FORGING AHEAD

2020 Annual Report

GREENWICH
MERCHANT BANK

GREENWICH MERCHANT BANK

REPORTS OF THE DIRECTORS AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2020

CONTENTS

CORPORATE INFORMATION

Directors

Mr. Kayode Falowo	Chairman *(appointed March 15, 1993)*
Mr. Bayo Rotimi	Managing Director *(appointed February 26, 2021)*
Mr. Benson Ogundeji	Executive Director *(appointed June 3, 2020)*
Mr. Tony Uponi	Non-Executive Director *(appointed February 25, 1992)*
Mrs Vivienne Ochee Bamgboye	Non-Executive Director *(appointed April 27, 2020)*
Mr. Segun Oloketuyi	Non-Executive Director *(appointed April 27, 2020)*
Dr. Olutoyin Okeowo	Non-Executive Director *(appointed October 7, 2015)*
Dr. Umar Faruk	Non-Executive Director *(appointed April 27, 2020)*
Ms. Daisy Ekineh Independent	Non-Executive Director *(appointed April 27, 2020)*
Mr. Philip Ikeazor Independent	Non-Executive Director *(appointed April 27, 2020)*
Mr. Anslem Orazulike	Non-Executive Director *(appointed April 27, 2020)*
Mr. Dele Babade	Managing Director *(Resigned December 31, 2020)*
Late Sir Remi Omotoso (MFR, KJW)*	Erstwhile Chairman *(Resigned February 28, 2020)*
Erelu Angela Adebayo*	Non-Executive Director *(Resigned June 24, 2020)*
Dr. Ayodele Teriba*	Non-Executive Director *(Resigned February 26, 2020)*
Mr Tubosun Falowo*	Executive Director *(Resigned February 28, 2020)*

* Directors of the legacy company, Greenwich Trust Limited, that resigned during the conversion into the Merchant Bank.

Ag. Company Secretary:	Mrs. Omobola Makinde Plot 1698A, Oyin Jolayemi Street Victoria Island Lagos
RC. No.:	RC: 189502
TIN No.:	00090444-0001
Registered Office:	Plot 1698A, Oyin Jolayemi Street Victoria Island Lagos
BankersAccess Bank Plc:	Ecobank Nigeria Plc Guaranty Trust Bank Plc Keystone Bank Limited Polaris Bank Limited United Bank for Africa Plc Wema Bank Plc Zenith Bank Plc
Solicitors:	Tokunbo Orimobi LP Banwo & Ighodalo
Auditor:	PricewaterhouseCoopers Inc. Landmark Towers 5b Water Corporation Road Victoria Island Lagos

GREENWICH MERCHANT BANK

BOARD OF DIRECTORS

Mr. Kayode Falowo
Chairman

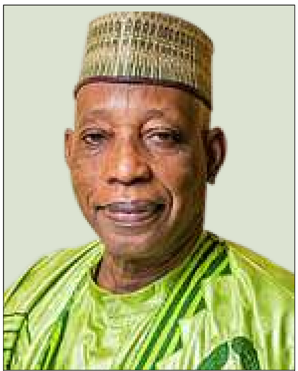
Mr Bayo Rotimi
MD/CEO

Mr. Benson Ogundeji
Executive Director

Dr. Olutoyin Okeowo
Non-Executive Director

Mr. Tony Uponi
Non-Executive Director

Ms. Daisy Ekineh
Independent Non-Executive Director

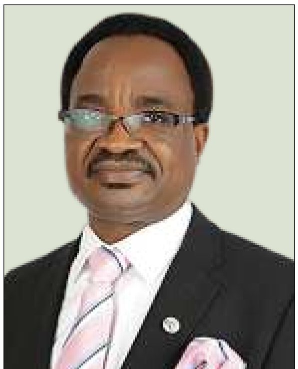


Dr. Umar Faruk
Non-Executive Director

Mr. Philip Ikeazor
Independent Non-Executive Director

Mr. Segun Oloketuyi
Non-Executive Director

Mrs. Vivienne Ochee-Bamgboye
Non-Executive Director



Mr. Anselm Orazuilike
Non-Executive Director

EXECUTIVE MANAGEMENT TEAM


Mr Bayo Rotimi
MD/CEO


Mr. Benson Ogundeji
Executive Director


Mr. Tubosun Falowo
Chief Operating Officer


Mrs. Omobola Makinde
Ag. Company Secretary/Head Legal


Mrs. Ebuwa Babajide
Head, HCM & Admin.


Mr. Adewale Adeniyi
Chief Finance Officer


Mr. Kenneth Ero
Head, Capital Markets


Mr. Ayobami Babalola
Ag. Chief Risk Officer


Ms. Eniola Osula
Ag. MD Greenwich Securities Limited


Dr. Tomi Oyesola
Divisional Head,
Corporate & Private Banking


Mr. Obus Orovwuje
Divisional Head, Corporate Banking


Mr. Femi Aderibigbe
Chief Information Officer


Mr. Manji Gofwan
Head, Operations


Mr. Rasaq Alawode
Ag. Chief Internal Auditor


Mr. Tayo Lawal
Ag. Chief Compliance Officer


David Enilolobo
Ag. Chief Dealer

CHAIRMAN'S STATEMENT

Dear Distinguished Shareholders,

On behalf of the Board of Directors of Greenwich Merchant Bank Limited, it is with great pleasure that I welcome you to the 26th Annual General Meeting of Greenwich Merchant Bank and with utmost delight, I present to you an overview of the 2020 macroeconomic environment, a review of our performance for the year and our outlook for 2021.

Foremost, I congratulate the Board of Directors, the entire Management and Staff of the Bank for securing the approval of the Central Bank of Nigeria on September 14, 2020 to operate as a Merchant Bank. The Bank now ranks as the first Capital Market Operator (with over 26 years operating as a boutique investment banking firm) to acquire a Merchant Banking Licence in Nigeria. This notable feat is a testament to the strategic vision and commitment of our founding members and Management in becoming the leading financial solutions provider in Nigeria.

Notably, while we received the Merchant Banking licence on September 14, 2020, banking operations commenced on October 2, 2020.

REVIEW OF OPERATING MACROECONOMIC ENVIRONMENT

The year 2020 was one that altered the course of history with the Coronavirus (COVID-19) pandemic that created a headwind to global economic growth. Governments restricted movements across borders, economies went into recession, financial markets experienced shocks and volatility spiked, supply-chains were disrupted, oil prices dropped, and dampened growth forecast loomed, amongst others.

This event adversely impacted nations across the world which led to the shut-down of industries and drop in global oil prices. The decline in oil prices was as a result of the dampened demand, as economies were in various stages of lockdown with production levels at the barest minimum. Ultimately, this led to an inventory build-up and supply glut. Consequently, we saw Brent crude price hit an 18-year low of USD19.33pb in April 2020.

In response to the pandemic, financial regulatory authorities across developed, emerging and developing economies significantly adopted expansionary monetary and fiscal policy measures. They did these by cutting interest rates, issuing low-interest loans with attractive moratorium, increasing asset purchase programs, and providing stimulus with a view to increase liquidity and stimulate economic activities. Illustrative is the US Fed that cut interest rates from 1.75% to 0.25% and the Bank of England that also trimmed its policy rates from 0.9% to 0.1% in March 2020.

As the pandemic continued to linger with the number of infections rapidly increasing, hope was restored with the breakthrough in the effectiveness of the Pfizer and Moderna vaccines to combat the Coronavirus. It was on this prospect that investors' confidence slowly steamed up and oil prices began to experience gradual upward movement to close the year above USD50.00pb. Global economic growth for the year ended 2020 as estimated by the International Monetary Fund (IMF) was pegged at -3.3%, with a forecasted growth of 6.0% in 2021 on the back of rapid roll out of vaccines.

Bringing it home, the Federal Government on March 30, 2020 declared 14-days lockdown in Lagos, Ogun and Abuja following the World Health Organisation's (WHO) declaration of COVID-19 as a global pandemic on March 11, 2020. The lockdown was subsequently extended to other states in the nation with different phases especially states that had confirmed cases. This unprecedented event ultimately took its toll on the Nigerian economy. With oil revenue being its mainstay, the Federal Government had to adjust its budgetary provisions, such that the projected benchmark oil price was revised from USD57.0pb to USD28.0pb and oil production volume reviewed to 1.8mbpd from the initial 2.2mbpd.

CHAIRMAN'S STATEMENT (Cont'd)

The impact of the pandemic was mildly felt in the 1st quarter of 2020, as the economy grew 1.9% Year-on-Year (YoY). However, the Gross Domestic Product (GDP) figure for the 2nd and 3rd quarters of 2020 contracted by 6.1% and 3.6% YoY respectively, plunging the economy into its second recession in four years. The Transportation, Trade and Manufacturing sectors were some of the worst-hit (-43.0%, -12.1% and -1.5% respectively) in Q3:2020. Courtesy of the various intervention policies of the Federal Government and the upbeat in oil prices, the final quarter posted a positive result of 0.11% YoY, as economic growth rebounded, thereby exiting the country from recession. Hence, full year GDP for 2020 posted a contraction of 1.9% relative to 2.3% recorded in 2019.

In executing its monetary and financial stability mandate amidst the uncertainty in 2020, the Central Bank of Nigeria (CBN) upheld its pro-growth stance, even as its Monetary Policy Committee (MPC), cut the Monetary Policy Rate (MPR) from 13.5% to 11.5% and increased the Cash Reserve Ratio (CRR) from 22.5% to 27.5% in order to stimulate lending to the real sector. Furthermore, the CBN and the Federal Government reduced interest rates on its intervention facilities, extended moratoriums and provided credit support facilities for players in the health and agricultural sectors.

The dovish stance of the MPC, together with the liquidity glut in the system, fuelled low stop rates at the Primary Market Auctions (PMA) for government-issued securities as well as the secondary market. As of December 2020, PMA stop rates on government treasury bills were 0.03%, 0.5% and 1.2% for the 91-day, 182-day and 364-day bills, respectively, when compared to the January 2020 figures of 3.0%, 4.0% and 5.0%. Remarkably, inflationary pressures also increased to 15.75% in December 2020 relative to 12.13% in January 2020 as result of inherent structural challenges, COVID-19 induced supply-chain disruptions, hike in electricity tariffs and pump price of Premium Motor Spirit (PMS).

