First City Monument Bank Limited
Unaudited Interim Financial Statements
31 March 2020

FIRST CITY MONUMENT BANK LIMITED
INTERIM REPORT - 31 MARCH 2020

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CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2020

		GROUP		BANK	
In thousands of Naira	**Note**	**3months ended 31 March 2020**	**3months ended 31 March 2019**	**3months ended 31 March 2020**	**3months ended 31 March 2019**
Gross earnings		**43,842,705**	38,605,718	**42,499,116**	37,531,438
Interest and discount income	8	**34,877,175**	30,316,420	**33,880,351**	29,485,191
Interest expense	9	**(14,669,663)**	(14,177,138)	**(14,099,837)**	(13,895,166)
Net interest income		**20,207,512**	16,139,282	**19,780,514**	15,590,025
Fee and commission income	11	**5,623,416**	5,662,981	**5,413,349**	5,432,873
Fee and commission expense	11	**(2,172,589)**	(1,761,291)	**(2,170,554)**	(1,760,120)
Net fee and commission income		**3,450,827**	3,901,690	**3,242,795**	3,672,753
Net trading income	12	**1,853,337**	2,129,729	**1,853,337**	2,129,729
Net income from financial instruments mandatorily measured at fair valu	13	**-**	-	**-**	-
Other revenue	14(a)	**1,246,996**	468,273	**1,215,309**	448,192
		3,100,333	2,598,002	**3,068,646**	2,577,921
Other income	14(b)	**241,781**	28,315	**136,770**	35,453
Impairment losses on financial instruments	10	**(3,461,601)**	(2,352,508)	**(3,461,601)**	(2,375,339)
Personnel expenses	15	**(5,723,340)**	(5,716,087)	**(5,180,517)**	(5,250,645)
Depreciation and amortisation expenses	16	**(1,648,928)**	(1,228,604)	**(1,592,940)**	(1,212,642)
General and administrative expenses	17	**(7,279,224)**	(6,078,368)	**(7,086,941)**	(5,895,388)
Other operating expenses	18	**(5,162,816)**	(4,430,570)	**(5,146,548)**	(4,413,805)
Profit before minimum tax and income tax		**3,724,544**	2,861,152	**3,760,178**	2,728,333
Minimum tax	20	**(225,000)**	(225,000)	**(225,000)**	(225,000)
Profit for the period		**3,499,544**	2,636,152	**3,535,178**	2,503,333
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Unquoted equity investments at fair value through other comprehensive income:					
- Net change in fair value	26(h)	**-**	-	**-**	-
Quoted equity at fair value through other comprehensive income:					
- Net change in fair value	26(h)	**-**	758,519	**-**	758,519
		-	758,519	**-**	758,519
Items that may be subsequently reclassified to profit or loss					
Debt investments at fair value through other comprehensive income:					
- Net change in fair value	26(h)	**(857,808)**	(14,360)	**(857,808)**	(69,248)
- Net impairment reclassified from profit or loss	26(c)	**-**	-	**-**	-
- Losses arising from derecognition of financial assets		**-**	-	**-**	-
		(857,808)	(14,360)	**(857,808)**	(69,248)
Foreign currency translation differences for foreign operations		**963,682**	147,891	**-**	-
		105,874	133,531	**(857,808)**	(69,248)
Other comprehensive income for the period, net of tax		**105,874**	892,050	**(857,808)**	689,271
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3,605,418**	3,528,202	**2,677,370**	3,192,604
Profit attributable to:					
Equity holders of the Bank		**3,499,544**	2,636,152	**3,535,178**	2,503,333
Non-controlling interests		**-**	-	**-**	-
		3,499,544	2,636,152	**3,535,178**	2,503,333
Total comprehensive income attributable to:					
Equity holders of the Bank		**3,605,418**	3,528,202	**2,677,370**	3,192,604
Non-controlling interests		**-**	-	**-**	-
		3,605,418	3,528,202	**2,677,370**	3,192,604
Basic and diluted earnings per share (Naira)	19	**0.87**	0.66	**0.88**	0.63

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

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

		GROUP		BANK	
In thousands of Naira	**Note**	**31 MAR 2020**	**31 DEC 2019**	**31 MAR 2020**	**31 DEC 2019**
ASSETS					
Cash and cash equivalents	21	203,552,165	216,773,449	210,806,025	228,877,793
Restricted reserve deposits	22	313,265,107	208,916,226	313,265,107	208,916,226
Non-pledged Trading assets	23(a)	57,480,089	50,923,740	57,480,089	50,923,740
Derivative assets held for risk management	24(a)	12,363,758	11,666,095	12,363,758	11,666,095
Loans and advances to customers	25	740,934,571	692,974,097	684,651,886	649,663,453
Assets pledged as collateral	27	129,057,375	118,653,230	129,057,375	118,653,230
Investment securities	26	297,693,827	234,698,196	238,962,089	165,527,957
Investment in subsidiaries	28	-	-	7,791,397	7,791,397
Property and equipment	29	40,130,898	38,645,841	39,076,013	37,559,122
Intangible assets	30	10,087,666	9,951,629	9,866,065	9,747,786
Deferred tax assets	31	7,944,838	7,944,838	7,944,838	7,944,838
Other assets	32	28,582,498	30,306,288	28,217,014	30,238,656
Total assets		1,841,092,792	1,621,453,629	1,739,481,656	1,527,510,293
LIABILITIES					
Trading liabilities	23(b)	32,867,107	37,082,002	32,867,107	37,082,002
Derivative liabilities held for risk managemer	24(b)	9,670,038	7,563,600	9,670,038	7,563,600
Deposits from banks	33	116,805,209	90,060,925	37,761,719	21,584,314
Deposits from customers	34	1,008,547,938	946,293,701	981,501,470	918,301,254
Borrowings	35	143,154,242	114,271,490	143,154,242	114,271,490
On-lending facilities	36	91,127,922	70,912,203	91,127,922	70,912,203
Debt securities issued	37	104,454,406	74,785,695	104,454,406	74,785,695
Retirement benefit obligations	38	92,243	1,540	92,243	1,540
Current income tax liabilities	20(v)	3,232,648	3,007,648	3,232,648	3,007,648
Provision	39	5,986,500	5,323,435	5,982,234	5,319,410
Other liabilities	40	146,479,923	97,082,192	160,181,541	107,902,421
Total liabilities		1,662,418,176	1,446,384,431	1,570,025,570	1,360,731,577
EQUITY					
Share capital	41(b)	2,000,000	2,000,000	2,000,000	2,000,000
Share premium	42	100,846,691	100,846,691	100,846,691	100,846,691
Retained earnings	42	22,509,220	19,009,676	24,543,087	21,007,909
Other reserves	42	53,318,705	53,212,831	42,066,308	42,924,116
		178,674,616	175,069,198	169,456,086	166,778,716
Total liabilities and equity		1,841,092,792	1,621,453,629	1,739,481,656	1,527,510,293

Adam Nuru
MD / CEO
FRC/2014/CIBN/00000008934

Yemisi Edun
Executive Director, Finance/ CFO
FRC/2013/ICAN/00000001455

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2020

GROUP

In thousands of Naira

	Share capital	Share premium	Retained earnings	Statutory reserve	AGSMEIS reserve	Forbearance Reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	Total equity
Balance at 1 January 2020	**2,000,000**	**100,846,691**	**19,009,676**	**25,724,159**	**2,012,233**	**1,960,712**	**8,247,655**	**11,134,403**	**4,133,669**	**175,069,198**
Profit for the period	-	-	3,499,544	-	-	-	-	-	-	**3,499,544**
Other comprehensive income										
Debt investments at fair value through other comprehensive income	-	-	-	-	-	-		(857,808)	-	**(857,808)**
Foreign currency translation differences for foreign operations	-	-	-	-	-		963,682	-	-	**963,682**
Total comprehensive income for the period	**-**	**-**	**3,499,544**	**-**	**-**	**-**	**963,682**	**(857,808)**	**-**	**3,605,418**
Balance at 31 March 2020	**2,000,000**	**100,846,691**	**22,509,220**	**25,724,159**	**2,012,233**	**1,960,712**	**9,211,337**	**10,276,595**	**4,133,669**	**178,674,616**
Balance as at 1 January 2019	**2,000,000**	**100,846,691**	**14,775,957**	**23,763,447**	**658,637**	**-**	**8,001,202**	**8,671,152**	**-**	**158,717,086**
Profit for the period	-	-	2,636,152	-	-	-	-	-	-	**2,636,152**
Other comprehensive income										
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	758,519	-	**758,519**
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(14,360)	-	**(14,360)**
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	147,891	-	-	**147,891**
Total comprehensive income for the period	**-**	**-**	**2,636,152**	**-**	**-**	**-**	**147,891**	**744,159**	**-**	**3,528,202**
Balance at 31 March 2019	**2,000,000**	**100,846,691**	**17,412,109**	**23,763,447**	**658,637**	**-**	**8,149,093**	**9,415,311**	**-**	**162,245,288**

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2020

BANK
In thousand of Naira

	Share capital	Share premium	Retained earnings	Statutory reserve	AGSMEIS reserve	Forbearance Reserve	Translation reserve	Fair value reserve	Regulatory risk reserve	Total equity
Balance at 1 January 2020	2,000,000	100,846,691	21,007,909	23,697,844	2,012,233	1,960,712	-	11,119,658	4,133,669	166,778,716
Profit for the period	-	-	3,535,178	-	-	-	-	-	-	3,535,178
Other comprehensive income										
Debt investments at fair value through other comprehensive income	-	-	-	-	-	-	-	(857,808)	-	(857,808)
Total comprehensive income for the period	-	-	3,535,178	-	-	-	-	(857,808)	-	2,677,370
Balance at 31 March 2020	2,000,000	100,846,691	24,543,087	23,697,844	2,012,233	1,960,712	-	10,261,850	4,133,669	169,456,086
Balance as at 1 January 2019	2,000,000	100,846,691	17,345,182	21,737,132	658,637	-	-	8,656,407	-	151,244,049
Profit for the period	-	-	2,503,333	-	-	-	-	-	-	2,503,333
Other comprehensive income										
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	758,519	-	758,519
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(69,248)	-	(69,248)
Total comprehensive income for the period	-	-	2,503,333	-	-	-	-	689,271	-	3,192,604
Balance at 31 March 2019	2,000,000	100,846,691	19,848,515	21,737,132	658,637	-	-	9,345,678	-	154,436,653

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CASHFLOWS
FOR THE PERIOD ENDED 31 MARCH 2020

