,431,298,022</b>
<b>Financed by:</b>											
Trading liabilities	-	32,474,632	-	-	-	-	-	-	32,474,632	-	32,474,632
Derivative liabilities held for risk management	-	10,538.00	-	-	-	-	-	-	10,538.00	-	10,538.00
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
Other long term benefits	-	-	-	-	-	-	-	-	-	-	-
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	2,641.00	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 / (accumulated deficit)	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	1,481.00	41,094,438	-	1,341	-	16,765.00	459,453	1,760,646	43,331,162	(14,380,483)	28,950,679
Non-controlling Interest	-	-	-	-	-	-	-	-	220,514	-	220,514
	<b>132,792,066</b>	<b>1,391,478,767</b>	<b>1,546,051</b>	<b>4,763,512</b>	<b>3,412,729</b>	<b>439,458</b>	<b>4,452,022</b>	<b>23,106,260</b>	<b>1,561,990,865</b>	<b>(130,692,843)</b>	<b>1,431,298,022</b>
Acceptances and guarantees	-	234,930,713	-	-	-	-	-	-	234,930,713	-	234,930,713



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In thousands of Naira	GROUP		COMPANY	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
<b>46 Cash and cash equivalents</b>				
For the purposes of the statement of cash flow, cash and cash equivalents include cash and non-restricted balances with central banks, treasury bills maturing within three months, operating account balances with other banks, amounts due from other banks. Cash and cash equivalents comprise:				
Cash	57,492,442	42,543,752	-	-
Current balances within Nigeria	2,608,390	2,248,763	8,968	162,721
Current balances outside Nigeria	53,802,475	116,042,160	-	-
Placements with local banks	4,685,192	5,242,183	10,514	135,236
Placements with foreign banks	96,426,874	1,632,229	-	-
Unrestricted balances with Central banks	37,941,835	17,456,438	-	-
	<b>252,957,208</b>	<b>185,165,525</b>	<b>19,482</b>	<b>297,957</b>

DISCLOSURE

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) FCMB Group Plc maintains effective Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. The Company has made specific inquiries of all the directors and other insiders and is not aware of any infringement of the policy during the period.