Nigerian equities market commenced the year 2020 on an impressive note, but the shock of the pandemic scurried foreign investors away and drove the year's return to a historic low of 23.0% in April 2020. As a result, domestic investors dominated the local bourse and on the strength of relatively cheap valuations of top and fundamentally sound counters, low-yield fixed income terrain and a better-than-expected corporate earnings result, the Nigerian Stock Exchange All Share Index (NSE-ASI) closed the year with a 50.0% year-to-date return. Thus, despite the effect of the headwinds posed by COVID-19, NSE-ASI emerged as the world's best performing index in 2020 according to a Bloomberg survey.

Exchange rate volatility was inevitable as the Naira depreciated owing to the twin shock of the pandemic and low oil prices that led to the CBN's two-time devaluation of the Naira on its official exchange. The CBN, in order to defend the Naira and reduce external pressures on the waning external reserves and plunging revenue, adjusted the CBN official exchange rate from January's NGN307.00/USD to NGN360.00/USD in March 2020 and ultimately NGN379.00/USD as of August 2020. In similar fashion, the rates on the Investor's and Exporter's FX Window (I&EW) weakened to NGN410.25/USD in December 2020 from January's NGN364.79/USD.

Notwithstanding the inherent structural challenges that exists and were further amplified by COVID-19, resurgence in economic activities inched up in the latter part of 2020 as the news on the effectiveness of vaccines boosted investors' confidence and oil prices rebounded to close the year at USD51.80pb.

PERFORMANCE REVIEW FOR 2020

Despite the uncertainty caused by the pandemic, our Bank grew its Total Assets by 226.4% to NGN26.2bn as against NGN8.0bn recorded in 2019. The growth in the Bank's balance sheet was largely due to the increase in the Bank's fixed placement with other financial institutions. Shareholder's fund also strengthened from NGN7.9bn to NGN25.2bn in 2020, reflecting an impressive jump of 218.0%.

Net Interest Income surged from NGN14.0mn reported in 2019 to NGN903.3mn in 2020. Furthermore, Operating Income rose 27.0% to record NGN2.4bn from NGN1.9bn posted in December 2019. However, due to the overhead cost incurred in order to ensure the Bank's smooth commencement, the increase in Operating Expense by 130.1% to NGN1.1bn triggered the decline in Profit Before Tax (PBT) by 7.6% to settle at NGN1.3bn in 2020 from the preceding year's NGN1.4bn. Nonetheless, we expect this to be regularised as business operations subsequently stabilises in coming years.

Consequently, owing to the reduced PBT and the increased tax expense, Profit After Tax decreased by 11.5% to NGN1.2bn in 2020.

In evaluating our operations as a Group, inclusive of our Stockbroking and Asset Management subsidiaries, our Total Asset firmed up by 72.1% to NGN34.7bn. In similar trend the Shareholder's Fund increased to NGN25.7bn from the previously recorded NGN9.5bn. Furthermore, the Group's Net Interest Income increased from NGN244.8mn to NGN1.2bn in 2020, reflecting a 400.5% growth. Also, the

CHAIRMAN'S STATEMENT (Cont'd)

Group's Operating Income rose 17.8% to NGN3.0bn whilst its Operating Expense stood at NGN1.6bn, representing a 74.7% rise from the 2019 position. Due to the increase in our operating expenses, owing to our transition, the PBT for 2020 slipped by 17.2% to NGN1.3bn, consequently impacting our overall profit for the year that dipped from NGN1.6bn to NGN1.2bn. Again, we expect these increased expenses to be normalised in the near future.

Overall, we recorded 0% non-performing loans as we maintained prudential ratios above regulatory thresholds.

CHANGES TO BOARD COMPOSITION

As an institution committed to upholding global best practices in fulfilling its strategic mandate, we ensured that in transiting to a Merchant Bank, our strong corporate governance standard remained engraved in our Board composition.

In the course of the year, the Bank's maiden Managing Director Mr. Bandele Olusesan Babade effectively retired on December 31, 2020 from the Bank in pursuit of other personal endeavours. During his appointment as the MD, Mr. Babade dedicated himself to the vision and progress of the Bank. We will always be grateful to Mr. Babade for his time of selfless and valuable service to the Bank and remember him for the outstanding contributions he made in our company. We wish him the very best in his personal endeavours.

With the retirement of Mr. Babade, the Central Bank of Nigeria approved the appointment of Mr. Bayo Rotimi as the substantive Managing Director of the Bank with effect from February 26, 2021. We are confident that his appointment will bolster the Bank for improved performance as he brings to the table his over 27 years' experience in investment banking and financial advisory, astute industry knowledge and strategic business relationships alongside other relevant expertise. During his time of service, Mr. Rotimi will provide strategic direction to the Management team and propel the Bank in fulfilling its vision of being a leading financial solutions provider in our nation.

OUTLOOK FOR 2021

Going forward, we acknowledge that the pandemic has altered the course of economic growth. As such, the prospect of steady economic growth is largely hinged on the progress of vaccinations, improved oil prices and maximization of the potentials in the non-oil sectors, amongst others.

Riding on the back of technology that the pandemic has further made indispensable, we remain committed to our vision of delivering optimal value to our stakeholders by leveraging state-of-the-art technology to provide effective and seamless service offerings to our bespoke clients.

As we work towards a more rewarding 2021, I would like to sincerely appreciate our clients, Shareholders, and my colleagues on the Board for their unflinching support. Finally, I specially thank the Management and Staff for their unwavering commitment and dedication to duty.
Thank you.

KAYODE FALOWO
Chairman
FRC/2014/CISN/00000007051

CEO'S STATEMENT

Dear Esteemed Shareholders,

It is my pleasure to present the Twenty Sixth (26th) Annual Report of Greenwich Merchant Bank Limited (Bank) for the year ended 31st December, 2020. Without a doubt, the year 2020 was important for us, as it marked the end of our transition from an Investment bank to a full-fledged Merchant Bank with Private and Corporate Banking as well as Treasury and Global Market competencies. We believe that the committed efforts and skills of our people, buttressed by the unrelenting support of our Board and shareholders would propel Greenwich Merchant Bank towards becoming a premier Merchant Bank in Africa.

The year 2020 was also unique in so many ways, as the outbreak of the Coronavirus pandemic (COVID-19) tested our collective resilience, faith, and our commitment to purpose. During the once-in-a-century health crisis that roiled markets and brought economic activities to a halt, we saw scientists, health professionals, and frontline staff from all walks of life unite to tackle the pandemic. Their concerted efforts remind us of the importance of community and collaboration in surmounting challenges.

For us as a bank, it was the synergy between you as our shareholders, the Board, the senior management team, and all our employees that helped us achieve a rare feat of transitioning into a merchant bank – one of the six in the country. With our Merchant Banking license, which we received on September 14, 2020, from the Central Bank of Nigeria (CBN), we are more determined to establish new frontiers and in doing so, deliver sustainable value to our shareholders and other stakeholders.

Business Environment in 2020

In 2020, the global output slumped by 3.5% according to estimates from the International Monetary Fund (IMF). This drop, which was far worse than that of the 2008-09 Global Financial Crisis, highlights the scale of the coronavirus pandemic, which emerged from Wuhan, China, and escalated to virtually every country in the world. Due to the severity of the pandemic, drastic measures had to be put in place to safeguard lives by curtailing the spread of the virus. Consequently, factories and schools were shut down, international travel was restricted, and a lot of businesses were adversely affected, particularly those in the hospitality and tourism sectors.

The impact of these shocks on commodity prices and financial markets was immediate and severe, as Brent fell below USD20.0pb in April from nearly USD70.0pb at the start of the year. Even then, buyers were scarce, and the world ran out of storage spaces for crude oil, despite their historic low prices.

Trade and capital flows also took a hit with the International Institute of Finance posting a record USD83.3bn in capital repatriation from Emerging Markets (EM) in March. Also, the United Nations Conference on Trade and Development reported a 48.6% decline in Foreign Direct Investments (FDI) across the world, over the first half of the year.

In response to these developments, governments around the world and their central banks unveiled massive fiscal and monetary policy measures to mitigate the negative effects of the pandemic and steer their economies back to the path of growth. This resulted in a synchronized shift to a dovish monetary policy, with massive asset purchase programs, roll-out of cheap loans, and the provision of forward guidance to the market. In an unprecedented move, the United States of America's Federal Reserve Bank cut its policy rate within the range of 0%-0.25% in March 2020 and retained it throughout the year, compared to a range of 1.50% - 1.75% in January 2020.

As a testament to the scale of government spending, IMF data suggested that, across economies, fiscal support ballooned to 11.9% of the global GDP by September 2020. These, combined with the timely discovery of potent vaccines and the gradual, albeit uneven reopening of economies in the second half of the year raised optimism in the global space.

CEO'S STATEMENT (Cont'd)

Owing to broad informal sectors and restricted fiscal space, the economic cost of enforcing social restrictions was telling in Sub-Saharan Africa (SSA), despite the region recording fewer COVID-19 cases when compared to the global average. Also, the underperformance of bellwether economies such as Nigeria and South Africa dragged the SSA region into its first recession in twenty-five (25) years. In line with global trends, the fault lines of the pandemic were most evident in tourism dependent economies (Cabo Verde, Ethiopia, Mauritius, and Seychelles), as opposed to more resilient agricultural commodity exporters (Ivory Coast and Ghana).

Notably, the decline in commodity prices during the year, weaker external financing, and diaspora remittance put pressure on public finances and currencies, necessitating the need for the Debt Service Suspension Initiative to allow lower-income countries, including many SSA countries, navigate the challenging times. It is however pertinent to note that SSA and other African countries were able to move ahead with the African Continental Free Trade Area (AfCFTA), which took effect on January 1, 2021.

For Nigeria, the pandemic further exacerbated the already weakened macro-economic variables, forcing the country into its second recession according to the National Bureau of Statistics (NBS). Gross Domestic Product (GDP) fell year-on-year (YoY) by 6.1% and 3.6% in second and third quarters, respectively, due to the impact of lockdowns, which significantly slowed economic activities, along with the OPEC+ quota that reined in oil production.

Meanwhile, the country's unemployment rate hit a record 27.1% in Q2:2020, even as inflationary pressures persisted, with the land border closure, supply chain disruptions, and global pandemic biting hard on consumers and businesses. In the same vein, the Naira was weighed down by lower dollar inflows linked to the oil price collapse, a slowdown in remittances, and FX demand-side pressures brought on by foreign investors looking to repatriate their capital.