		GROUP		BANK	
In thousands of Naira	**Note**	**31 MAR 2020**	**31 MAR 2019**	**31 MAR 2020**	**31 MAR 2019**
Cash flows from operating activities					
Profit for the period		**3,499,544**	2,636,152	**3,535,178**	2,503,333
Adjustments for:					
Net impairment loss on financial assets	10	**3,461,601**	2,352,508	**3,461,601**	2,375,339
Fair value gain on financial assets held for trading	50(i)	**-**	172,351	**-**	172,351
Amortisation of intangibles	16	**403,356**	266,515	**381,505**	256,817
Depreciation of property and equipment	16	**1,245,572**	962,089	**1,211,435**	955,825
Gain on disposal of property and equipment	14(a)	**(36,684)**	(8,089)	**(36,684)**	(8,089)
Unrealised foreign exchange gains	14(a)	**(1,246,996)**	(468,273)	**(1,215,309)**	(448,192)
Other operating expenses - provisions for litigation no lo	14(b)(i)	**631,250**	-	**631,250**	-
Net interest income	50(ix)	**(20,207,512)**	(16,139,282)	**(19,780,514)**	(15,590,025)
Tax expense	20	**225,000**	225,000	**225,000**	225,000
		(12,024,869)	(10,001,029)	**(11,586,538)**	(9,557,641)
Changes in operating assets and liabilities					
Net increase in restricted reserve deposits	50(x)	**(104,348,881)**	(15,462,308)	**(104,348,881)**	(15,462,308)
Net decrease in derivative assets held for risk managem	50(xi)	**(697,663)**	(72,991)	**(697,663)**	(72,991)
Net decrease / (increase) in trading assets	50(xi)	**(6,556,349)**	(5,692,633)	**(6,556,349)**	(5,692,633)
Net decrease in loans and advances to customers	50(xii)	**(54,896,921)**	27,251,736	**(41,915,195)**	27,002,200
Net decrease in other assets	50(xiv)	**9,425,965**	(987,658)	**9,594,158**	(885,521)
Net (increase) / decrease in trading liabilities	50(xv)	**(4,214,895)**	(11,873,759)	**(4,214,895)**	(11,873,759)
Net decrease in deposits from banks	50(xvi)	**26,744,284**	(11,219,129)	**16,177,405**	(13,814,706)
Net decrease in deposits from customers	50(xvii)	**62,254,237**	10,360,674	**63,200,216**	19,457,778
Net decrease in on-lending facilities	50(xviii)	**20,084,512**	8,394,420	**20,084,512**	8,394,420
Net increase in assets pledged as collateral	50(xiii)	**(11,261,953)**	-	**(11,261,953)**	-
Net decrease in derivative liabilities held for risk manage	50(xix)	**2,106,438**	72,991	**2,106,438**	72,991
Net decrease / (increase) in other liabilities	50(vii)	**52,952,665**	(22,598,037)	**57,484,047**	(33,997,848)
		(20,433,430)	(31,827,723)	**(11,934,698)**	(36,430,018)
Interest received	50(ii)	**26,893,103**	19,320,601	**25,973,636**	18,542,582
Interest paid	50(iii)	**(19,068,458)**	(19,285,199)	**(18,395,044)**	(18,947,535)
VAT paid	50(iv)	**(529,910)**	(380,500)	**(529,910)**	(380,500)
Income taxes paid		**615,328**	-	**615,328**	-
Net cash generated from operating activities		**(12,523,367)**	(32,172,821)	**(4,270,688)**	(37,215,471)
Cash flows from investing activities					
Purchase of property and equipment	29	**(2,642,226)**	(2,536,259)	**(2,722,690)**	(2,479,147)
Purchase of intangible assets	30(a)	**(524,309)**	(279,432)	**(499,784)**	(267,137)
Proceeds from sale of property and equipment	50(viii)	**29,197**	574,694	**31,048**	528,649
Acquisition of investment securities	50(v)	**(167,744,411)**	50,739,713	**(171,423,926)**	55,916,508
Proceeds from sale and redemption of investment secu	50(v)	**115,363,222**	-	**107,411,788**	-
Net cash (used in) / generated from investing activities		**(55,518,527)**	48,498,716	**(67,203,564)**	53,698,873
Cash flows from financing activities					
Proceeds from long term borrowings	35(c)	**61,144,735**	17,244,271	**61,144,735**	17,244,271
Repayment of long term borrowings	35(c)	**(41,493,107)**	(2,781,843)	**(41,493,107)**	(2,781,843)
Proceeds from debt securities issued	50(xx)	**27,816,562**	-	**27,816,562**	-
Net cash (used in) / generated from financing activities		**47,468,190**	14,462,428	**47,468,190**	14,462,428
Net increase in cash and cash equivalents		**(20,573,704)**	30,788,323	**(24,006,062)**	30,945,830
Cash and cash equivalents at start of period	47	**216,777,376**	181,262,433	**228,877,793**	197,076,097
Increase in cash and cash equivalents		**(20,573,704)**	30,788,323	**(24,006,062)**	30,945,830
Effect of exchange rate movement on cash and cash equivalents held	50(vi)	**7,352,420**	671,599	**5,938,221**	271,365
Cash and cash equivalents at end of period	47	**203,556,092**	212,722,355	**210,809,952**	228,293,292

Notes to the consolidated and separate financial statements

1 **Reporting entity**

The Bank 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. It commences 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 adopted the Holding Company Structure in December 2012 and was delisted from the Nigerian Stock Exchange on 21 June 2013. It was re- registered as a Private Limited Liability Company on 4 September 2013.

The principal activity of the Bank continues to be the provision of comprehensive banking and provision of financial services to its corporate and individual customers. Such services include granting of loans and advances, corporate finance, money market activities and foreign exchange operations. In 2010, the CBN issued "Regulation 3"(scope of banking activities and ancillary matters, No. 3, 2010), which required banks to divest their non-banking businesses or retain them under a holding company ("HoldCo") structure. In response, the Bank proposed a restructuring of its businesses into a holding company structure and secured CBN's approval of the Compliance Plan in December 2011. Shareholders approved the Scheme of Arrangement (the Scheme) to implement the Holding Company structure at a Court Ordered Meeting in December 2012 and the Corporate Affairs Commission (CAC) certified the scheme accordingly. Under the Scheme, the Bank's shareholding in permissible non- banking subsidiaries and investments were transferred to the Holding Company. It is important to note that the Bank's interests in permissible subsidiaries and investments remained unchanged and exist as direct subsidiaries of the Bank. Following a strategic decision to place greater focus on the Bank's key competencies, Finbank Homes Ltd though a permissible subsidiary was sold while key terms were agreed with the different buyers of Finbank Capital Ltd, Finbank Insurance Coy. Ltd, Finbank Securities & Asset Management Ltd. and Finbank Insurance Brokers Ltd. Regulatory approvals were obtained and sale concluded for these transactions in February 2014.

The Bank currently has two wholly owned subsidiaries, FCMB UK Limited and FCMB SPV Financing Plc. FCMB SPV Financining Plc is a non-operating company.

2 (a) **Changes in accounting policies**

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

(b) **Significant accounting policies**

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

3(a) **(i) Statement of compliance**

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

(ii) Basis of accounting

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

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

(iii) Functional and presentation currency

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

(iv) Use of estimates and judgments

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

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

(a) Judgements

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

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

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

b) Assumptions and estimation uncertainties

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

– Notes 4(b) and 3(k)(vii): impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

– Note 7: measurement of the fair value of financial instruments with significant unobservable inputs.
– Note 31: recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.
– Note 30(d) - (e): impairment testing for CGUs containing goodwill: key assumptions underlying recoverable amounts.

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

(b) Basis of Consolidation

(i) Subsidiaries

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

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

(ii) Special purpose entities

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

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

Notes to the consolidated and separate financial statements

(iii) Loss of control

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

(iv) Common control transactions

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

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

(v) Transactions eliminated on consolidation

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

(c) Foreign currency

(i) Foreign currency transactions and balances

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

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

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

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

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

(ii) Foreign operations

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

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

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

Notes to the consolidated and separate financial statements

(d) Interest

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

When calculating the effective interest rate for financial intruments other than credit-impaired assets,the Group estimates future cashflows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets,a credit adjusted effective interest rate is calculated using estimated future cashflows including expected credit losses.

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

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

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

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

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.
- Interest on debt instruments measured at fair value through other comprehensive income calculated on an effective interest basis;

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

(e) Fees and commission

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

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

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

(f) Net trading income

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

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

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

(h) Dividend income

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

(i) Leases

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

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

(i) Group acting as a lessee

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

(ii) Group acting as a lessor

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

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

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

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

– fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

– the arrangement had conveyed a right to use the asset.

i. As a lessee

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

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

ii. As a lessor

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

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

(j) Income tax

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

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

(a) Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

– Company income tax is computed on taxable profits
– Tertiary education tax is computed on assessable profits
– National Information Technology Development Agency levy is computed on profit before tax
– Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

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

Notes to the consolidated and separate financial statements

Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.
Minimum tax is determined based on the sum of:
- the highest of; 0.25% of revenue of N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets; and
- 0.125% of revenue in excess of N500,000.

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

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

(b) Deferred tax

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

Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

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

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

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

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

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

(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.

Notes to the consolidated and separate financial statements

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

(ii) Classification

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

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

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

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

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

Reclassifications

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

Financial liabilities

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

(iii) Derecognition

Financial assets

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

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

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

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

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

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

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

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

Financial liabilities

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

(iv) Modification of financial assets and financial liabilities

Financial assets

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

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

Financial liabilities

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

(v) Offsetting

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

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

(vi) Fair value measurement

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

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

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

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

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

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

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

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

(vii) Impairment

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

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

No impairment loss is recognised on equity investments.

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

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

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

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

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

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

Measurement of ECL

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

- financial assets that are not credit -impaired at the reporting date:as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flow that the Group expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is down and the cash flows that the Group expects to receive; and

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

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Restructured financial assets

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cashflows arising from the modified financial asset are included in calculating the cash shortfalls from the existing assets.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the asset is treated as final cash flow from the existing financial asset at the time of its derecognition. The amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-Impaired financial assets

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

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- Loan commitments and financial guarantee contracts: generally, as a provision;

- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

- debt instruments measured at fair value through other comprehensive income: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is charged to profit or loss and is recognised in the fair value reserve, other comprehensive income.

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Write-off policy

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Recoveries of amount previously written off are includeded in impairment losses "on financial instruments" in the statement of profit or loss and other comprehensive income". However, financial asstes that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Measurement of impairment

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

Reversal of impairment

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

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

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

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

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

Write-off

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

(viii) Designation at fair value through profit or loss

Financial assets

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

Financial liabilities

The Group has designated certain financial liabilities as at fair value through profit or loss in either of the following circumstances:
- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(l) (i) Cash and cash equivalents

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

(ii) Restricted reserve deposits

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

(m) Trading assets and liabilities

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

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

(n) Assets pledged as collateral

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

(o) Loan and advances

Loan and advances' captions in the statement of financial position include:
- loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transsaction costs, and subsequently at their amortised cost using the effective interest method;
- loans and advances mandatorily measured at fair value through profit or loss or designated as at fair value through profit or loss; these are measured at fair value with changes recognised immediately in profit or loss; and
- finance lease receivables.

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

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

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

Notes to the consolidated and separate financial statements

(p) Investment securities

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

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities mandatorily measured at fair value through profit or loss or designated at fair value through profit or loss; these are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at fair value through other comprehensive income; and
- equity investment securities designated at fair value through other comprehensive income.

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

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

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

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

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

(q) Derivatives held for risk management purposes

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

Notes to the consolidated and separate financial statements

(r) Property and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

(iv) De-recognition

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

(s) Intangible assets

(i) Goodwill

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

Subsequent measurement

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

(ii) Software

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

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

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

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

(t) Impairment of non-financial assets

The Group’s non-financial assets with carrying amounts other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset’s recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year at the same time.

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

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

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

Notes to the consolidated and separate financial statements

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

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

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

(v) Sale and repurchase agreements

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

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

(w) Provisions

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

(x) Financial guarantees and loan commitments

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

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

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

The Group has issued no loan commitment that are measured at fair value through profit or loss.
For other loan commitments:
The Group recognises loss allowance (see k(vii)).