Thus, the currency was officially adjusted from NGN360.00/USD in March to NGN379.00/USD in August, compared to the long-standing rate of NGN307.00/USD at the start of the year. This was despite the IMF's emergency financial assistance of USD3.5bn in April, as foreign reserves hit a 13-month low of USD33.4bn. At the Investors' and Exporters' FX Window (I&EW), the Naira weakened by 12.5% to NGN410.25/USD by Year end 2020. Noteworthy were other measures taken by the CBN to curb the demand for FX such like barring third-party involvement in Form-M, restricting operators of Payment Service Bank from accepting foreign exchange, limiting foreign exchange transactions for both individuals and corporates, and placement of a ban on exporters with unrepatriated funds.

As a result of the worsening economic conditions, social tensions built up, and dovetailed into protests and looting, which negatively affected business operations in the country.

To the credit of the Government and the Central Bank, efforts to stimulate the economy through disbursement of palliatives, credit roll-outs, targeted lending to critical sectors, monetary policy rate cuts, tax reliefs, and other fiscal and monetary stimulus packages paid off, as the economy exited the recession by Q4:2020.

Specifically, the Apex bank disbursed NGN3.5tn in intervention funds by September 2020, part of which was focused on households and small and medium-scale enterprises. In addition, the CBN enforced its Loan-to-Deposit Ratio policy, granted regulatory forbearance to Deposit Money Banks (DMBs) to restructure the loan terms of businesses and households affected by the pandemic, even as it reduced the interest rate on all applicable CBN intervention facilities from 9% to 5%, effective March 1, 2020. The Monetary Policy Committee (MPC), on the other hand, trimmed the Monetary Policy Rate (MPR) from 13.5% to 11.5% in the year. On the fiscal side, the government made important adjustments to its budget to accommodate lower revenues from oil and initiated key steps to ensure prudent spending.

Capital Market Performance

Interestingly, the equities market in 2020 recorded its best performance in a decade, on the back of the depressed fixed income rates and liquidity glut as the CBN relaxed monetary conditions. Thus, the All-Share Index (ASI) rose 50.0% to close at a record 40,270.7 points and a market capitalization of NGN21.1tn driven by the increased patronage of domestic investors. Looking across major sectors on the Nigerian Stock Exchange, the Industrial Goods (+90.8%), Insurance (+50.6%) and Banking (+10.1%) closed on an impressive note, in contrast to decline in the Consumer Goods (-3.3%) and Oil and Gas (-13.8%) sectors.

In the fixed income market, yields touched multi-year lows triggered by thin supply of securities to absorb liquidity in the financial system. To provide better context, the average daily liquidity level in 2020 was 51.4% higher YoY at NGN396.7bn. Meanwhile, domestic non-banking institutions had been restricted from participating in the Open Market Operations bill (OMO-bill) market.

CEO'S STATEMENT (Cont'd)

Consequently, the 91-day, 182-day, and 364-day NT-bills closed at stop rates of 0.03%, 0.5%, 1.2% apiece at the Primary Market Auction (PMA) down from as high as 3.5%, 4.9% and 5.2% at the first auction of 2020. In the secondary market, the NT-bill average yield fell 4.2% points to an average of 2.2%, while yields on OMO-bills dipped to an average of 5.9%, down 12.5% points Year-to-Date in 2020. Also, the average yield in the Bond market plunged by 4.71% points to an average of 6.1% Year-to-Date in 2020.

2020 Financial Review and Performance

The Group delivered stable and resilient financial results despite the numerous challenges faced by the sector as topline revenue grew by 20% compared to 2019. However, in 2020, the Group posted a Profit after Tax of NGN1.2bn, down from NGN1.3bn the year before. Furthermore, our interest-earning assets grew by a significant 77% year-on-year to help the Group bridge the huge gap created by the ultra-low interest rate environment, which allowed the Group to achieve a tremendous growth of over 400.0% in our net interest income to NGN1.2bn from NGN244.8mn in the same period. Nonetheless, non-interest income was dragged by the 63.5% decline in trading gains, bringing the figure to NGN1.9bn. Operating income also rose by 17.81% to NGN3.0bn, up from NGN2.5bn, while operating expenses surged by 74.7% owing to higher inflationary pressures and our increased workforce. Overall, cost-to-income ratio increased from 37% in 2019 to 54% in 2020.

Additionally, the Bank maintained a healthy and liquid balance sheet, with a strong Capital Adequacy Ratio of 157.47%, and a Liquidity ratio of 3,421%. Going forward, the bank will optimize its assets and drive rapid expansion, while maintaining a conservative approach to capital and liquidity management in order to protect the interests of depositors and shareholders.

Conclusion

While we cannot set aside the current economic headwinds and new threats from non-traditional players, we remain optimistic that in 2021 we will continue the rapid growth of our niche Investment Banking business while accelerating the growth of our nascent Corporate Banking, Private Banking and Treasury and Global market businesses and build more durable revenue streams. We will continue to invest and align our technology, business processes, and people with the Board's direction to deliver diverse product and service offerings to our clients.

As I wrap up the 2020 financial review, my thanks go to our Board, our entire management team, and most importantly, our people for staying on course during the year's upheaval. I remain convinced about Greenwich Merchant Bank's potential in the coming years and I am confident that our strategic plan, leadership team, culture, and the talent of our people would successfully mitigate future risks and deliver higher and more sustainable returns for our shareholders.

Thank you,

BAYO ROTIMI
Managing Director

GREENWICH MERCHANT BANK

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of **GREENWICH MERCHANT BANK LIMITED** will hold **virtually** at Plot 1698a, Oyin Jolayemi, Lagos on Friday, June 25, 2021 at 3:00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To lay before the meeting the Financial Statements for the year ended December 31, 2020 together with the report of the Directors and Auditors thereon.

2. To re-elect retiring Directors.

3. To appoint PricewaterhouseCoopers as the Auditors to the Bank.

4. To authorise the Directors to fix the remuneration of the Auditors.

5. To disclose the remuneration of Managers of the Bank.

SPECIAL BUSINESS

To consider, and if thought fit, pass the following resolutions as ordinary resolutions of the Bank:

6. *"That the appointment of Mr. Segun Oloketuyi, Ms. Daisy Ekineh, Mr. Philip Ikeazor, Dr. Faruk Umar, Mr. Anselm Orazulike, Mrs. Vivienne Ochee Bamgboye, Mr. Bayo Rotimi, Mr. Benson Ogundeji as Directors of Greenwich Merchant Bank Limited be and is hereby approved and ratified.*

7. *"That the Director's fees for the financial year ending December 31, 2020 be and is hereby fixed at N8,000,000 (Eight Million Naira only) for the Chairman and N7,000,000 (Seven Million Naira only) for other Non-Executive Directors".*

Dated this 3rd day of June, 2021

BY ORDER OF THE BOARD

OMOBOLA MAKINDE

Ag. Company Secretary

FRC/2015/NBA/00000011773

Greenwich Merchant Bank Limited

Plot 1698A, Oyin Jolayemi

Victoria Island, Lagos.

Notes

(a) Proxy

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. A form of proxy is attached. All instruments of proxy should be stamped and deposited at the registered office address of the Company not later than 48 hours before the time fixed for the meeting.

(b) COVID 19 Guidelines

In view of the ongoing COVID 19 pandemic and in order to curb the spread of the virus, the Annual General Meeting of the Bank shall be **held virtually** in line with Section 240(2) of the Companies and Allied Matters Act 2020. **A link would be shared to members to join the meeting electronically**.

(c) Profiles of Directors for Re-election

The profile of the Director Mr. Tony Uponi who will be retiring by rotation and would be presenting himself for re-election is amongst the profiles of the Directors that are provided in the Annual Report.

(d) Profiles of Directors for Ratification

The profiles of the Directors (hereunder listed) whose appointment would be ratified at the Annual General Meeting are amongst the profiles of the Directors that are provided in the Annual Report:

- Mr. Segun Oloketuyi:
  Non-Executive Director
- Ms. Daisy Ekineh:
  Independent Non-Executive Director
- Mr. Philip Ikeazor:
  Non-Executive Director
- Dr. Faruk Umar:
  Non-Executive Director
- Mr. Anselm Orazulike:
  Non-Executive Director
- Mrs. Vivienne Ochee Bamgboye:
  Non-Executive Director
- Mr. Bayo Rotimi:
  Managing Director
- Mr. Benson Ogundeji:
  Executive Director

CORPORATE GOVERNANCE REPORT

Greenwich Merchant Bank Limited ("GMB" or "Bank") maintains its commitment to the highest standards of Corporate Governance practices and ethical conduct in every area of its business operations.

The Board recognizes that effective corporate governance is a key imperative to achieving sustainable growth of the business and ensures a careful implementation of high standards of corporate governance across the Bank. Accordingly, the Bank's governance framework is designed to ensure on-going compliance with the requirements of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance 2014 for Banks and Discount Houses, the Nigerian Code of Corporate Governance 2018, the Securities and Exchange Commission (SEC) Code of Corporate Governance and the SEC's Corporate Governance Guidelines (SCGG) 2020 structured along the Principles of the Nigerian Code of Corporate Governance 2018.

The Bank has adopted the inalienable principle of taking a long-term approach to strategic decision making and has developed adequate control measures and risk management systems to safeguard all its processes. These principles recognize the interests of all stakeholders as they ensure sustainability and transparency.

1. BOARD COMPOSITION

The Board's composition is aligned with global best practice on the parity of Non-Executive Directors to Executive Directors. In 2020, the Board had more Non-Executive Directors than Executive Directors. As at December 31, 2020, the Board consisted of eleven (11) members which includes a Non-Executive Chairman, eight (8) other Non-Executive Directors (which include two (2) Independent Non-Executive Directors), and two (2) Executive Directors (which include the MD/CEO).