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

(y) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

(iii) Termination benefits

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

(z) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Group's ordinary shares

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

(iii) Share premium

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

(iv) Retained earnings

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

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

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

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

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

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

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

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

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

Notes to the consolidated and separate financial statements

(aa) Earnings per share

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

(ab) Segment reporting

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

Segment results that are reported to the Executive Management Committee (being the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

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

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

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

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

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

Notes to the consolidated and separate financial statements

(ad) Deposit for Investment in AGSMEIS

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

(ae) Standards issued but not yet adopted

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 200 and have not been applied in preparing these (consolidated and separate) financial statements. Those Standards, Amendments to Standards, and Interpretations which may be relevant to the Group (or Company) are set out below.

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

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

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

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

Notes to the consolidated and separate financial statements
For the period ended 31 March 2020

In thousands of Naira		GROUP 3months ended 31 March 2020	GROUP 3months ended 31 March 2019	BANK 3months ended 31 March 2020	BANK 3months ended 31 March 2019
8	**Interest and discount income**				
	Cash and cash equivalents	**1,597,226**	1,351,109	**1,647,002**	1,472,862
	Loans and advances to customers	**22,615,140**	20,931,847	**21,798,906**	20,215,888
	Investment securities at amortised cost	**5,344,503**	3,890,317	**5,329,313**	3,890,317
	Investment securities at FVOCI	**5,320,306**	4,143,147	**5,105,130**	3,906,124
	Total interest income	**34,877,175**	30,316,420	**33,880,351**	29,485,191
9	**Interest expense**				
	Deposits from banks	**1,121,461**	570,205	**805,273**	484,319
	Deposits from customers	**8,237,687**	9,261,673	**7,990,959**	9,065,587
		9,359,148	9,831,878	**8,796,232**	9,549,906
	Borrowings	**2,345,018**	1,988,394	**2,345,018**	1,988,394
	Debt securities issued	**2,603,618**	2,059,290	**2,603,618**	2,059,290
	Onlending facitilies	**343,968**	297,576	**343,968**	297,576
	Interest expense on lease liabilities	**17,911**	-	**11,001**	-
		14,669,663	14,177,138	**14,099,837**	13,895,166
10	**Net impairment loss on financial assets**				
	Loan and advances (see note 25(c))	**3,752,964**	3,727,169	**3,752,964**	3,750,000
	Other assets (see note 32(c))	**250,000**	566,770	**250,000**	566,770
	Recoveries on loans previously written off	**(541,363)**	(1,941,431)	**(541,363)**	(1,941,431)
		3,461,601	2,352,508	**3,461,601**	2,375,339

In thousands of Naira		GROUP 3months ended 31 March 2020	GROUP 3months ended 31 March 2019	BANK 3months ended 31 March 2020	BANK 3months ended 31 March 2019
11	**Disaggregation of fee and commission income by major type of services;**				
	Credit related fees	**98,714**	43,259	**98,714**	43,259
	Account Maintenance	**911,535**	910,139	**911,535**	910,139
	Letters of credit commission	**185,210**	220,282	**185,210**	220,282
	Commission on off-balance sheet transactions	**167,626**	149,593	**167,626**	149,593
	Electronics fees and commissions	**2,176,380**	2,401,803	**2,176,380**	2,401,803
	Service fees and commissions	**2,083,951**	1,937,905	**1,873,884**	1,707,797
	Gross Fee and commission income	**5,623,416**	5,662,981	**5,413,349**	5,432,873
	Electronics fees and commissions recoverable expenses	**(1,841,948)**	(1,595,268)	**(1,841,948)**	(1,595,268)
	Cheque books recoverable expenses	**(10,558)**	(11,568)	**(10,558)**	(11,568)
	Other banks charges	**(320,083)**	(154,455)	**(318,048)**	(153,284)
	Fee and commission expense	**(2,172,589)**	(1,761,291)	**(2,170,554)**	(1,760,120)
	Net fee and commission income	**3,450,827**	3,901,690	**3,242,795**	3,672,753

Notes to the consolidated and separate financial statements
For the period ended 31 March 2020

In thousands of Naira		GROUP 3months ended 31 March 2020	GROUP 3months ended 31 March 2019	BANK 3months ended 31 March 2020	BANK 3months ended 31 March 2019
12	**Net trading income**				
	Foreign exchange trading income	**27,699**	98,921	**27,699**	98,921
	FGN bonds trading income	**665,342**	99,141	**665,342**	99,141
	Treasury bills trading income	**1,160,296**	1,931,667	**1,160,296**	1,931,667
		1,853,337	2,129,729	**1,853,337**	2,129,729
13	**Net income from financial instruments mandatorily measured at fair value through profit or loss**				
	Net income arising on:				
	Fair value gain on derivative financial instruments held for risk management	**-**	-	**-**	-
		-	-	**-**	-
14(a)	**Other revenue**				
	Dividends on unquoted equity securities (see note (a)(i))	**-**	-	**-**	-
	Foreign exchange gains (see note (a)(ii))	**1,246,996**	468,273	**1,215,309**	448,192
		1,246,996	468,273	**1,215,309**	448,192

(i) This amount represent dividend received from unquoted equity securities held for strategic purposes and for which the Group has elected to present the fair value gain and loss in other comprehensive income.

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

		GROUP 3months ended 31 March 2020	GROUP 3months ended 31 March 2019	BANK 3months ended 31 March 2020	BANK 3months ended 31 March 2019
14(b)	**Other income**				
	Gain on sale of property and equipment	**36,684**	8,089	**36,684**	8,089
	Other income (see note (b)(i))	**205,097**	20,226	**100,086**	27,364
		241,781	28,315	**136,770**	35,453
(i)	Other income comprises:				
	Rental income	**64,242**	20,226	**64,242**	27,364
	Others	**140,855**	-	**35,844**	-
		205,097	20,226	**100,086**	27,364

Notes to the consolidated and separate financial statements
For the period ended 31 March 2020

In thousands of Naira	GROUP 3months ended 31 March 2020	GROUP 3months ended 31 March 2019	BANK 3months ended 31 March 2020	BANK 3months ended 31 March 2019
15 Personnel expenses				
Wages and salaries	**4,775,256**	4,834,231	**4,309,928**	4,458,520
Contributions to defined contribution plans (see note 38)	**117,819**	119,065	**117,819**	119,065
Other employee benefits (see note (a) below)	**830,265**	762,791	**752,770**	673,060
	5,723,340	5,716,087	**5,180,517**	5,250,645

(a) **Other employee benefits**
These are non-payroll staff cost, which includes medical expenses, club subscriptions and other staff related expenses not paid to staff.

In thousands of Naira	GROUP 3months ended 31 March 2020	GROUP 3months ended 31 March 2019	BANK 3months ended 31 March 2020	BANK 3months ended 31 March 2019
16 Depreciation and amortisation				
Amortisation of intangibles (see note 30)	**403,356**	266,515	**381,505**	256,817
Depreciation of property and equipment and right of use assets (see note 29(a))	**1,245,572**	962,089	**1,211,435**	955,825
	1,648,928	1,228,604	**1,592,940**	1,212,642
17 General and administrative expenses				
Communication, stationery and postage	**484,197**	354,678	**470,210**	343,619
Business travel expenses	**253,052**	191,892	**228,203**	174,543
Advert, promotion and corporate gifts	**695,650**	689,653	**695,650**	689,653
Business premises and equipment costs	**1,013,690**	1,073,735	**982,982**	1,014,525
Operating lease expenses (see note (a) below)	**81,548**	-	**81,548**	-
Directors' emoluments and expenses	**131,108**	65,093	**105,997**	49,032
IT expenses	**1,224,262**	607,006	**1,182,954**	576,395
Contract Services and training expenses	**1,811,889**	1,580,746	**1,800,358**	1,563,260
Vehicles maintenance expenses	**324,662**	402,674	**324,662**	402,674
Security expenses	**566,246**	487,061	**566,246**	487,061
Auditors' remuneration (including interim audit fees)	**85,556**	72,397	**73,500**	65,625
Professional charges	**607,364**	553,433	**574,631**	529,001
	7,279,224	6,078,368	**7,086,941**	5,895,388

(a) An amount of N489.38million have been presented as operating lease expense for the Group. This amount represent the straight line amortisation on short term lease in which the Group has applied the recognition exemption..

In thousands of Naira	GROUP 3months ended 31 March 2020	GROUP 3months ended 31 March 2019	BANK 3months ended 31 March 2020	BANK 3months ended 31 March 2019
18 Other operating expenses				
NDIC Insurance Premium	**1,035,997**	964,856	**1,035,997**	964,856
AMCON Levy	**2,859,729**	2,717,256	**2,859,729**	2,717,256
Insurance expenses	**116,980**	113,574	**111,053**	107,981
Others (see note (a) below)	**1,150,110**	634,884	**1,139,769**	623,712
	5,162,816	4,430,570	**5,146,548**	4,413,805
(a) Others comprises:				
AGM, meetings and shareholders expenses	**72,875**	182,875	**72,875**	182,875
Donation and sponsorship expenses	**76,968**	121,148	**76,968**	121,148
Entertainment expenses	**85,773**	79,073	**85,101**	76,829
Fraud and forgery expense	**22,415**	61,627	**22,415**	60,986
Other accounts written off	**11,282**	21,134	**11,282**	21,134
Provision for litigation (see note 39(a))	**631,250**	-	**631,250**	-
Industrial training fund levy	**44,167**	43,701	**44,167**	43,701
Nigeria Social Insurance Trust Fund expenses	**44,167**	43,701	**44,167**	43,701
Penalties (see note 48)	**144,000**	73,000	**144,000**	73,000
Miscellaneous expenses	**17,213**	8,625	**7,544**	338
	1,150,110	634,884	**1,139,769**	623,712

Notes to the consolidated and separate financial statements
For the period ended 31 March 2020

In thousands of Naira	GROUP		BANK	
	3months ended 31 March 2020	3months ended 31 March 2019	3months ended 31 March 2020	3months ended 31 March 2019
19 Earnings per share				
Basic and diluted earnings per share				
Profit attributable to equity holders	**3,499,544**	2,636,152	**3,535,178**	2,503,333
Weighted average number of ordinary shares in issue	**4,000,000**	4,000,000	**4,000,000**	4,000,000
	0.87	0.66	**0.88**	0.63
20 Tax expense				
(i) **Current tax expense:**				
Minimum tax (see note 20(v))	**225,000**	225,000	**225,000**	225,000
Total tax expense	**225,000**	225,000	**225,000**	225,000

In thousands of Naira	GROUP		BANK	
	31 MAR 2020	31 DEC 2019	31 MAR 2020	31 DEC 2019
(v) **Current income tax liability**				
Beginning of the year	**3,007,648**	2,551,305	**3,007,648**	2,551,305
Tax paid	**615,328**	(104,265)	**615,328**	(104,265)
Tax refund (see note (a) below)	**(615,328)**	(615,328)	**(615,328)**	(615,328)
Minimum tax (see note 20(i))	**225,000**	1,032,399	**225,000**	1,032,399
Capital gain tax (see note 20(i))	**-**	1,785	**-**	1,785
National Information Technology Development Agency (NITDA) levy (see note 20(i))	**-**	141,063	**-**	141,063
Nigeria Police Trust Fund levy (see note 20(i))	**-**	689	**-**	689
	3,232,648	3,007,648	**3,232,648**	3,007,648
Current	**3,232,648**	3,007,648	**3,232,648**	3,007,648
Non-current	**-**	-	**-**	-
	3,232,648	3,007,648	**3,232,648**	3,007,648