The Board is composed of experienced and knowledgeable professionals who have made their mark in key sectors of the economy. The Non-Executive Directors have the requisite skills and integrity to bring independent judgement to bear on Board meetings and deliberations. The position of the Chairman of the Board is separate from the position of the Managing Director/Chief Executive Officer and therefore both positions are not occupied by the same person.
The Board is made up of the following members:

NAME		DESIGNATION
1	Mr. Kayode Falowo	Chairman
2	Mr. Bayo Rotimi	Managing Director
3	Mr. Benson Ogundeji	Executive Director
4	Mr. Tony Uponi	Non-Executive Director
5	Mrs Vivienne Ochee Bamgboye	Non-Executive Director
6	Mr. Segun Oloketuyi	Non-Executive Director
7	Dr. Olutoyin Okeowo	Non-Executive Director
8	Dr. Umar Faruk	Non-Executive Director
9	Ms. Daisy Ekineh	Independent Non-Executive Director
10	Mr. Philip Ikeazor	Independent Non-Executive Director
11	Mr. Anslem Orazulike	Non-Executive Director

CORPORATE GOVERNANCE REPORT (Cont'd)

A. DIVERSITY

The Board promotes diversity in its membership for better decision-making, independent judgment and effective governance. There is an appropriate balance of skills and diversity (age, culture and gender) without compromising competence, independence, and integrity. There are currently two (2) female Directors on the Board. This demonstrates commitment by the Board towards gender diversity.

B. RESPONSIBILITY

The Board is accountable to shareholders and is responsible for the management of the Bank's relationships with various stakeholders. It provides effective oversight over the operations of the Bank and is ultimately responsible for the performance of the Bank. The duties of the Board are spelt out in the Board Charter. They include but are not limited to:

- Approve the Bank's strategy objectives and monitor the implementation of same.
- Define a framework for the delegation of authority, clearly specifying matters delegated to management and those reserved for the Board.
- Oversee the establishment, implementation, and monitoring of an Enterprise-Wide Risk Management Framework to identify, assess and manage risks facing the Bank.
- Ensure the integrity of financial reporting and that ethical standards are always maintained.
- Definition of the Bank's risk appetite
- Ensure the efficiency of the Internal Audit functions and that there are other means of obtaining sufficient assurance of regular review or appraisal of the system of Internal Controls in the Bank.
- Ensure the development of a robust compliance framework that will protect the Bank from incurring any significant financial loss or suffer any loss of reputation due to failure to comply with rules & regulations of any regulatory authority.
- Approve the appointment, remuneration, promotion, and termination of the Senior Management Staff in the Bank on the recommendation of the Governance and Nominations Committee.
- Ensure the existence of a good succession planning system.
- Monitor the effectiveness of the Bank's Corporate Governance practices and make changes as necessary or appropriate for the Bank; including adopting policies to guide corporate conduct and compliance with statutory laws and ethics.

C. TRAINING AND INDUCTION

In accordance with extant Codes of Corporate Governance and the Bank's governance charters, the Board, through the Board Governance and Nominations Committee engaged the firm of PricewaterhouseCoopers and provided suitable induction program for new members of the Board, and for existing members.

The training for Board members is included in the annual training plan for the Bank which is approved by the Board at the beginning of the year with the annual budget.

D. BOARD EVALUATION

In compliance with the extant Codes of Corporate Governance, the Board has engaged the services of an Independent Consultant DCSL Corporate Services Limited to carry out its Board evaluation.

CORPORATE GOVERNANCE REPORT (Cont'd)

E. CORPORATE GOVERNANCE REVIEW

In compliance with the extant Codes of Corporate Governance, the Board has engaged the services of an Independent Consultant DCSL Corporate Services Limited to conduct a Corporate Governance Review of compliance with the relevant Codes.

F. APPOINTMENTS & RETIREMENTS

In accordance with the Bank's Articles of Association, one-third of all Non-Executive Directors (rounded down) are offered for re-election every year (depending on their tenure on the Board) together with directors appointed by the Board since the last Annual General Meeting. The Directors to retire every year shall be those who have been longest in office since their last appointment. In line with the above requirement, Mr. Tony Uponi shall retire by rotation and being eligible for re-election will submit himself for re-election. The one third of the Directors to retire was determined on the total number of the legacy Non-Executive Directors (3 Non-Executive Directors). The Board is convinced that the directors standing for approval and ratification of appointment will continue to add value to the Bank.

The details of the directors standing for re-election and for ratification are contained in this Annual Report.

BOARD MEETINGS

S/N	Name	26-Feb-20	27-Mar-20	27-Apr-20	11-May-20	24-June 20	18-Sept-20	04-Nov-20	15-Dec-20	Total Attendance
1.	Sir Remi Omotoso	P	R	R	R	R	R	R	R	1
2.	Mr. Kayode Falowo	P	P	P	P	P	P	P	P	8
3.	Mr. Dele Babade	N/A	N/A	N/A	P	P	P	P	X	4
4.	Mr. Tony Uponi	P	P	P	P	P	P	p	P	8
5.	Dr. Ayodele Teriba	X	R	R	R	R	R	R	R	0
6.	Mr. Tubosun Falowo	P	P	P	R	R	R	R	R	3
7.	Erelu Angela Adebayo	P	P	P	P	P	R	R	R	5
8.	Dr. Olutoyin Okeowo	P	P	P	P	P	P	P	P	8
9.	Mr. Segun Oloketuyi	N/A	N/A	N/A	N/A	N/A	P	P	P	3
10.	Mr. Philip Ikeazor	N/A	N/A	N/A	N/A	N/A	P	P	P	3
11.	Ms. Daisy Ekineh	N/A	N/A	N/A	N/A	N/A	P	P	P	3
12.	Mrs. Vivienne Ochee-Bamgboye	N/A	N/A	N/A	N/A	N/A	P	P	P	3
13.	Dr. Faruk Umar	N/A	N/A	N/A	N/A	N/A	P	P	P	3
14.	Mr. Benson Ogundeji	N/A	N/A	N/A	N/A	N/A	P	P	P	3
15.	Mr. Anselm Orazulike	N/A	N/A	N/A	N/A	N/A	P	P	P	3

Keys:

P - Present
X - Absent
N/A - Not Applicable
R - Resigned

CORPORATE GOVERNANCE REPORT (Cont'd)

G. BOARD COMMITTEES

The Board carries out its oversight function through its Committees, each of which has a charter that clearly defines its purpose, composition, and structure, as well as frequency of meetings, duties, tenure, and reporting lines to the Board. In adherence to the CBN Code and best practice, the Chairman of the Board does not sit on any of the Committees. There are currently five (5) Standing Committees and one (1) Ad-hoc Committee of the Board. The 5 Standing Committees are:

- Board Governance & Nominations Committee
- Board Audit Committee
- Board Strategy & Finance Committee
- Board Risk Management Committee
- Board Credit Committee

Whilst the Ad-hoc Committee is:
- Board Branding & Communications Committee

The Board Governance & Nominations Committee:
The Committee members are:

S/N	NAME	DESIGNATION
1	Mr. Philip Ikeazor	Chairman (Independent Non-Executive Director)
2	Mr. Tony Uponi	Member
3	Mrs. Vivienne Ochee Bamgboye	Member
4	Dr. Faruk Umar	Member

The duties of the Board Committee are as summarised below:

- Develop criteria for selection of members to the Board in accordance with applicable laws and regulatory requirements relating to Corporate Governance.
- Periodically review the effectiveness of the criteria for the selection and removal of members to the Board and make recommendations thereto for the consideration of the Board.
- Develop a Succession Plan for the Board and regularly review the plan.
- Undertake the annual assessment of the independent status of each INED, identify, assess and enhance Director's competencies and make recommendation to the Board as appropriate.
- Periodically review the charter, composition and performance of each Committee of the Board and make recommendations to the Board for the creation of additional committees or the elimination of Committees of the Board.
- Monitor the Bank's adherence with applicable legal and regulatory requirements relating to Corporate Governance; and make recommendations to the Board as appropriate.
- Develop and recommend to the Board Corporate Governance Guidelines which shall at a minimum address the following;

  i. Directors' qualification standards
  Ii. Directors' responsibilities
  iii. Directors' compensation
  iv. Directors' orientation and continuing education
  v. Annual performance evaluation

- Develop a formal, clear and transparent framework for the Bank's remuneration policies and procedures.
- Provide inputs to the Annual Report of the Bank in respect of compensation for Directors.

The Head of Human Capital Management and Administration presents reports at every sitting of the Committee.

BOARD GOVERNANCE & NOMINATIONS COMMITTEE MEETINGS

S/N	Name	24-Feb-	25-Mar-	30-Sept-	23-Oct-	25-Nov-	Total Attendance
1.	Erelu Angela Adebayo	p	P	R	R	R	2
2.	Mr. Kayode Falowo	P	P	N/A	N/A	N/A	2
3.	Mr. Tubosun Falowo	P	P	N/A	N/A	N/A	2
4.	Mr. Philip Ikeazor	N/A	N/A	P	P	P	3
5.	Dr. Faruk Umar	N/A	N/A	P	P	P	3
6.	Mr. Tony Uponi	P	P	P	P	P	5
7.	Mrs. Vivienne Ochee Bamgboye	N/A	N/A	P	X	X	1

P.S: The Committee was reconstituted on the 18th of September 2020 further to the receipt of the merchant banking license.

The Board Audit Committee

The Committee members are:

S/N	NAME	DESIGNATION
1	Ms. Daisy Ekineh	Chairman (Independent Non-Executive Director)
2	Mr. Anselm Orazulike	Member
3	Mrs. Vivienne Ochee Bamgboye	Member
4	Mr. Segun Oloketuyi	Member

The duties of the Board Committee are summarised as below:

- Ensuring the establishment of effective systems and processes for the preparation of the Bank's financial statements.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
- Ensure the development of a comprehensive internal control framework for the Bank, obtain appropriate (internal and/or external) assurance and report annually in the Bank's audited financial report, on the design and operating effectiveness of the Bank's internal controls over the financial reporting systems.
- Oversee the process for the identification of fraud risks across the Bank and ensure that adequate prevention, detection, and reporting mechanisms are in place.
- Reviewing and monitoring the performance of external auditors and recommending to the Board on the appointment and discharge of external auditors.
- Ensure that an Internal Audit function is in place, which is empowered to provide assurance to the Board on the effectiveness of the system of Internal Controls within the Bank.

The Internal Audit Department, which is independent of management, reports directly to the Audit Committee.

BOARD AUDIT COMMITTEE MEETINGS

Name	21-Feb-20	24-Sept-20	28-Sept-20	26-Oct-20	03 Nov-20	Total Attendance
Mr. Tony Uponi	P	N/A	N/A	N/A	N/A	1
Dr. Olutoyin Okeowo	P	N/A	N/A	N/A	N/A	1
Ms. Daisy Ekineh	N/A	P	P	P	P	4
Mr. Anselm Orazulike	N/A	P	P	P	P	4
Mrs. Vivienne Bambgoye	N/A	P	P	X	X	2

P.S: The Committee was reconstituted on the 18th of September 2020 further to the receipt of the merchant banking license.

The Board Risk Management Committee

The Committee members are:

S/N	NAME	DESIGNATION
1	Mr. Anselm Orazulike	Chairman
2	Dr. Olutoyin Okeowo	Member
3	Dr. Faruk Umar	Member
4	Mr. Bayo Rotimi	Member
5	Mr. Benson Ogundeji	Member

The duties of the Board Committee are as summarised below:

- Review and recommend to the Board for approval the Risk Philosophy, Risk Appetite and Tolerance Limits for the Bank.
- Annually review and assess the adequacy of the Bank's risk management policies and recommend to the Board for its approval any changes to such policies.
- Meet periodically with Management to discuss and provide oversight with respect to the processes, including guidelines and policies, established by the Bank to identify, assess, monitor, manage, mitigate, and report the Bank's significant risk exposures (whether financial, operational, or otherwise).
- Monitor the Bank's plans and progress in meeting regulatory Risk-based Supervision requirements and conform to the CBN's Basel II/III requirements.
- Monitor the Banks capital adequacy levels and capital management process, ensuring compliance with global best-practice standards such as the Central Bank of Nigeria's Basel II/III.
- Receive reports from Management, review and provide feedback to Management on the categories of significant risk the Bank faces.
- Ensuring a robust Contingency Planning and Continuity of business imperatives with in-built capabilities for disruption minimization in the event that mission critical threats crystallize.
- Recommend the Information Technology IT governance framework for the Bank and delegate to the Management the responsibility for the implementation of the IT governance framework.
- Ensure that IT risk management includes disaster recovery planning, IT legal risks, compliance with laws, rules, codes, and standards.
- Ensure the Bank has a comprehensive Compliance Framework for regulations and guidelines of money laundering and financial crimes.

The Risk Management Department, which is independent of the operating departments, presents regular reports to the Board Risk Management Committee.

BOARD RISK MANAGEMENT COMMITTEE MEETINGS

S/N	Name	24-Feb-20	25-Sept-20	13-Oct-20	24-Nov-20	Total Attendance
1.	Dr. Ayodele Teriba	P	R	R	R	1
2.	Erelu Angela Adebayo	P	R	R	R	1
3.	Mr. Kayode Falowo	X	N/A	N/A	N/A	0
4.	Mr. Tubosun Falowo	P	N/A	N/A	N/A	1
5.	Mr. Anselm Orazulike	N/A	P	P	P	3
6.	Dr. Olutoyin Okeowo	N/A	P	P	P	3
7.	Dr. Faruk Umar	N/A	P	P	P	3
8.	Mr. Dele Babade	N/A	P	P	X	2
9.	Mr. Benson Ogundeji	N/A	P	P	P	3

P.S: The Committee was reconstituted on the 18th of September 2020 further to the receipt of the merchant banking license.

THE BOARD CREDIT COMMITTEE

The Committee members are:

S/N	NAME	DESIGNATION
1	Mr. Segun Oloketuyi	Chairman
2	Mr. Tony Uponi	Member
3	Ms. Daisy Ekineh	Member
4	Mr. Bayo Rotimi	Member
5	Mr. Benson Ogundeji	Member

The duties of the Board Committee are as summarised below:

- Review and oversee establishment of policies and guidelines, to be adopted by the Board, articulating the Bank's tolerances with respect to credit risk, and shall oversee management's administration of, and compliance with, these policies and guidelines.
- Periodically review strategies, policies, and procedures for managing credit risk, including credit quality administration, underwriting standards, and the establishment and testing of allowances for credit losses.
- Review and recommend for Board approval on an annual basis the credit philosophy, risk appetite, risk tolerance and other material credit risk policies for the Bank.
- Monitor the aggregate credit risk profile of the Bank including changes in portfolio risk characteristics, capital usage, portfolio management limits, and portfolio performance across sectors.
- Recommend on an annual basis, for the Board's approval, a sector review schedule through which the Management Credit Committee can use to monitor the credit risk profile of business sectors including changes in credit risk concentrations, capital usage, portfolio management limits and portfolio performance characteristics.
- Review and assess the adequacy of the allowance for credit losses. In making its assessment, the Committee may review such measures of the adequacy of the reserve as it deems appropriate and shall periodically review the methodology used in computing the adequacy of the reserves.
- Review and approve credit products above the level of Executive Management.

BOARD CREDIT COMMITTEE MEETINGS

Name	23-Sept-20	28-Sept-20	14-Oct-20	01-Dec-20	Total Attendance
Mr. Segun Oloketuyi	P	P	P	P	4
Ms. Daisy Ekineh	P	P	P	P	4
Mr. Tony Uponi	P	P	P	P	4
Mr. Benson Ogundeji	P	P	P	P	4
Mr. Dele Babade	X	P	P	X	2

THE BOARD STRATEGY & FINANCE COMMITTEE

The Committee members are:

S/N	NAME	DESIGNATION
1	Dr. Olutoyin Okeowo	Chairman
2	Mr. Philip Ikeazor	Member
3	Mr. Segun Oloketuyi	Member
4	Mr. Bayo Rotimi	Member
5	Mr. Benson Ogundeji	Member

The duties of the Board Committee are as summarised below:

- Ensure that the Banks' strategic plan and budget are adequately monitored and to consider any proposals for significant subsequent amendments to the budget during the year.
- To review and recommend to the Board the Bank's budget on an annual cycle in the context of the Bank's overall strategy.
- Review and report to the Board on the Bank's financial projections, capital and operating budgets, progress of key initiatives, including actual financial results against targets and projections.
- Review major expense lines, as warranted, approve expenditure within the Committee's approved limits, review and recommend for Board approval, any expenditures beyond the Committee's approved limits.
- Review and recommend to the Board the Bank's annual plan for the allocation of capital and material changes during the year.
- Formulate guidelines from time to time on cost control and reduction, consistent with maximum efficiency, and make appropriate recommendations to the Board thereto.
- Conduct quarterly business reviews with Management and the Board and review any new business initiative by the Bank and make recommendations to the Board for approval.

BOARD STRATEGY & FINANCE COMMITTEE MEETINGS

S/N	Name	21-Feb-20	22-Sept-20	16-Oct-20	11-Nov-20	17-Nov-20	Total Attendance
1.	Dr. Olutoyin Okeowo	P	P	P	P	P	5
2.	Dr. Ayodele Teriba	P	R	R	R	R	1
3.	Mr. Kayode Falowo	X	N/A	N/A	N/A	N/A	0
4.	Mr. Tubosun Falowo	X	N/A	N/A	N/A	N/A	0
5.	Mr. Philip Ikeazor	N/A	X	P	P	P	3
6.	Mr. Segun Oloketuyi	N/A	P	P	P	P	4
7.	Mr. Dele Babade	N/A	P	P	X	P	3
8.	Mr. Benson Ogundeji	N/A	P	P	P	P	4

P.S: The Committee was reconstituted on the 18th of September 2020 further to the receipt of the merchant banking license.

THE BOARD BRANDING & COMMUNICATION COMMITTEE

The Committee members are:

S/N	NAME	DESIGNATION
1	Mr. Tony Uponi	Chairman
2	Mrs. Vivienne Ochee Bamgboye	Member
3	Mr. Bayo Rotimi	Member

The duties of the Board Committee are as summarised below:

- As an Ad hoc Committee, it oversees the overall branding framework of the Bank and making recommendations to the Board for approval accordingly.
- Assist the Board in setting the Bank's strategic brand focus, oversee the Management's branding development activities and make recommendations to the Board on the Banks branding and communications matters.
- Develops and implements a branding and communications strategy for the Bank.
- Superintends over all matters that have a bearing on the branding and image of the Bank.
- Conducts periodic review of the Bank's communications, whether in written, electronic or oral form, towards ensuring consistency with the Bank's vision, mission and core values.
- Oversee and provide oversight on the development of the internal and external communications plan that articulates key deliverables that align to the Bank' goals and budget.

BOARD BRANDING & COMMUNICATIONS COMMITTEE MEETINGS

Name	11-Nov-20	18-Nov-20	2-Nov-20	29-Dec-20	31-Dec-20	Total Attendance
Mr. Tony Uponi	P	P	P	P	P	5
Mrs. Vivienne Ochee Bamgboye	X	X	X	X	X	0
Mr. Benson Ogundeji	P	P	P	P	P	5

PROFESSIONAL INDEPENDENT ADVICE

All Directors are aware that they may take independent professional advice at the expense of the Bank, in the furtherance of their duties. They all have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that all governance matters are complied with and assists with professional development as required.

MANAGEMENT

The Executive Management is accountable to the Board and is charged with the day-to-day running of the Bank, developing and implementing board approved strategies and policies. It is headed by the Managing Director, who is also the Chief Executive Officer (CEO). He is supported by the Executive Director and heads of departments. In addition, the Bank makes use of standing committees in the performance of certain key functions whose processes cut across different departments. The standing committees are:

- Executive Management Committee
- The Asset and Liability Committee
- Risk Management Committee
- Management Credit Committee
- IT Steering Committee
- Information Security Steering Committee
- Procurement Committee
- Cost Optimization Committee
- Editorial Committee

H. CONTROL ENVIRONMENT

The Board has continued to place emphasis on risk management as an essential tool for achieving the Bank's objectives. Towards this end, it has ensured that the Bank has in place robust risk management policies and mechanisms to ensure identification of risk and effective control. The Board approves the annual budget for the Bank and ensures that a robust budgetary process is operated with adequate authorization levels put in place to regulate capital expenditure.

I. SHAREHOLDER RIGHTS

The Board of GMB has always placed considerable importance on effective communication with its shareholders. It ensures that the rights of shareholders are protected at all times. Notice of meetings and all other statutory notices and information are communicated to the shareholders regularly.

REPORT OF THE BOARD AUDIT COMMITTEE

To members of Greenwich Merchant Bank Limited

In accordance with the provision of Section 404[7] of the Companies and Allied Matters Act of the Federation of Nigeria 2020, we the members of the Board Audit Committee hereby report as follows:

I. We confirm that we have seen the Audit Plan & Scope, and the Management Letter on the Audit of Greenwich Merchant Bank Limited's Financial Statements for the year ended December 31, 2020, and Management's responses to the said letter.

ii. In our opinion, the Plan & Scope of the Audit for the year ended December 31, 2020 were adequate. We have reviewed the Auditors' findings and we are satisfied with the Management responses thereon.

iii. We also confirm that the accounting and reporting policies of the Bank are in accordance with legal requirements and ethical practices.

iv. As required by the provisions of the Central Bank of Nigeria Circular BSD/1/2004 dated February 18, 2004 on Disclosure of Insider-Related Credits in Financial Statements", we reviewed the insider-related credits of the Bank and found them to be as analysed in the Financial Statements for the year ended December 31, 2020.