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

In thousands of Naira	GROUP		BANK	
	31 MAR 2020	31 DEC 2019	31 MAR 2020	31 DEC 2019
21 Cash and cash equivalents				
Cash	**59,174,705**	57,488,418	**59,174,657**	57,488,375
Current balances with banks within Nigeria	**5,384,732**	497,443	**5,384,732**	497,443
Current balances with banks outside Nigeria (see note (c) below)	**60,801,153**	35,832,039	**71,712,330**	49,869,250
Placements with foreign banks	**63,762,344**	84,104,265	**60,105,075**	82,171,441
Unrestricted balances with Central banks	**14,433,158**	38,855,211	**14,433,158**	38,855,211
	203,556,092	216,777,376	**210,809,952**	228,881,720
Less impairment allowances (note (a) below)	**(3,927)**	(3,927)	**(3,927)**	(3,927)
	203,552,165	216,773,449	**210,806,025**	228,877,793
		-		-
Current	**203,552,165**	216,773,449	**210,806,025**	228,877,793
Non-current	**-**	-	**-**	-
	203,552,165	216,773,449	**210,806,025**	228,877,793
(a) **Impairment allowance**				
Balance at 1 January	**3,927**	-	**3,927**	-
12-month ECL (see note 10)	**-**	3,927	**-**	3,927
Closing balance	**3,927**	3,927	**3,927**	3,927

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For the period ended 31 March 2020

In thousands of Naira	GROUP		BANK	
	31 MAR 2020	31 DEC 2019	31 MAR 2020	31 DEC 2019
22 Restricted reserve deposits				
Restricted mandatory reserve deposits with central banks (see note (a) below)	**240,999,456**	156,834,481	**240,999,456**	156,834,481
Special Cash Reserve Requirement (see note (b) below)	**25,110,464**	25,110,464	**25,110,464**	25,110,464
LDR Cash Reserve (see note (c) below)	**47,155,187**	26,971,281	**47,155,187**	26,971,281
	313,265,107	208,916,226	**313,265,107**	208,916,226
Current	**-**	-	**-**	-
Non-current	**313,265,107**	208,916,226	**313,265,107**	208,916,226
	313,265,107	208,916,226	**313,265,107**	208,916,226

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

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

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

In thousands of Naira	GROUP		BANK	
23(a) Non-pledged trading assets	31 MAR 2020	31 DEC 2019	31 MAR 2020	31 DEC 2019
Federal Government of Nigeria Bonds - fair value through profit or loss (FVTPL)	**8,610,462**	4,305,761	**8,610,462**	4,305,761
Treasury Bills - fair value through profit or loss (FVTPL)	**48,869,627**	46,617,979	**48,869,627**	46,617,979
	57,480,089	50,923,740	**57,480,089**	50,923,740
Current	**57,480,089**	50,923,740	**57,480,089**	50,923,740
Non-current	**-**	-	**-**	-
	57,480,089	50,923,740	**57,480,089**	50,923,740
(b) Trading liabilities				
Short sold positions - Federal Government of Nigeria Bonds - fair value through profit or loss (FVTPL)	**1,254,778**	33,364	**1,254,778**	33,364
Short sold positions - Treasury bills - fair value through profit or loss (FVTPL)	**31,612,329**	37,048,638	**31,612,329**	37,048,638
	32,867,107	37,082,002	**32,867,107**	37,082,002
Current	**32,867,107**	37,082,002	**32,867,107**	37,082,002
Non-current	**-**	-	**-**	-
	32,867,107	37,082,002	**32,867,107**	37,082,002
24 Derivative assets and liabilities held for risk management				
Instrument type				
(a) Assets: - Non-deliverable forwards transactions	**1,040,222**	981,524	**1,040,222**	981,524
- Total return swap transactions	**11,323,536**	10,684,571	**11,323,536**	10,684,571
	12,363,758	11,666,095	**12,363,758**	11,666,095
Current	**12,363,758**	11,666,095	**12,363,758**	11,666,095
Non-current	**-**	-	**-**	-
	12,363,758	11,666,095	**12,363,758**	11,666,095
(b) Liabilities - Non-deliverable forwards transactions	**2,667,042**	955,769	**2,667,042**	955,769
- Total return swap transactions	**7,002,996**	6,607,831	**7,002,996**	6,607,831
	9,670,038	7,563,600	**9,670,038**	7,563,600
Current	**9,670,038**	7,563,600	**9,670,038**	7,563,600
Non-current	**-**	-	**-**	-
	9,670,038	7,563,600	**9,670,038**	7,563,600

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

All derivative assets and liabilities are current.

In thousands of Naira	GROUP 31 MAR 2020	GROUP 31 DEC 2019	BANK 31 MAR 2020	BANK 31 DEC 2019
25 Loans and advances to customers				
(a) Overdrafts	**47,581,339**	38,991,496	**47,581,339**	38,991,496
Term loans	**682,269,071**	635,432,398	**593,894,310**	565,026,122
On-lending facilities	**42,705,930**	37,374,415	**74,626,361**	64,308,087
Advances under finance lease (see note (b) below)	**9,964,048**	17,943,292	**9,964,048**	17,943,292
Gross loans and advances to customers at amortised costs	**782,520,388**	729,741,601	**726,066,058**	686,268,997
Less impairment loss allowance	**(41,585,817)**	(36,767,504)	**(41,414,172)**	(36,605,544)
Net loans and advances to customers	**740,934,571**	692,974,097	**684,651,886**	649,663,453
Current	**378,368,671**	325,589,884	**321,914,341**	282,117,280
Non-current	**362,565,900**	367,384,213	**362,737,545**	367,546,173
	740,934,571	692,974,097	**684,651,886**	649,663,453

	GROUP 31 MAR 2020	GROUP 31 DEC 2019	BANK 31 MAR 2020	BANK 31 DEC 2019
26 Investment securities				
Investment securities at amortised cost (see note (a))	**125,354,126**	123,525,946	**68,572,866**	58,207,934
Investment securities at FVOCI - debt instruments (see note (c) below)	**155,131,203**	93,963,752	**153,180,725**	90,111,525
Investment securities at FVOCI - unquoted equity investments (see note (d) below)	**17,208,498**	17,208,498	**17,208,498**	17,208,498
	297,693,827	234,698,196	**238,962,089**	165,527,957
Current	**237,009,016**	173,917,302	**178,276,259**	104,746,102
Non-current	**60,684,811**	60,780,894	**60,685,830**	60,781,855
	297,693,827	234,698,196	**238,962,089**	165,527,957
(a) **Investment securities at amortised cost**				
Federal Government of Nigeria (FGN) Bonds - listed	**71,908,197**	77,596,212	**15,125,918**	12,277,239
State Government Bonds - unlisted	**4,229,396**	3,328,000	**4,229,396**	3,328,000
Corporate bonds - unlisted	**5,380,303**	5,063,592	**5,380,303**	5,063,592
Placements	**45,964,778**	39,570,607	**45,964,778**	39,570,607
	127,482,674	125,558,411	**70,700,395**	60,239,438
Less impairment allowances (see note (b) below)	**(2,128,548)**	(2,032,465)	**(2,127,529)**	(2,031,504)
	125,354,126	123,525,946	**68,572,866**	58,207,934
(b) **Impairment allowance**				
Balance at 1 January	**2,032,465**	1,726,295	**2,031,504**	1,726,254
Net remeasurement of loss allowance (see note 10)	**-**	90,271	**-**	279,230
Translation difference	**96,083**	215,899	**96,025**	26,020
Closing balance	**2,128,548**	2,032,465	**2,127,529**	2,031,504

In thousands of Naira	GROUP 31 MAR 2020	GROUP 31 DEC 2019	BANK 31 MAR 2020	BANK 31 DEC 2019
(c) **Investment securities at FVOCI**				
Federal Government of Nigeria (FGN) Bonds - listed	**25,846,001**	8,124,961	**23,895,523**	4,272,734
Treasury bills - listed	**129,162,293**	85,715,882	**129,162,293**	85,715,882
Promissory note	**122,909**	122,909.00	**122,909**	122,909.00
	155,131,203	93,963,752	**153,180,725**	90,111,525
Impairment allowance				
Balance at 1 January	**44,552**	24,047	**44,552**	24,047
Net remeasurement of loss allowance (see note 10)	**-**	20,505	**-**	20,505
Closing balance	**44,552**	44,552	**44,552**	44,552

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For the period ended 31 March 2020

In thousands of Naira	GROUP		BANK	
	31 MAR 2020	31 DEC 2019	31 MAR 2020	31 DEC 2019
(d) **Investment securities at FVOCI - unquoted equity investments**				
Credit Reference Company Limited	**197,119**	197,119	**197,119**	197,119
Nigeria Inter-bank Settlement System Plc	**1,640,321**	1,640,321	**1,640,321**	1,640,321
Africa Finance Corporation	**12,520,017**	12,520,017	**12,520,017**	12,520,017
Africa Export-Import Bank, Cairo	**1,809,543**	1,809,543	**1,809,543**	1,809,543
Smartcard Nigeria Plc	**266,498**	266,498	**266,498**	266,498
FMDQ (OTC) Plc	**775,000**	775,000	**775,000**	775,000
	17,208,498	17,208,498	**17,208,498**	17,208,498

In thousands of Naira	GROUP		BANK	
	31 MAR 2020	31 DEC 2019	31 MAR 2020	31 DEC 2019
27 Assets pledged as collateral				
The nature and carrying amounts of the non tradable financial assets pledged as collaterals are as follows:				
(a) Investment Securities - FVOCI				
Treasury Bills - listed	**68,039,613**	29,441,288	**68,039,613**	29,441,288
	68,039,613	29,441,288	**68,039,613**	29,441,288
(b) Investment Securities - FVTPL				
Treasury Bills - listed	-	1,615,862	-	1,615,862
	-	1,615,862	-	1,615,862
(c) Investment Securities - Amortized cost				
Federal Government of Nigeria (FGN) Bonds - listed	**61,017,762**	87,596,080	**61,017,762**	87,596,080
	61,017,762	87,596,080	**61,017,762**	87,596,080
	129,057,375	118,653,230	**129,057,375**	118,653,230
Current	**57,449,859**	57,449,859	**57,449,859**	57,449,859
Non-current	**71,607,516**	61,203,371	**71,607,516**	61,203,371
	129,057,375	118,653,230	**129,057,375**	118,653,230

In thousands of Naira				
28 Investment in Subsidiaries				
(a) Investment in subsidiaries comprises:				
FCMB (UK) Limited (note (d) below)	-	-	**7,791,147**	7,791,147
FCMB Financing SPV Plc.(note (e) below)	-	-	**250**	250
Carrying amount	-	-	**7,791,397**	7,791,397
Current	-	-	-	-
Non-current	-	-	**7,791,397**	8,157,607
	-	-	**7,791,397**	8,157,607

In thousands of Naira	GROUP		BANK	
	31 MAR 2020	31 DEC 2019	31 MAR 2020	31 DEC 2019
29 This comprises:				
	40,130,898	38,645,841	**39,076,013**	37,559,122
Current	-	-	-	-
Non-current	**40,130,898**	38,645,841	**39,076,013**	37,559,122
	40,130,898	38,645,841	**39,076,013**	37,559,122

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(a) **Property and equipment**