Ms. Daisy Ekineh
FRC/2019/IODN/00000019013
27th April 2021
Chairman, Board Audit Committee

Members of the Audit Committee are:

a. Ms. Daisy Ekineh – Chairman/Independent Non-Executive Director
b. Mr. Anselm Orazulike – Non-Executive Director
c. Mr. Segun Oloketuyi – Non-Executive Director
d. Mrs. Vivienne Ochee Bamgboye – Non-Executive Director

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2020.

In accordance with the provision of S.405 of CAMA 2020, we have reviewed the audited financial statements of the Group for the year ended December 31, 2020 and based on our knowledge confirm as follows:

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

(ii) The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the period ended December 31, 2020.

(iii) The Group's internal controls have been designed to ensure that all materials information relating to the Company is received and provided to the Auditors in the course of the audit.

(iv) The Group's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2020.

(v) That we have disclosed to the Group's Auditors and Audit committee the following information:

- There are no significant deficiencies in the design or operation of the Group's internal controls which could adversely affect the Group's ability to record, process, summarise and report financial data, and have discussed with auditors any weaknesses in the internal controls observed in the cause of the audit.
- There is no fraud involving management or other employees which could have any significant role in the Group's internal control.

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

SIGNED BY:

Adewale Adeniyi
Chief Financial Officer
FRC/2012/ICAN/00000000275

Bayo Rotimi
Managing Director
FRC/2021/003/00000023171

THE DIRECTORS' REPORT

The Directors present their report on the affairs of Greenwich Merchant Bank Limited ("the Bank"), together with the audited financial statements of the Bank Group for the year ended 31 December 2020.

Legal form and principal activities

Greenwich Merchant Bank Limited (formerly known as Greenwich Trust Limited) is a foremost indegenious financial solutions provider in Nigeria, incorporated on 25 February, 1992 under the Companies and Allied Matters Act 1990 (now Companies and Allied Matters Acts, 2020) as a Private Limited Liability Company and upscaled by Central Bank of Nigeria by granting it operational license for Merchant Banking in the Country on September 14, 2020.

The Bank Group comprises Greenwich Merchant Bank Limited ("the Bank") and its two wholly owned subsidiaries namely Greenwich Securities Limited and Greenwich Asset Management Limited.

The principal activity of the group is provision of treasury management services, corporate banking and advisory services in areas such as capital raising, financial advisory services, structured finance and asset management. Its subsidiaries carry on businesses as Stockbrokers and Asset Managers.

Operating results
The following is a summary of the Bank's operating results:

	Group 2020 ₦'000	Group 2019 ₦'000	Bank 2020 ₦'000	Company 2019 ₦'000
Gross earnings				
Profit before taxation	1,296,547	1,566,323	1,281,311	1,386,818
Income tax (expense)/credit	(140,159)	10,964	(73,828)	(21,763)
Profit after taxation	1,156,388	1,577,287	1,207,483	1,365,055

Directors shareholding
The interests of the Directors in the issued share capital of the Bank are recorded in the register of Director's Shareholding as at 31 December, 2020 as follows:

	31-Dec-20 DIRECT	31-Dec-20 INDIRECT	31-Dec-19 DIRECT	31-Dec-19 INDIRECT
Mr. Kayode Falowo	NIL	1,628,553,775	NIL	1,036,718,034
Mr. Bayo Rotimi	NIL	NIL	NIL	NIL
Mr. Benson Ogundeji	NIL	NIL	NIL	NIL
Mr. Tony Uponi	1,033,770,144	NIL	750,000,000	NIL
Mrs Vivienne Ochee Bamgboye	NIL	NIL	NIL	NIL
Mr. Segun Oloketuyi	12,150,668	NIL	NIL	NIL
Dr. Olutoyin Okeowo	NIL	124,284,922	NIL	NIL
Dr. Umar Faruk	161,567,436	NIL	NIL	NIL
Ms. Daisy Ekineh	NIL	NIL	NIL	NIL
Mr. Philip Ikeazor	NIL	NIL	NIL	NIL
Mr. Anslem Orazulike	NIL	NIL	NIL	NIL

THE DIRECTORS' REPORT (Cont'd)

Directors interests in contracts

The Directors do not have any interest required to be disclosed under Section 275 of the Companies and Allied Matters Act of Nigeria 2020. In accordance with Section 277 of Companies and Allied Matters Act of Nigeria, none of the Directors have notified the Bank of any declarable interests in contracts with the Bank.

Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Notes 28 to the financial statements.

Analysis of shareholding

The share capital of the Bank as at the year end was held as follows:

Shareholders, Issued and fully paid	Number of holdings Units ('000)	Percentage of holders %	Number of holdings Units ('000)	Percentage of holders %
	31-Dec-20	31-Dec-20	31-Dec-19	31-Dec-19
Hoakland Ventures Nigerian Limited	2,714,256	51%	1,727,863	69%
Tony Uponi	1,033,770	20%	750,000	30%
Greenwich Registrars & Data Solutions Limited	772,397	15%		
Others with shareholdings less than 5%	773,714	15%	22,137	1%
	5,294,137	100%	2,500,000	100.00%

Charitable gifts and other donations

The value of donations made by the Group during the year amounted to ₦18,000,000 (2019: ₦2,430,000). These are analysed as follows:

	Group ₦	Bank ₦
FGN COVID-19 Fund	6,000,000	3,600,000
Ondo State COVID-19 Fund	6,000,000	3,600,000
Ekiti State COVID-19 Fund	6,000,000	3,600,000

Events after the reporting period

There were no post balance sheet events which had effect on the financial statements of the Group as at 31 December 2020 and on the profit for the year ended 31 December 2020.

Employment and employees

Employment of physically challenged persons

The Bank has no physically challenged person in its employment (2019: Nil). However, applications for employment by physically challenged persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Bank continues and that appropriate training is arranged. It is the policy of the Bank that the training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

Health, safety and welfare at work

The Bank places a high premium on the health, safety and welfare of its employees in their place of work. To this end, the Bank has various forms of insurance policies, including workmen's compensation and group life insurance, to adequately secure and protect its employees.

Employee consultation and training

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Group. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The Group regularly organizes on-the-job training for its staff using in-house training facilities complemented, when and where necessary, with other external facilities, training, seminars and workshops.

Independent Auditors

PricewaterhouseCoopers were appointed as auditors during the year, and having satisfied the relevant corporate governance rules have indicated their willingness to continue in office as auditors to the Group in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, 2004, therefore, the auditors will be re-appointed at the next annual general meeting of the Bank without any resolution being passed.

Reports To The CBN On Customer Complaints

Below is a breakdown of Complaints received and resolved by the Bank during the year ended 31 December 2020 pursuant to CBN circular dated August 16, 2011

Description	Number	Amount Claimed (N'000)	Amount Refunded (N'000)
Pending Complaints brought forward from prior year	NIL	NIL	NIL
Received Complaints	NIL	NIL	NIL
Resolved Complaints	NIL	NIL	NIL
Unresolved Complaints escalated to CBN for intervention	NIL	NIL	NIL
Unresolved Complaints pending with the Bank carried forward	NIL	NIL	NIL

BY ORDER OF THE BOARD

Omobola Josephine Makinde
Ag. Company Secretary
FRC/2015/NBA/00000011773
28 April, 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Companies and Allied Matters Act requires the Directors prepare the financial statements that present fairly the financial position of the Group as at 31 December 2020, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Companies and Allied Matters Act of Nigeria and the Federal Reporting Council of Nigeria Act, 2011.

The responsibilities include ensuring that the Group:

i) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act;

ii) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with:

- International Financial Reporting Standards;
- Prudential guidelines for Licenced Banks;
- Relevant circulars issued by Central Bank of Nigeria;
- The requirements of the Banks and Other Financial Institutions Act;
- The requirements of the Companies and Allied Matters Act; and
- The requirements of the Financial Reporting Council of Nigeria Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its profit for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Olukayode Akintunde Falowo	**Bayo Rotimi**
(Chairman)	(Managing Director)
FRC/2014/CISN/00000007051	FRC/2021/003/00000023171
28 April, 2021	28 April, 2021

Independent auditor's report

To the Members of Greenwich Merchant Bank Nigeria Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Greenwich Merchant Bank Nigeria Limited ("the bank") and its subsidiaries (together "the group") as at 31 December 2020, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Greenwich Merchant Bank Nigeria Limited's consolidated and separate financial statements comprise:

- the consolidated and separate statements of comprehensive income for the year ended 31 December 2020;
- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted equities (N4.89 billion) included in fair value through other comprehensive income We focused on this area because of the relative size of the balances and the significant judgements and estimates in respect of the carrying values of equities held at fair value through other comprehensive income Judgement was exercised by management in the determination of the approach to the valuation of equities. See notes 3.28, 6.7(b) and 22 of the consolidated and separate financial statements. This is considered a key audit matter in both the consolidated and separate financial statements.	We obtained details of management carrying values of unquoted equity and adopted a substantive approach to test this balance. With help from our valuation experts, we developed our own independent estimate to test the reasonableness of the fair values of unquoted equity investments. We; • identified a suitable market valuation approach based on comparable company valuations; • assessed the comparability of the companies through checking the company's industry, size and its business activities; • independently verified the price earnings ratios multiples of comparable companies to publicly available sources. We used the price earnings multiple to derive the Enterprise Value (EV); • applied appropriate illiquidity and efficiency discount rates; • compared management's fair values to our independently estimated valuations and challenged management's values where significant differences were noted; We checked the adequacy of the presentation and disclosure on the financial statements

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report are Corporate information, the Directors' Report, Statement of Directors' Responsibilities in Relation to the Financial Statements, Value added statements and Five year financial summary but, does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institutions Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on other legal and regulatory requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the bank's statement of financial position and statement of comprehensive income are in agreement with the books of account and returns;

iv) as disclosed in Note 43 to the consolidated and separate financial statements, the bank did not pay penalties in respect of contraventions of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2020.

Obioma Ubah

For: **PricewaterhouseCoopers**

Chartered Accountants
Lagos, Nigeria

Engagement Partner: Obioma Ubah
FRC/2013/ICAN/00000002002

36/ICAN 0435512

4 June 2021

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2020.

In thousands of Nigerian Naira	Note	Group 31 December 2020	Group 31 December 2019	Bank 31 December 2020	Company 31 December 2019
Interest income on financial assets at amortised cost	8	985,873	107,435	887,708	31,705
Interest income on financial assets at FVTPL	8	33,418	-	33,418	-
Interest income on financial assets at FVOCI	8	229,537	168,406	2,448	-
Interest expense	9	(23,449)	(30,997)	(20,258)	(17,748)
Net interest income		**1,225,379**	**244,845**	**903,316**	**13,957**
Impairment charges	10	(150,464)	(72,672)	(94,069)	-
Net interest income after impairment charge for credit losses		**1,074,915**	**172,173**	**809,247**	**13,957**
Fee and commission income	11	960,839	912,791	691,023	589,755
Net gains on foreign exchange	12a	4,154	-	-	-
Net gains on financial assets at FVTPL	12b	262,935	720,495	261,131	720,317
Other operating income	13	678,106	724,810	592,393	528,954
Operating income		**2,980,949**	**2,530,269**	**2,353,794**	**1,852,983**
Personnel expenses	15	(822,045)	(580,386)	(541,649)	(279,973)
Depreciation of property, plant and equipment	28	(101,377)	(40,368)	(96,439)	(31,444)
Amortisation of intangible assets	29	(20,554)	(9,711)	(15,477)	(2,199)
Other operating expenses	14	(740,426)	(333,481)	(418,918)	(152,549)
Operating expenses		**(1,684,402)**	**(963,946)**	**(1,072,483)**	**(466,165)**
Profit before tax		1,296,547	1,566,323	1,281,311	1,386,818
Income tax expense	16	(140,159)	10,964	(73,828)	(21,763)
Profit for the year		**1,156,388**	**1,577,287**	**1,207,483**	**1,365,055**
Other comprehensive income:					
Items that may not be reclassified subsequently to profit or loss:					
Net fair value gain/(loss) on financial assets at FVOCI		1,158,700	(2,177,973)	1,729,839	(253,554)
Other comprehensive income/(loss) for the year, net of taxes		**1,158,700**	**(2,177,973)**	**1,729,839**	**(253,554)**
Total comprehensive income/(loss) for the year		**2,315,088**	**(600,685)**	**2,937,322**	**1,111,501**
Basic/diluted earnings per share (kobo)	16	22	63	23	55

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020.

In thousands of Nigerian Naira	Note	Group 31 December 2020	Group 31 December 2019	Bank 31 December 2020	Company 31 December 2019
ASSETS					
Cash and balances with Central Bank of Nigeria	18	658,119	-	658,119	-
Due from other banks	19	19,365,195	1,660,802	15,446,282	1,325,549
Financial assets at fair value through profit or loss	21	969,385	99,295	969,385	-
Investment securities:					
Fair value through OCI	22	6,584,771	5,526,125	5,002,564	3,649,161
Amortised cost	23	4,252,733	10,186,983	-	-
Loans and advances to customers	23,24	-	165,062	-	75,717
Other assets	26	1,892,474	1,829,723	1,718,809	929,381
Investment in subsidiaries	27			1,500,000	1,500,000
Property and equipment	28	513,425	552,692	507,926	543,357
Intangible assets	29	422,139	22,801	414,030	9,615
Deferred tax asset	30	69,893	134,064	-	-
Total assets		**34,728,133**	**20,177,546**	**26,217,114**	**8,032,780**
LIABILITIES					
Due to customers	31	509,804	-	509,804	-
Current tax liability	16b	418,417	414,935	52,448	51,126
Other liabilities	32	7,853,773	10,265,958	269,020	55,153
Borrowings	33	191,468	-	191,468	-
Deferred tax liability	30	36,054	14,674	36,054	14,674
Total liabilities		**9,009,516**	**10,695,567**	**1,058,794**	**120,953**
EQUITY					
Share capital	34	5,294,137	2,500,000	5,294,137	2,500,000
Share premium	35	12,140,034	-	12,140,034	-
Retained earnings	35	9,557,298	9,159,952	5,885,619	5,665,381
Statutory reserve	35	362,245	-	362,245	-
Fair value reserve	37	(1,635,097)	(2,177,973)	1,476,285	(253,554)
Total equity		**25,718,617**	**9,481,979**	**25,158,320**	**7,911,827**
Total equity and liabilities		**34,728,133**	**20,177,546**	**26,217,114**	**8,032,780**

The financial statements were approved and authorised for issue by the Board of Directors on 28 April, 2021 and signed on its behalf by:

Mr. Olukayode Akintunde Falowo
(Chairman)
FRC/2014/CISN/00000007051

Mr. Bayo Rotimi
(Managing Director)
FRC/2021/003/00000023171

Mr. Adewale Adeniyi
Chief Financial Officer
FRC/2012/ICAN/00000000275

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

Group

In thousands of Nigerian Naira	Share Capital	Share premium	Fair value reserve	Retained earnings	Statutory reserve	Total equity
Balance at 1 January 2020	2,500,000	-	(2,177,973)	9,159,952		9,481,979
Issue of new shares	2,794,137	12,140,034				14,934,171
Transfer between reserves (2019 adjustment)			(615,825)	228,204		(387,621)
Profit for the year				1,156,388		1,156,388
Other comprehensive income						
Fair value movement on financial asset at FVOCI			1,158,700			1,158,700
Total comprehensive income on financial assets						
Transfers during the period				(362,245)	362,245	-
Dividend payment				(625,000)		(625,000)
At 31 December 2020	**5,294,137**	**12,140,034**	**(1,635,097)**	**9,557,298**	**362,245**	**25,718,618**
As at 31 December 2018 (IAS 39)	2,500,000	-	-	7,832,665		10,332,665
Increase in impairment due to adoption						
of IFRS 9:	-	-	-	-		-
Other assets	-	-	-	-		-
Loans and advances to customers	-	-	-	-		-
Transfer between reserves	-	-	-	-		-
Restated total equity as at1 January 2019 (IFRS 9)	-	-	-	-		-
Profit for the year	-	-	-	1,577,287		1,577,287
Other comprehensive income		-	-	-	-	
Fair value movement on financial asset at FVOCI			(2,177,973)			(2,177,973)
Total comprehensive income on financial assets		-	-	-	-	
Dividend payment	-	-	-	(250,000)		(250,000)
Transfers during the period	-	-	-	-		-
At 31 December 2019	**2,500,000**	**-**	**(2,177,973)**	**9,159,952**		**9,481,979**

GREENWICH MERCHANT BANK

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

Bank ***In thousands of Nigerian Naira***	**Share Capital**	**Share premium**	**Fair value reserve**	**Retained earnings**	**Statutory reserve**	**Total equity**
Balance at 1 January 2020	2,500,000	-	(253,554)	5,665,381		7,911,827
Issue of new shares	2,794,137	12,140,034				14,934,171
Profit for the year				1,207,483		1,207,483
Other comprehensive income						
Fair value movement on financial asset at FVOCI			1,729,839			1,729,839
Total comprehensive income on financial assets						
Transfers during the period				(362,245)	362,245	-
Dividend payment				(625,000)		(625,000)
At 31 December 2020	**5,294,137**	**12,140,034**	**1,476,285**	**5,885,619**	**362,245**	**25,158,320**
As at 31 December 2018 (IAS 39)	2,500,000			4,550,326		7,050,326
Increase in impairment due to adoption of IFRS 9:				-		
Other assets						-
Loans and advances to customers						-
Transfer between reserves						-
Restated total equity as at 1 January 2019 (IFRS 9)						-
Profit for the year				1,365,055		1,365,055
Other comprehensive income						-
Fair value movement on financial asset at FVOCI			(253,554)			(253,554)
Total comprehensive income on financial assets						
Dividend payment				(250,000)		(250,000)
Transfers during the period						-
At 31 December 2019	**2,500,000**	**-**	**(253,554)**	**5,665,381**		**7,911,827**

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2020

In thousands of Nigerian Naira	Note	Group 31 December 2020	31 December 2020	Bank 31 December 2020	Company 31 December 2020
Cash flows from operating activities					
Profit before tax		1,296,547	1,566,323	1,281,311	1,386,818
Items not affecting cash:					
Depreciation of property, plant and equipment	28	101,377	40,368	96,439	31,444
Amortisation of intangible assets	29	20,554	9,711	15,477	2,199
Impairment of margin loans	10	-	44,673	-	-
Impairment of other assets	10	65,324			
impairment of financial assets	10	85,140			
Net interest income	7,8	(1,225,379)	(244,845)	(903,316)	(13,957)
Income tax expense	16	54,610	61,969	52,448	51,127
Deferred tax expenses		85,549	(72,933)	21,380	(29,364)
Gain on disposal of assets	13	-	(4,743)	-	-
Dividend income	13	(669,233)	(696,614)	(590,747)	(528,868)
Withholding tax credit notes utilised			(63,320)		(63,320)
Fair value loss on equity instruments FVOCI		771,073	(2,177,973)	1,729,839	(253,554)
		585,562	**(1,537,384)**	**1,702,831**	**582,525**
Changes in non-cash working capital balances					
Changes in loans and advances	23,24	165,062	6,915	75,717	6,915
Changes in financial assets FVTPL	21	(870,090)	2,799,076	(969,385)	-
Changes in financial assets FVTOCI	22	(1,063,721)	(1,735,243)	(1,353,403)	
Changes in unquoted investment securities			(3,061,345)		(3,061,345)
Changes in stockbroking clients in debit			(299,144)	-	
Changes in other assets and prepayments	26	(208,919)	(282,664)	(789,428)	(555,801)
Changes in client deposits	31	509,804	1,650,478	509,804	-
(Decrease)/increase in taxation	16	(140,159)	10,964	(73,828)	(21,763)
Changes in other liabilities	32	(2,412,185)	(449,981)	213,867	(422,421)
		(3,434,646)	**(2,898,328)**	**(683,825)**	**(3,471,890)**
Interest received	8	1,248,828	275,842	923,574	31,705
Interest paid	9	(23,449)	(30,997)	(20,258)	(17,748)
Income tax paid	16	(51,126)	(16,461)	(51,126)	(16,461)
Net cash (out)/in flows from operating activities		**(2,260,393)**	**(2,669,944)**	**168,365**	**(3,474,394)**
Cash flows from investing activities					
Purchase of property, plant and equipment	28	(531,181)	(35,830)	(530,861)	(34,325)
Proceed from disposal of property, plant & equipment	28	469,854	5,900	469,854	-
Purchase of intangible	29	(419,890)	(9,984)	(419,890)	(7,884)
Sales of investment	20,21		4,813,832		4,825,017
Dividend received	13	669,233	696,614	590,747	528,868
Purchase of debt instruments at amortised cost	22	5,934,250	(10,186,983)		
Net cash (out)/inflows from investing activities		**6,122,266**	**(4,716,451)**	**109,851**	**5,311,676**
Cash flows from financing activities					
Dividend paid	36	(625,000)	(250,000)	(625,000)	(250,000)
Repayment of borrowings	33		(466,383)		(466,383)
Borrowing	33	191,468	-	191,468	-
Issue of shares	34,35	14,934,171		14,934,171	
Net cash (out)/inflows from financing activities		**14,500,639**	**(716,383)**	**14,500,639**	**(716,383)**
Net (decrease)/increase in cash and cash equivalents		18,362,510	(8,102,778)	14,778,853	1,120,899
Cash and cash equivalents at 1 January		1,660,802	9,763,581	1,325,549	204,649
Cash and cash equivalents at 31 December	17,18	**20,023,314**	**1,660,802**	**16,104,401**	**1,325,549**