GROUP

31 MAR 2020

In thousands of Naira	Leasehold land	Buildings	Right-of-use Assets - Buildings	Leasehold improvement	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost									
Balance at 1 January 2020	**2,705,557**	**21,173,203**	**4,818,001**	**6,363,875**	**3,988,252**	**30,538,201**	**8,947,585**	**1,918,890**	**80,453,564**
Additions during the year	-	45,577 -	78,164	73,390	173,745	294,230	31,751	2,101,697	2,642,226
Disposal during the year	-	(7,145)	-	-	(116,550)	(4,423)	(1,247)	-	(129,365)
Effect of movements in exchange rates	-	-	72,491	12,327	-	7,146	242	-	92,206
Balance at reporting date	**2,705,557**	**21,211,635**	**4,812,328**	**6,449,592**	**4,045,447**	**30,835,154**	**8,978,331**	**4,020,587**	**83,058,631**
Accumulated depreciation									
Balance at 1 January 2020	-	**4,090,715**	**605,724**	**3,918,764**	**3,419,521**	**21,293,396**	**8,479,603**	**-**	**41,807,723**
Depreciation for the year (see note 16)	-	106,493	199,334	40,531	75,369	794,139	29,706	-	1,245,572
Eliminated on Disposal	-	(8,587)	(245)	(816)	(121,718)	(4,381)	(1,105)	-	(136,852)
Effect of movements in exchange rates	-	-		5,506	-	5,542	242	-	11,290
Balance at reporting date	-	4,188,621	804,813	3,963,985	3,373,172	22,088,696	8,508,446	-	42,927,733
Carrying amounts:									
Balance at 31 March 2020	**2,705,557**	**17,023,014**	**4,007,515**	**2,485,607**	**672,275**	**8,746,458**	**469,885**	**4,020,587**	**40,130,898**
Balance at 31 December 2019	2,705,557	17,082,488	4,212,277	2,445,111	568,731	9,244,805	467,982	1,918,890	38,645,841

BANK

31 MAR 2020

In thousands of Naira	Leasehold land	Buildings	Right-of-use Assets - Buildings	Leasehold improvement	Motor vehicles	Furniture, fittings and Equipment	Computer equipment	Capital Work in progress	Total
Cost									
Balance at 1 January 2020	**2,705,557**	**21,173,203**	**3,695,963**	**6,184,749**	**3,988,252**	**30,434,650**	**8,944,060**	**1,918,890**	**79,045,324**
Additions during the year	-	45,577	-	75,005	173,745	294,884	31,782	2,101,697	2,722,690
Disposal during the year	-	(7,145)	-	-	(116,550)	(4,423)	(1,247)	-	(129,365)
Balance at reporting date	2,705,557	21,211,635	3,695,963	6,259,754	4,045,447	30,725,111	8,974,595	4,020,587	81,638,649
Accumulated depreciation									
Balance at 1 January 2020	-	**4,090,715**	**441,801**	**3,843,568**	**3,419,521**	**21,214,519**	**8,476,078**	**-**	**41,486,202**
Depreciation for the year (see note 16)	-	106,493	171,790	35,632	75,369	792,445	29,706	-	1,211,435
Eliminated on Disposal	-	(8,587)	-	-	(121,718)	(3,622)	(1,074)	-	(135,001)
Balance at reporting date	-	4,188,621	613,591	3,879,200	3,373,172	22,003,342	8,504,710	-	42,562,636
Carrying amounts:									
Balance at 31 March 2020	**2,705,557**	**17,023,014**	**3,082,372**	**2,380,554**	**672,275**	**8,721,769**	**469,885**	**4,020,587**	**39,076,013**
Balance at 31 December 2019	2,705,557	17,082,488	3,254,162	2,341,181	568,731	9,220,131	467,982	1,918,890	37,559,122

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		GROUP		BANK	
		31 MAR 2020	31 DEC 2019	31 MAR 2020	31 DEC 2019
30	**Intangible assets**				
(a)	**Software**				
	Cost				
	Beginning of the year	**10,888,656**	9,257,996	**10,341,766**	8,861,855
	Additions during the year	**524,309**	1,394,908	**499,784**	1,250,684
	Work-in-progress - additions during the year	**-**	375,587	**-**	375,587
	Items written-off during the year	**-**	(83,982)	**-**	(83,982)
	Transfer to property and equipment	**-**	(62,378)	**-**	(62,378)
	Effect of movement in exchange rates	**36,459**	6,525	**-**	-
	Balance at reporting date	**11,449,424**	10,888,656	**10,841,550**	10,341,766
	Accumulated amortisation				
	Beginning of the year	**6,930,890**	5,585,379	**6,587,843**	5,298,270
	Amortisation for the year (see note 16)	**403,356**	1,340,382	**381,505**	1,289,573
	Effect of movement in exchange rates	**21,375**	5,129	**-**	-
	Balance at reporting date	**7,355,621**	6,930,890	**6,969,348**	6,587,843
	Carrying amount	**4,093,803**	3,957,766	**3,872,202**	3,753,923

(b) There were no capitalised borrowing costs related to any acquisition during the period (31 December 2019: nil)

(c) There was no impairment loss on the Bank's software during the period (31 December 2019: nil)

		GROUP		BANK	
		31 MAR 2020	31 DEC 2019	31 MAR 2020	31 DEC 2019
(d)	**Goodwill**				
	Beginning of the year	**5,993,863**	5,993,863	**5,993,863**	5,993,863
	Impairment charge	**-**	-	**-**	-
	At end of the reporting date	**5,993,863**	5,993,863	**5,993,863**	5,993,863
		10,087,666	9,951,629	**9,866,065**	9,747,786
	Current	**-**	-	**-**	-
	Non-current	**10,087,666**	9,951,629	**9,866,065**	9,747,786
		10,087,666	9,951,629	**9,866,065**	9,747,786

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						
		Liabilities	**Net**	**Assets**	**Liabilities**	**Net**
	31 MAR 2020			**31 DEC 2019**		
Property and equipment	1,203,659	-	1,203,659	1,203,659	-	1,203,659
Allowances for loan losses	2,342,096	-	2,342,096	2,342,096	-	2,342,096
Tax loss carried forward	4,399,083	-	4,399,083	4,399,083	-	4,399,083
Net tax assets/ (liabilities)	7,944,838	-	7,944,838	7,944,838	-	7,944,838

Bank						
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
	31 MAR 2020			**31 DEC 2019**		
Property and equipment	1,203,659	-	1,203,659	1,203,659	-	1,203,659
Allowances for loan losses	2,342,096	-	2,342,096	2,342,096	-	2,342,096
Tax loss carried forward	4,399,083	-	4,399,083	4,399,083	-	4,399,083
Net tax assets/ (liabilities)	7,944,838	-	7,944,838	7,944,838	-	7,944,838

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	GROUP		BANK	
	31 MAR 2020	31 DEC 2019	31 MAR 2020	31 DEC 2019
Deferred tax assets				
Current	**-**	-	**-**	-
Non-current	**7,944,838**	7,944,838	**7,944,838**	7,944,838
	7,944,838	7,944,838	**7,944,838**	7,944,838

In thousands of Naira	GROUP		BANK	
	31 MAR 2020	31 DEC 2019	31 MAR 2020	31 DEC 2019
32 Other assets				
(a) **Other financial assets:**				
E-settlement receivables	**25,172,631**	21,003,827	**25,172,631**	21,003,827
Agric SMEIS receivables	**1,358,662**	1,358,662	**1,358,662**	1,358,662
Related parties receivables (see note 45(f))	**2,738,237**	743,535	**2,911,863**	917,162
Insurance claims and fraud receivables	**3,179,545**	2,975,844	**3,179,545**	2,975,844
Judgement debt receivables (See note (d))	**3,031,906**	2,920,862	**3,031,906**	2,920,862
Accounts receivable- Clientele (See note (e))	**-**	9,445,730	**-**	9,445,730
Accounts receivable- Recovery and bonds	**495,678**	423,975	**495,678**	423,975
Accounts receivable- TSA refunds	**433,101**	433,101	**433,101**	433,101
Accounts receivables	**3,762,831**	5,902,171	**3,353,380**	5,738,557
	40,172,591	45,207,707	**39,936,766**	45,217,720
Less impairment allowances (note (c) below)	**(19,292,268)**	(18,926,272)	**(19,292,268)**	(18,926,272)
	20,880,323	26,281,435	**20,644,498**	26,291,448
(b) **Other non-financial assets:**				
Prepayments	**7,276,947**	3,571,941	**7,147,288**	3,494,296
Consumables	**425,228**	452,912	**425,228**	452,912
	7,702,175	4,024,853	**7,572,516**	3,947,208
	28,582,498	30,306,288	**28,217,014**	30,238,656
Current	**21,159,461**	26,560,573	**22,913,982**	23,279,978
Non-current	**7,423,037**	3,745,715	**5,303,032**	6,958,678
	28,582,498	30,306,288	**28,217,014**	30,238,656
(c) **Movement in impairment on other financial assets**				
Balance at 1 January	**18,926,271**	14,775,581	**18,926,271**	14,775,581
Net remeasurement of loss allowances (see note 10)	**250,000**	4,216,292	**250,000**	4,216,292
Write-offs	**-**	(67,982)	**-**	(67,982)
Translation difference	**115,997**	2,380	**115,997**	2,380
Closing balance	**19,292,268**	18,926,271	**19,292,268**	18,926,271

(d) The amount includes Judgement debt receivables in respect of an ongoing suit against the Bank in United Kingdom as ordered by the court of which the sum of $3.5million (N1.3billion) has been

(e) This represents amount receivables from clientele subscription under investment linked notes.

In thousands of Naira	GROUP		BANK	
	31 MAR 2020	31 DEC 2019	31 MAR 2020	31 DEC 2019
33 Deposits from banks				
Deposits from banks	**116,805,209**	90,060,925	**37,761,719**	21,584,314
	116,805,209	90,060,925	**37,761,719**	21,584,314
Current	**116,805,209**	90,060,925	**37,761,719**	21,584,314
Non-current	**-**	-	**-**	-
	116,805,209	90,060,925	**37,761,719**	21,584,314

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For the period ended 31 March 2020

	GROUP		BANK	
In thousands of Naira	**31 MAR 2020**	**31 DEC 2019**	**31 MAR 2020**	**31 DEC 2019**
34 Deposits from customers				
Term deposits	**266,427,965**	284,953,521	**251,153,142**	262,677,702
Current deposits	**460,235,982**	417,112,036	**448,464,337**	411,395,408
Savings	**281,883,991**	244,228,144	**281,883,991**	244,228,144
	1,008,547,938	946,293,701	**981,501,470**	918,301,254
Current	**994,517,698**	932,263,461	**981,471,230**	918,271,014
Non-current	**14,030,240**	14,030,240	**30,240**	30,240
	1,008,547,938	946,293,701	**981,501,470**	918,301,254

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

	GROUP		BANK	
In thousands of Naira	**31 MAR 2020**	**31 DEC 2019**	**31 MAR 2020**	**31 DEC 2019**
35 Borrowings				
(a) Borrowings comprise:				
Standard Bank, London	**1,326,744**	-	**1,326,744**	-
Netherlands Development Finance Company (FMO)	**1,094,018**	1,015,102	**1,094,018**	1,015,102
Netherlands Development Finance Company (FMO)	**1,094,018**	1,015,102	**1,094,018**	1,015,102
European Investment Bank (EIB)	**10,858,644**	10,016,407	**10,858,644**	10,016,407
Africa Finance Corporation (AFC)	**3,216,944**	-	**3,216,944**	-
Africa Finance Corporation (AFC)	**9,001,222**	-	**9,001,222**	-
African Export-Import Bank (Afrexim)	**12,917,406**	14,214,640	**12,917,406**	14,214,640
BMCE Bank International Plc	**-**	731,242	**-**	731,242
African Export-Import Bank (Afrexim)/ Cargill	**9,662,750**	-	**9,662,750**	-
British Arab Commercial Bank UK	**1,932,550**	-	**1,932,550**	-
Standard Bank, London	**12,103,398**	11,262,603	**12,103,398**	11,262,603
African Export-Import Bank (Afrexim)	**9,877,358**	9,341,381	**9,877,358**	9,341,381
African Export-Import Bank (Afrexim)	**9,752,093**	9,193,281	**9,752,093**	9,193,281
Standard Chatered Bank/ Bunge SA	**3,865,100**	3,638,376	**3,865,100**	3,638,376
Standard Chatered Bank/ Bunge SA	**5,797,650**	2,873,054	**5,797,650**	2,873,054
Standard Chatered Bank / Monafri International Trading Company	**5,797,650**	5,453,153	**5,797,650**	5,453,153
Standard Chatered Bank / Monafri International Trading Company	**-**	3,617,896	**-**	3,617,896
Standard Chatered Bank / Louis Dreyfuss	**-**	2,465,188	**-**	2,465,188
Standard Bank / Louis Dreyfuss	**-**	2,312,008	**-**	2,312,008
Standard Bank / Louis Dreyfuss	**2,705,425**	2,055,080	**2,705,425**	2,055,080
Standard Bank / Louis Dreyfuss	**3,925,341**	4,318,180	**3,925,341**	4,318,180
Commercial Bank, Dubai / Monafri International Trading Company	**3,865,100**	3,635,463	**3,865,100**	3,635,463
Citibank / Monafri International Trading Company	**-**	3,627,305	**-**	3,627,305
Commerze / Monafri International Trading Company	**3,865,100**	3,622,888	**3,865,100**	3,622,888
KGI Bank / Cargill	**1,132,720**	1,052,806	**1,132,720**	1,052,806
Zenith Bank UK / Bunge S.A	**-**	7,213,096	**-**	7,213,096
British Arab Commercial Bank (BACB) UK / Louis Dreyfuss	**1,932,421**	1,792,725	**1,932,421**	1,792,725
British Arab Commercial Bank (BACB) UK / Cargill	**1,932,550**	1,790,293	**1,932,550**	1,790,293
Commercial Bank, Dubai / Monafri International Trading Company	**-**	1,258,776	**-**	1,258,776
Standard Bank / Monafri International Trading Company	**4,638,120**	1,789,318	**4,638,120**	1,789,318
British Arab Commercial Bank (BACB) UK / Glencore Agriculture BV	**1,932,551**	1,790,663	**1,932,551**	1,790,663
British Arab Commercial Bank (BACB) UK / Glencore Agriculture BV	**1,932,524**	1,779,744	**1,932,524**	1,779,744
BMCE Bank International Plc / Louis Dreyfuss	**1,534,445**	1,395,720	**1,534,445**	1,395,720
Standard Bank / Monafri International Trading Company	**1,932,550**	-	**1,932,550**	-
Standard Bank / Monafri International Trading Company	**7,730,200**	-	**7,730,200**	-
Rak Bank	**5,797,650**	-	**5,797,650**	-
	143,154,242	114,271,490	**143,154,242**	114,271,490

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For the period ended 31 March 2020

In thousands of Naira	GROUP 31 MAR 2020	GROUP 31 DEC 2019	BANK 31 MAR 2020	BANK 31 DEC 2019	
(c) Movement in borrowings account during the year was as follows:					
Balance, beginning of the year	**114,271,490**	97,419,259	**114,271,490**	97,419,259	
Additions during the year	**61,144,735**	87,278,997	**61,144,735**	87,278,997	
Repayments during the year	**(41,493,107)**	(71,998,343)	**(41,493,107)**	(71,998,343)	
Effects of movement in exchange rates	**9,231,124**	1,571,577	**9,231,124**	1,571,577	-
Balance, end of the year	**143,154,242**	114,271,490	**143,154,242**	114,271,490	-

In thousands of Naira	GROUP 31 MAR 2020	GROUP 31 DEC 2019	BANK 31 MAR 2020	BANK 31 DEC 2019
36 On-lending facilities				
Bank of industry (BOI) (see note (a) below)	**2,550,311**	3,406,886	**2,550,311**	3,406,886
Commercial Agriculture Credit Scheme (CACS) (see note (b) below)	**13,342,700**	9,419,449	**13,342,700**	9,419,449
Real Sector Support Facility (RSSF) (see note (c) below)	**40,708,277**	27,206,949	**40,708,277**	27,206,949
Power & Aviation Intervention Fund (see note (d) below)	**19,503,989**	18,961,490	**19,503,989**	18,961,490
Micro, Small and Medium Enterprises Development Fund (MSMEDF) (see note (e) below)	**54,777**	61,975	**54,777**	61,975
Development Bank of Nigeria (DBN) (see note (f) below)	**14,967,868**	11,855,454	**14,967,868**	11,855,454
	91,127,922	70,912,203	**91,127,922**	70,912,203
Current	**7,373,150**	7,373,150	**7,373,150**	7,373,150
Non-current	**83,754,772**	63,539,053	**83,754,772**	63,539,053
	91,127,922	70,912,203	**91,127,922**	70,912,203

	GROUP 31 MAR 2020	GROUP 31 DEC 2019	BANK 31 MAR 2020	BANK 31 DEC 2019
(h) Movement in on-lending facilities during the year was as follows:				
Balance, beginning of the period /year	**70,912,203**	57,889,225	**70,912,203**	57,889,225
Additions during the period / year	**21,611,275**	32,190,635	**21,611,275**	32,190,635
Repayments during the period / year	**(1,395,556)**	(19,167,657)	**(1,395,556)**	(19,167,657)
Balance, end of the period / year	**91,127,922**	70,912,203	**91,127,922**	70,912,203

In thousands of Naira	GROUP 31 MAR 2020	GROUP 31 DEC 2019	BANK 31 MAR 2020	BANK 31 DEC 2019
37 Debt securities issued				
Debt securities at amortised cost:				
Bond issued (see note (a))	**55,531,361**	54,851,643	**55,531,361**	54,851,643
Note issued (see note (b))	**3,092,585**	2,920,797	**3,092,585**	2,920,797
Note issued (see note (c))	**18,013,898**	17,013,255	**18,013,898**	17,013,255
Commerical paper issued (see note (d)	**27,816,562**	-	**27,816,562**	-
	104,454,406	74,785,695	**104,454,406**	74,785,695
Current	**23,610,142**	23,610,142	**23,610,142**	23,610,142
Non-current	**80,844,264**	51,175,553	**80,844,264**	51,175,553
	104,454,406	74,785,695	**104,454,406**	74,785,695
(d) Movement in Debt securities issued during the year was as follows:				
Balance, beginning of the period / year	**74,785,695**	57,524,638	**74,785,695**	57,524,638
Accrued coupon interest for the period / year	**1,644,149**	8,553,432	**1,644,149**	8,553,432
Additions during the period / year	**27,816,562**	17,013,255	**27,816,562**	17,013,255
Coupon interest paid during the period / year	**-**	(8,352,962)	**-**	(8,352,962)
Effects of movement in exchange rates	**208,000**	47,332	**208,000**	47,332
Balance, end of the period / year	**104,454,406**	74,785,695	**104,454,406**	74,785,695

Notes to the consolidated and separate financial statements
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38 Retirement benefit obligations

Defined contribution scheme

The Group and its employees make a joint contribution, 18% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators. During the year, the Group complied with the Pension Reform Act 2014 and contributed 10% while employees contributed 8%. The payment made to the pension fund administrators ae up to date.

Total contributions to the scheme for the year were as follows:				
Balance at start of year	**1,540**	471	**1,540**	471
Charged to profit or loss year (see note 15)	**117,819**	483,383	**117,819**	483,383
Employee contribution for the year	**117,990**	468,616	**117,990**	468,616
Total amounts remitted for the year	**(145,106)**	(950,930)	**(145,106)**	(950,930)
Balance, end of the year	**92,243**	1,540	**92,243**	1,540
Current	**92,243**	1,540	**92,243**	1,540
Non-current	**-**	-	**-**	-
	92,243	1,540	**92,243**	1,540

In thousands of Naira	GROUP 31 MAR 2020	GROUP 31 DEC 2019	BANK 31 MAR 2020	BANK 31 DEC 2019
39 Provision				
Legal claims	**4,013,048**	3,272,748	**4,013,048**	3,272,748
Financial guarantee contracts and loan commitments issued (see note (b))	**1,422,901**	1,422,660	**1,418,635**	1,418,635
Deferred income	**550,551**	628,027	**550,551**	628,027
	5,986,500	5,323,435	**5,982,234**	5,319,410
Current	**-**	-	**-**	-
Non-current	**5,986,500**	5,323,435	**5,982,234**	5,319,410
	5,986,500	5,323,435	**5,982,234**	5,319,410

In thousands of Naira	GROUP 31 MAR 2020	GROUP 31 DEC 2019	BANK 31 MAR 2020	BANK 31 DEC 2019
40 Other liabilities				
(a) **Other financial liabilities:**				
Customers' deposit for letters of credit	**22,673,313**	22,029,380	**22,673,313**	22,029,380
Bank cheques/drafts	**4,293,021**	4,052,947	**4,293,021**	4,052,947
Negotiated letters of credits	**24,693,375**	18,078,526	**39,515,926**	30,298,614
E-settlement payables	**7,026,296**	9,092,527	**7,026,296**	9,092,527
Withholding tax and value added tax payables	**908,443**	984,571	**908,403**	984,531
Collections account balances (see note (c))	**32,289,041**	18,513,398	**32,289,041**	18,513,398
Unclaimed items	**6,225,070**	6,356,903	**6,225,070**	6,356,903
Undisbursed intervention funds (see note (d))	**20,024,339**	7,184,365	**20,024,339**	7,184,365
AMCON Sinking fund accounts payable (see note (e))	**1,204,656**	1,204,656	**1,204,656**	1,204,656
Accounts payables	**17,518,527**	4,247,473	**17,474,554**	4,162,555
	136,856,081	91,744,746	**151,634,619**	103,879,876
(b) **Other non-financial liabilities:**				
Rent received in advance (see note (f))	**61,208**	36,664	**61,208**	36,664
Accrued expenses	**6,893,340**	2,608,487	**6,828,922**	2,340,090
Lease liability (see note (g))	**2,669,294**	2,692,295	**1,656,792**	1,645,791
	9,623,842	5,337,446	**8,546,922**	4,022,545
	146,479,923	97,082,192	**160,181,541**	107,902,421
Current	**126,467,328**	81,355,993	**93,498,775**	93,498,775
Non-current	**20,012,595**	15,726,199	**66,682,766**	14,403,646
	146,479,923	97,082,192	**160,181,541**	107,902,421

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In thousands of Naira	GROUP 31 MAR 2020	GROUP 31 DEC 2019	BANK 31 MAR 2020	BANK 31 DEC 2019
41 Share capital				
(a) **Authorised**				
8 billion ordinary shares of 50k each (31 December 2019: 8billion)	**4,000,000**	4,000,000	**4,000,000**	4,000,000
(b) **Issued and fully paid**				
4 billion ordinary shares of 50k each (31 December 2019: 4billion)	**2,000,000**	2,000,000	**2,000,000**	2,000,000

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) **Retained earnings**: Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves.

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

(i). **Statutory reserve**: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The Bank transferred 15% of its 'profit after tax to statutory reserves as at period end (31 December 2018: 15%).

(ii). AGSMEIS / SSI reserve: The SSI reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but Banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable. In the CBN Circular dated 5 April 2017, all DMBs are required to set aside and remit 5% of the annual profit after tax for equity investments.

(d) **Treasury shares**: Treasury shares represents the Bank's shares held by the Bank on behalf of the staff under the staff share scheme. However, during the period the shares were redistributed to the Holding company of the Bank, hence the nil balance for the period (31 December 2013: nil).

(iii). Fair Value Reserve: The fair value reserves comprise:

- the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income and

- the cumulative net change in fair value of debt securities at fair value through other comprehensive income until the assets are derecognised or reclassified. The amount is reduced by the amount of loss allowance

(iv). Regulatory risk reserve: The regulatory risk reserve warehouses the difference between the impairment of loans and advances under the Nigerian GAAP and Central Bank of Nigeria prudential guidelines and the expected loss model used in calculating the impairment balance under IFRS.

(v). Foreign currency translation reserve (FCTR): Records exchange movements on the Group's net investment in foreign subsidiaries.

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

(g) R**evaluation reserve**: The revaluation reserve shows the effects from the fair value measurement of equity instruments elected to be presented in other comprehensive income on initial recognition after deduction of deferred taxes. No gains or losses are recognised in the consolidated income statement.

(i) **Actuarial gains and losses reserve**: This reserve shows the changes in the present value of defined benefits obligation resulting from experiences adjustments and changes in actuarial assumptions.

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43 Contingencies

Other contingent liabilities and commitments

In common with other banks, the Group conducts business involving acceptances and issuance of performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts. Other contingent liabilities include transaction related customs and performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed year, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers. The following tables summarise the nominal principal amount of contingent liabilities and commitments with contingent risk.

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

	GROUP		BANK	
In thousands of Naira	**31 MAR 2020**	**31 DEC 2019**	**31 MAR 2020**	**31 DEC 2019**
Performance bonds and guarantees	**109,238,891**	121,502,991	**102,039,259**	114,883,686
Loan commitments	**9,975,667**	9,975,667	**9,975,667**	9,975,667
Clean line letters of credit	**103,001,438**	78,297,876	**84,698,488**	66,294,975
	222,215,996	209,776,534	**196,713,414**	191,154,328
Other commitments	**118,577**	163,931	**118,577**	163,931
	222,334,573	209,940,465	**196,831,991**	191,318,259
Current	**117,983,777**	93,325,569	**99,680,827**	81,322,668
Non-current	**104,350,796**	116,614,896	**97,151,164**	109,995,591
	222,334,573	209,940,465	**196,831,991**	191,318,259

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.

44 Leases

(a). Leases as leasee (IFRS 16)

The Group leases a number of branch and office premises. The leases typically run for a period of 5 years, with an option to renew the lease after that date. Some leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Previously, these leases were classified as operating leases under IAS 17. Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets relate to leased branch and office premises that are presented within property and equipment (see Note 29).

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45 Group subsidiaries and related party transactions

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

First City Monument Bank Limited (incorporated in Nigeria) is the commercial banking group of FCMB Group Plc. All the shares of the Bank are now currently held by the holding company, FCMB Group Plc and as a result it is the ultimate controlling party of the Bank and its subsidiaries.

(b) **Subsidiaries:**

Transactions between First City Monument Bank Limited 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 March 2020 are shown below.

Entity	Effective holding	Nominal share capital held	Country of incorporation	Nature of Business
(1) FCMB (UK) Limited (FCMB UK)	100%	7,791,147	United Kingdom	Banking
(2) FCMB Financing SPV Plc.	100%	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 banking subsidiaries' assets and liabilities are N195.8billion andN178.79billion respectively (31 December 2019: N186.37billion and N170.29billion 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 March 2020 were as follows:

RESULTS OF OPERATIONS

In thousands of Naira	BANK	FCMB UK LIMITED	FCMB FINANCING SPV PLC	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Interest and discount income	33,880,351	1,055,449	-	34,935,800	(58,625)	34,877,175
Interest expense	(14,099,837)	(628,451)	-	(14,728,288)	58,625	(14,669,663)
Net interest income	**19,780,514**	**426,998**	**-**	**20,207,512**	**-**	**20,207,512**
Other income	6,448,211	363,326	-	6,811,537	(18,596)	6,792,941
Operating income	**26,228,725**	**790,324**	**-**	**27,019,049**	**(18,596)**	**27,000,453**
Operating expenses	(19,006,946)	(825,958)	-	(19,832,904)	18,596	(19,814,308)
Impairment losses on financial instruments	(3,461,601)	-	-	(3,461,601)	-	(3,461,601)
Profit before tax	**3,760,178**	**(35,634)**	**-**	**3,724,544**	**-**	**3,724,544**
Income tax expense	(225,000)	-	-	(225,000)	-	(225,000)
Profit after tax	**3,535,178**	**(35,634)**	**-**	**3,499,544**	-	**3,499,544**
Other comprehensive income	(857,808)	963,682	-	105,874	-	105,874
Total comprehensive income for the period	**2,677,370**	**928,048**	**-**	**3,605,418**	**-**	**3,605,418**

Notes to the consolidated and separate financial statements
For the period ended 31 March 2020

FINANCIAL POSITION

In thousands of Naira	BANK	FCMB UK LIMITED	FCMB FINANCING SPV PLC	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Assets						
Cash and cash equivalents	210,806,025	9,849,774	10,950	220,666,749	(17,114,584)	203,552,165
Restricted reserve deposits	313,265,107	-	-	313,265,107	-	313,265,107
Non-pledged Trading assets	57,480,089	-	-	57,480,089	-	57,480,089
Derivative assets held for risk management	12,363,758	-	-	12,363,758	-	12,363,758
Loans and advances to customers	684,651,886	71,105,235	-	755,757,121	(14,822,550)	740,934,571
Assets pledged as collateral	129,057,375	-	-	129,057,375	-	129,057,375
Investment securities	238,962,089	58,731,739	54,289,000	351,982,828	(54,289,001)	297,693,827
Investment in subsidiaries	7,791,397	-	-	7,791,397	(7,791,397)	-
Property and equipment	39,076,013	1,054,886	-	40,130,899 -	1.00	40,130,898
Intangible assets	9,866,065	221,602	-	10,087,667 -	1.00	10,087,666
Deferred tax assets	7,944,838	-	-	7,944,838	-	7,944,838
Other assets	28,217,014	539,110	-	28,756,124	(173,626)	28,582,498
	1,739,481,656	**141,502,346**	**54,299,950**	**1,935,283,952**	**(94,191,160)**	**1,841,092,792**
Financed by:						
Trading liabilities	32,867,107	-	-	32,867,107	-	32,867,107
Derivative liabilities held for risk management	9,670,038	-	-	9,670,038	-	9,670,038
Deposits from banks	37,761,719	83,473,044	-	121,234,763	(4,429,554)	116,805,209
Deposits from customers	981,501,470	39,905,123	-	1,021,406,593	(12,858,655)	1,008,547,938
Borrowings	143,154,242	-	-	143,154,242	-	143,154,242
On-lending facilities	91,127,922	-	-	91,127,922	-	91,127,922
Debt securities issued	104,454,406	-	54,289,000	158,743,406	(54,289,000)	104,454,406
Retirement benefit obligations	92,243	-	-	92,243	-	92,243
Current income tax liabilities	3,232,648	-	-	3,232,648	-	3,232,648
Provision	5,982,234	4,266	-	5,986,500	-	5,986,500
Other liabilities	160,181,541	1,118,758	2,173	161,302,472	(14,822,549)	146,479,923
Share capital	2,000,000	7,789,713	250	9,789,963	(7,789,963)	2,000,000
Share premium	100,846,691	-	-	100,846,691	-	100,846,691
Retained earnings	24,543,087	(14,641)	8,527	24,536,973	(2,027,753)	22,509,220
Other reserves	42,066,308	9,226,083	-	51,292,391	2,026,314	53,318,705
	1,739,481,656	**141,502,346**	**54,299,950**	**1,935,283,952**	**(94,191,160)**	**1,841,092,792**
Acceptances and guarantees	**196,831,991**	**29,011,004**	**-**	**225,842,995**	**(3,508,422)**	**222,334,573**

CONDENSED FINANCIAL INFORMATION

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

RESULTS OF OPERATIONS

In thousands of Naira	BANK	FCMB UK LIMITED	FCMB FINANCING SPV PLC	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Interest and discount income	30,667,115	979,980	-	31,647,095	(1,330,675)	30,316,420
Interest expense	(15,077,090)	(430,723)	-	(15,507,813)	1,330,675	(14,177,138)
Net interest income	**15,590,025**	**549,257**	**-**	**16,139,282**	**-**	**16,139,282**
Other income	6,286,127	241,880	-	6,528,007	-	6,528,007
Operating income	**21,876,152**	**791,137**	**-**	**22,667,289**	**-**	**22,667,289**
Operating expenses	(16,772,480)	(681,149)	-	(17,453,629)	-	(17,453,629)
Impairment losses on financial instruments	(2,375,339)	22,831	-	(2,352,508)	-	(2,352,508)
Profit before tax	**2,728,333**	**132,819**	**-**	**2,861,152**	**-**	**2,861,152**
Income tax expense	(225,000)	-	-	(225,000)	-	(225,000)
Profit after tax	**2,503,333**	**132,819**	**-**	**2,636,152**	**-**	**2,636,152**
Other comprehensive income	689,271	202,779	-	892,050	-	892,050
Total comprehensive income for the period	**3,192,604**	**335,598**	**-**	**3,528,202**	**-**	**3,528,202**

FINANCIAL POSITION

In thousands of Naira	BANK	FCMB UK LIMITED	FCMB FINANCING SPV PLC	TOTAL	CONSOLIDATION JOURNAL ENTRIES	GROUP
Assets						
Cash and cash equivalents	228,293,292	3,014,132	10,950	231,318,374	(18,596,019)	212,722,355
Restricted reserve deposits	161,959,395	-	-	161,959,395	-	161,959,395
Non-pledged Trading assets	53,119,446	-	-	53,119,446	-	53,119,446
Derivative assets held for risk management	83,529	-	-	83,529	-	83,529
Loans and advances to customers	551,099,188	45,866,135	-	596,965,323	-	596,965,323
Assets pledged as collateral	81,725,078	-	-	81,725,078	-	81,725,078
Investment securities	154,362,927	40,079,066	54,289,000	248,730,993	(54,289,000)	194,441,993
Investment in subsidiaries	7,791,397	-	-	7,791,397	(7,791,397)	-
Property and equipment	32,292,334	144,315	-	32,436,649	-	32,436,649
Intangible assets	9,586,539	110,311	-	9,696,850	-	9,696,850
Deferred tax assets	7,944,838	-	-	7,944,838	-	7,944,838
Other assets	33,808,325	339,567	-	34,147,892	-	34,147,892
	1,322,066,288	**89,553,526**	**54,299,950**	**1,465,919,764**	**(80,676,416)**	**1,385,243,348**
Financed by:						
Trading liabilities	20,600,873	-	-	20,600,873	-	20,600,873
Derivative liabilities held for risk management	83,529	-	-	83,529	-	83,529
Deposits from banks	-	28,113,858	-	28,113,858	(192,943)	27,920,915
Deposits from customers	822,310,989	32,429,162	-	854,740,151	(18,403,076)	836,337,075
Borrowings	112,326,902	-	-	112,326,902	-	112,326,902
On-lending facilities	66,223,556	-	-	66,223,556	-	66,223,556
Debt securities issued	59,595,390	-	54,289,000	113,884,390	(54,289,000)	59,595,390
Retirement benefit obligations	93,860	-	-	93,860	-	93,860
Current income tax liabilities	2,776,305	-	-	2,776,305	-	2,776,305
Provision	10,640,772	-	-	10,640,772	-	10,640,772
Other liabilities	72,977,459	13,419,251	2,173	86,398,883	-	86,398,883
Share capital	2,000,000	7,789,716	250	9,789,966	(7,789,966)	2,000,000
Share premium	100,846,691	-	-	100,846,691	-	100,846,691
Retained earnings / (accumulated deficit)	19,848,515	(417,181)	8,527	19,439,861	(2,027,752)	17,412,109
Other reserves	31,741,447	8,218,720	-	39,960,167	2,026,321	41,986,488
	1,322,066,288	**89,553,526**	**54,299,950**	**1,465,919,764**	**(80,676,416)**	**1,385,243,348**
Acceptances and guarantees	**167,989,097**	**-**	**-**	**167,989,097**	-	**167,989,097**

Notes to the consolidated and separate financial statements
For the period ended 31 March 2020

In thousands of Naira	GROUP 31 MAR 2020	GROUP 2019	BANK 31 MAR 2020	BANK 2019
47 Cash and cash equivalents				
For the purposes of the statement of cash flow, cash and cash equivalents include;				
Cash	**59,174,705**	57,488,418	**59,174,657**	57,488,375
Current balances within Nigeria	**5,384,732**	497,443	**5,384,732**	497,443
Current balances outside Nigeria	**60,801,153**	35,832,039	**71,712,330**	49,869,250
Placements with foreign banks	**63,762,344**	84,104,265	**60,105,075**	82,171,441
Unrestricted balances with Central banks	**14,433,158**	38,855,211	**14,433,158**	38,855,211
	203,556,092	216,777,376	**210,809,952**	228,881,720

Notes to the consolidated and separate financial statements
For the period ended 31 March 2020

50 Reconciliation notes to consolidated and separate statement of cashflows

		Note	GROUP 31 MAR 2020	GROUP 31 MAR 2019	BANK 31 MAR 2020	BANK 31 MAR 2019
(i)	**Net gain / (loss) on debt securities at Fair value through profit or loss**					
	Gross trading income before fair value adjustments		**1,853,337**	2,302,080	**1,853,337**	2,302,080
	Fair value gain on financial assets adjustments		**-**	(172,351)	**-**	(172,351)
	Net trading income (see note 12)	12	**1,853,337**	2,129,729	**1,853,337**	2,129,729
(ii)	**Interest received**					
	Balance at end of the year (interest receivables, overdue interest and loan fees)		**48,371,973**	44,664,837	**48,027,355**	44,124,132
	Accrued Interest income during the year	8	**34,877,175**	31,498,344	**33,880,351**	30,667,115
	Amortised cost on financial assets adjustments during the year		**(1,474,328)**	(179,787)	**(1,474,328)**	(179,787)
	Balance at start of the year (interest receivables, overdue interest and loan fees)		**(54,881,717)**	(56,662,793)	**(54,459,742)**	(56,068,878)
	Interest received during the year		**26,893,103**	19,320,601	**25,973,636**	18,542,582
(iii)	**Interest paid**					
	Balance at end of the year (interest payables, interest prepaid and deferred FCY charges)		**11,656,237**	9,466,672	**11,029,576**	9,148,253
	Accrued Interest expense during the year	9	**14,669,663**	15,359,062	**14,099,837**	15,077,090
	Balance at start of the year (interest payables, interest prepaid and deferred FCY charges)		**(7,257,442)**	(5,540,535)	**(6,734,369)**	(5,277,808)
			19,068,458	19,285,199	**18,395,044**	18,947,535
(iv)	**VAT paid**					
	This relates to monthly remittances to the tax authorities with respect to vatable services		**529,910**	380,500	**529,910**	380,500
(v)	**Acquisition of investment securities and proceeds from sale and redemption of investment securities**					
	Balance at start of the year	26	**234,698,196**	229,666,586	**165,527,957**	194,703,018
	Non cash related adjustments		**10,614,442**	14,792,463	**9,421,994**	14,853,760
	Add: Acquisition of investment securities during the year		**167,744,411**	(50,761,216)	**171,423,926**	(55,938,011)
	Less: Proceeds from sale and redemption of investment securities		**(115,363,222)**	-	**(107,411,788)**	-
	Balance at end of of the year	26	**297,693,827**	194,441,993	**238,962,089**	154,362,927
(vi)	**Effect of exchange rate fluctuations on cash and cash equivalents held**					
	Balance at end of of the year on net translated foreign balances at closing exchange rates		**75,316,497**	61,587,341	**82,097,850**	68,639,601
	Balance at start of the year on net translated foreign balances at opening exchange rates		**(67,964,077)**	(60,915,742)	**(76,159,629)**	(68,368,236)
			7,352,420	671,599	**5,938,221**	271,365
(vii)	**Net decrease in other liabilities**					
	Closing balance for the year	40	**146,479,923**	86,398,883	**160,181,541**	72,977,459
	Total amounts remitted under retirement benefit obligations	38	**(145,106)**	(123,255)	**(145,106)**	(123,255)
	Non cash related adjustments		**3,700,040**	-	**5,350,033**	-
	Opening balance for the year	40	**(97,082,192)**	(108,873,665)	**(107,902,421)**	(106,852,052)
	Net decrease in other liabilities		**52,952,665**	(22,598,037)	**57,484,047**	(33,997,848)

Notes to the consolidated and separate financial statements
For the period ended 31 March 2020

		Note	GROUP 31 MAR 2020	GROUP 31 MAR 2019	BANK 31 MAR 2020	BANK 31 MAR 2019
(viii)	**Net increase /(decrease) in provision**					
	Opening balance for the year	39	**(5,323,435)**	(10,901,503)	**(5,319,410)**	(9,696,136)
	Provisions made during the year	39	**(6,153,533)**	(544,146)	**(6,153,533)**	(544,146)
	Effects of movement in exchange rates	39	**-**	276,300	**-**	-
	Closing balance for the year	39	**5,986,500**	10,640,772	**5,982,234**	10,640,772
	Net increase /(decrease) in provision		**(5,490,468)**	(804,877)	**(5,490,709)**	400,490
(viii)	**Proceeds from sale of property and equipment**					
	Gain / (loss) on sale of property and equipment	14(a)	**36,684**	8,089	**36,684**	8,089
	Cost eliminated on disposal during the year	29	**129,365**	769,927	**129,365**	715,427
	Accumulated depreciation and impairment losses - eliminated on Disposal	29	**(136,852)**	(203,322)	**(135,001)**	(194,867)
	Proceeds from sale of property and equipment		**29,197**	574,694	**31,048**	528,649
(ix)	**Net interest income**					
	Interest income	8	**34,877,175**	31,498,344	**33,880,351**	30,667,115
	Interest expense	9	**(14,669,663)**	(15,359,062)	**(14,099,837)**	(15,077,090)
			20,207,512	16,139,282	**19,780,514**	15,590,025
(x)	**Net decrease/ (increase) in restricted reserve deposits**					
	Opening balance for the year	22	**208,916,226**	146,497,087	**208,916,226**	146,497,087
	Closing balance for the year	22	**(313,265,107)**	(161,959,395)	**(313,265,107)**	(161,959,395)
	Net decrease/ (increase) in restricted reserve deposits		**(104,348,881)**	(15,462,308)	**(104,348,881)**	(15,462,308)
(xi)	**Net increase in non-pledged trading assets**					
	Opening balance for the year	23(a)	**50,923,740**	47,426,813	**50,923,740**	47,426,813
	Closing balance for the year	23(a)	**(57,480,089)**	(53,119,446)	**(57,480,089)**	(53,119,446)
			(6,556,349)	(5,692,633)	**(6,556,349)**	(5,692,633)
(xii)	**Net increase in loans and advances to customers**					
	Opening balance for the year	25	**729,741,601**	663,491,062	**686,268,997**	617,241,138
	Non cash related adjustments		**(2,118,134)**	1,263,132	**(2,118,134)**	1,263,132
	Closing balance for the year	25	**(782,520,388)**	(637,502,458)	**(726,066,058)**	(591,502,070)
			(54,896,921)	27,251,736	**(41,915,195)**	27,002,200
(xiii)	**Net decrease in assets pledged as collateral**					
	Opening balance for the year	27	**118,653,230**	87,409,893	**118,653,230**	87,409,893
	Non cash related adjustments		**(857,808)**	(4,427,967)	**(857,808)**	(4,427,967)
	Closing balance for the year	27	**(129,057,375)**	(118,653,230)	**(129,057,375)**	(118,653,230)
			(11,261,953)	(35,671,304)	**(11,261,953)**	(35,671,304)

Notes to the consolidated and separate financial statements
For the period ended 31 March 2020

			GROUP		BANK	
		Note	**31 MAR 2020**	**31 MAR 2019**	**31 MAR 2020**	**31 MAR 2019**
(xiv)	**Net decrease in other assets**					
	Opening balance for the year	32	**30,306,288**	33,160,234	**30,238,656**	32,922,804
	Non cash related adjustments		**7,702,175**	-	**7,572,516**	-
	Closing balance for the year	32	**(28,582,498)**	(34,147,892)	**(28,217,014)**	(33,808,325)
			9,425,965	6,878,799	**9,594,158**	6,631,356
(xv)	**Net increase in trading liabilities**					
	Closing balance for the year	23(b)	**32,867,107**	20,600,873	**32,867,107**	20,600,873
	Opening balance for the year	23(b)	**(37,082,002)**	(32,474,632)	**(37,082,002)**	(32,474,632)
			(4,214,895)	(11,873,759)	**(4,214,895)**	(11,873,759)
(xvi)	**Net (decrease) / increase in deposits from banks**					
	Closing balance for the year	33	**116,805,209**	27,920,915	**37,761,719**	-
	Opening balance for the year	33	**(90,060,925)**	(39,140,044)	**(21,584,314)**	(13,814,706)
			26,744,284	(11,219,129)	**16,177,405**	(13,814,706)
(xvii)	**Net increase/(decrease) in deposits from customers**					
	Closing balance for the year	34	**1,008,547,938**	836,337,075	**981,501,470**	822,310,989
	Opening balance for the year	34	**(946,293,701)**	(825,976,401)	**(918,301,254)**	(802,853,211)
			62,254,237	10,360,674	**63,200,216**	19,457,778
(xviii)	**Net increase in on-lending facilities**					
	Closing balance for the year	36	**91,127,922**	66,223,556	**91,127,922**	66,223,556
	Amortised cost on financial liabilities adjustments		**(131,207)**	60,089	**(131,207)**	60,089
	Opening balance for the year	36	**(70,912,203)**	(57,889,225)	**(70,912,203)**	(57,889,225)
			20,084,512	8,394,420	**20,084,512**	8,394,420
(xix)	**Net decrease in derivative liabilities held held for risk management**					
	Closing balance for the year	24(b)	**9,670,038**	83,529	**9,670,038**	83,529
	Opening balance for the year	24(b)	**(7,563,600)**	(10,538)	**(7,563,600)**	(10,538)
			2,106,438	72,991	**2,106,438**	72,991
(xx)	**Net increase in debt securities issued**					
	Opening balance for the year	37	**74,785,695**	57,524,638	**74,785,695**	57,524,638
	Additions during the year		**27,816,562**	-	**27,816,562**	-
	Accrued coupon interest for the year		**972,332**	2,566,866	**972,332**	2,566,866
	Coupon interest paid during the year		**-**	(985,094)	**-**	(985,094)
	Amortised cost on financial liabilities adjustments		**671,817**	475,540	**671,817**	475,540
	Translation difference		**208,000**	13,440	**208,000**	13,440
	Closing balance for the year	37	**104,454,406**	59,595,390	**104,454,406**	59,595,390