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 General Information

Reporting Entity

These financial statements are the consolidated financial statements of the Parent, Greenwich Merchant Bank Limited “the Bank”, and its subsidiaries (hereafter referred to as “the Group”). Greenwich Merchant Bank Limited (formerly called Greenwich Trust Limited) was initially incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on 25 February, 1992. The Central Bank of Nigeria (CBN) license for merchant banking was obtained in September 2020 while merchant banking operations commenced on 02 October, 2020.

The principal activity of the Group is provision of treasury management services, corporate banking and advisory services in areas such as capital raising, financial advisory services, structured finance and asset management. its subsidiaries carry on businesses as Stockbrokers and Asset Managers.

Greenwich Merchant Bank is a limited liability company incorporated and domiciled in Nigeria. The address of its registered office is as follows:

Plot 1698A Oyin Jolayemi St,
Victoria Island,
Lagos

The financial statements for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 28 April, 2021.

2 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with the going concern principle under the historical cost convention. The financial statements are presented in Nigerian currency (Naira) and rounded to the nearest thousand.

The financial statements comprise the consolidated statement of comprehensive income, consolidated statement of financial position, the consolidated statement of changes in equity, consolidated statement of cash flows and the related notes for the Bank and the Group.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Directors to exercise judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. The assumptions and accounting estimates used for the year ended 31 December 2020 are consistent with the assumptions and estimates in the financial statements of the prior year.

The Consolidated statement of financial position is arranged in order of liquidity.

The Directors believe that the underlying assumptions are appropriate and that the Group’s consolidated financial statements therefore present the financial position and results fairly.

3 Significant accounting policies

3.1 Basis of measurement

These financial statements have been prepared based on historical cost basis, except for the following:

- Derivative financial instruments which are measured at fair value.
- Financial assets measured at fair value through profit or loss.
- Financial assets held to maturity which are measured at amortised cost.
- Loans and receivables which are measured at amortised cost.
- Financial liabilities which are measured at amortised cost.
- Financial instruments measured at fair value through other comprehensive income.

3.2 Functional and presentation

Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Nigerian Naira (N) which is the Bank's functional currency and the Group's presentation currency.

3.3 Use of estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. There were no material changes in Management's estimates during the period.

3.4 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has rights to variable returns from its involvement in an entity and has the ability to affect those returns through its power over the entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. Subsidiaries are fully consolidated from the date in which control is transferred to the Group. They are deconsolidated from the date control ceases.

The accounting policies of subsidiaries have been changed, where necessary, to align with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests.

In the separate financial statements, investments in subsidiaries are carried at cost less impairment.

(b) Business combinations

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The results of the subsidiaries consolidated financial statements from the effective acquisition acquired or disposed of during the year are included in the date and or up to the effective date on which control ceases, as appropriate. The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

Business combinations are accounted for using the acquisition method.

The Group measures goodwill at the acquisition date as the total of:

- the fair value of the consideration transferred; plus
- the amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;
- less the net amount of the identifiable assets acquired and liabilities assumed (generally fair value).

When this total is negative, a bargain purchase gain is recognised in the income statement.

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

Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of any previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Transactions eliminated on consolidation

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

3.5 Foreign currency

Foreign currency transactions

"Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, as well as unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the income statement."

"Unrealised exchange differences on non-monetary financial assets are a component of the change in their entire fair value. For non-monetary financial assets measured at fair value through profit or loss, unrealised exchange differences are recognised in profit or loss. For non-monetary financial assets measured at fair value through other comprehensive income, unrealised exchange differences are recorded in other comprehensive income until the asset is sold or becomes impaired."

3.6 Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments, except for those classified at fair value through profit or loss, are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all transaction costs and fees 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 liability.

3.7 Fees and commissions income and expenses

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. Other fees and commission income, including financial advisory fees, structured finance fees, arrangement fees, 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. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

3.8 Net trading and foreign exchange income

Net trading income and foreign exchange income comprises gains less losses related to trading assets and liabilities and includes all realised and unrealised fair value changes and foreign exchange differences. Net gains or losses on derivative financial instruments measured at fair value through profit or loss are also included in net trading income.

3.9 Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other operating income and recognised gross of the associated withholding tax. The withholding tax expense is included as a component of taxation charge for the relevant period.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates, and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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

3.10 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax liability is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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 the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates, and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

3.11 Cash and bank balances

Cash and bank balances include notes and coins on hand, current balances with other banks, balances held with central banks and placements with banks which are used by the Group in the management of its short-term commitments.

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

Cash and bank balances are carried at amortised cost in the statement of financial position.

3.12 Trading assets

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

Trading assets are measured at fair value with changes in fair value recognised as part of net trading and foreign exchange income in profit or loss.

3.13 Derivative financial instruments

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are separately accounted for at fair value with changes in fair value recognised in the income statement unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

3.14 Property and equipment

(a) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(b) Subsequent costs

The cost of replacing part of an item of property and 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 costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(c) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. 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 Non-current assets-held-for-sale and discontinued operations.

The estimated useful lives for the current and comparative period are as follows:

Freehold Land	Not depreciated
Freehold buildings	50 years
Motor vehicles	5 years
Office Furniture and fittings	6 years
Computer equipment	3 years
Office equipment	5 years
Work in progress	Not depreciated

Work in progress represents costs incurred on assets that are not available for use. On becoming available for use, the related amounts are transferred to the appropriate category of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

(d) 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.

3.15 Intangible assets

(a) Goodwill

Goodwill represents the excess of consideration over the Group's interest in net fair value of net 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 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 cashflows from a cash generating unit with the carrying value of its net assets, including attributable goodwill. Impairment losses on goodwill are not reversed.

(b) Software

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

Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalized 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 not exceeding five years, from the date that it is available for use. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

3.16 Impairment of non-financial assets

"The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount."

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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Impairment losses relating to goodwill are not reversed in future periods.

3.17 Repossessed collateral

Repossessed collateral represents financial and non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in the relevant assets depending on the nature and the Group's intention in respect of recovery of these assets; and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets. Where repossessed collateral results in acquiring control over a business, the business combination is accounted for using the acquisition method of accounting with fair value of the settled loan representing the cost of acquisition (refer to the accounting policy for consolidation).

3.18 Deposits and debt securities issued

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Debt securities issued are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

3.19 Provisions

"A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability."

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.20 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the expected credit loss provision and the unamortised premium. Financial guarantees are included within other liabilities.

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3.21 Employee benefits

Post-employment benefits

Defined contribution plans
The Group operates defined contribution pension scheme. A defined contribution plan is a pension plan under which the Group makes fixed contributions on contractual basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

Termination benefits
The Group recognises termination benefits 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. The Group settles termination benefits within twelve months and are accounted for as short-term benefits.

Short term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term employee benefits 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.

3.22 Share capital and reserves

(a) Share issue costs
Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(b) Dividend on ordinary shares
Dividends on the Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

(c) Treasury shares
Where the Group or any member of the Group purchases the Group's shares, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

3.23 Earnings per share

The Group presents basic earnings per share (EPS) 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.

3.24 Fiduciary activities

The Group commonly acts as trustees in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and incomes arising thereon are excluded from these financial statements, as they are not assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3.25 Stock of consumables

Stock of consumables comprise materials to be consumed in the process of rendering of services as well as banking accessories held for subsequent issuance to customers. They are measured at the lower of cost and net realisable value. Cost comprises costs of purchase and other costs incurred in bringing the items of stock to their present location and condition. Net realisable value is the estimated issuance price. When items of stock are issued to customers, their carrying amount is recognised as an expense in the period in which the related revenue is recognised.

3.26 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 that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Chief Executive Officer of the Group, being the chief operating decision maker, to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned, while indirect costs are allocated based on the benefits derived from such cost."

3.27 IFRS 9: Financial instruments

(a) Financial Assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as fair value through profit or loss(FVTPL), available for sale(AFS), loans and receivables and held to maturity investments as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e, the date that the Company commits to purchase or sell the asset.

The Company's financial assets include quoted and unquoted equities, treasury bills, government bonds, cash and short-term deposits, trade and other receivables and loans.

3.27 Financial Instruments - Policy prior to 1 January, 2019

Subsequent measurement
The subsequent measurement of financial assets depend on their classification as follows:

(i) Financial assets at fair value through profit or loss
This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Bank as at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivates are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments and equity instruments, as well as financial assets with embedded derivates. They are recognized in the statement of financial position as 'Financial assets held for trading'.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the income statement. Gains and losses arising from changes in fair value are included directly in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest income and expense and dividend income and expenses on financial assets held for trading are included in 'Net finance cost' or 'Dividend income' , respectively. The instruments are derecognised when the rights to receive cash flows have expired or the Bank has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognising.

Financial assets carried at fair value through profit or loss are recognised in the statement of financial position as 'Financial assets designated at fair value'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains on financial instruments held for trading'.

Loans and other receivables
Loans and receivables are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost, using the Effective Interest Rate, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the Effective Interest Rate. The Effective Interest Rate amortization is included in 'finance income' in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortization process.

Held for Maturity Financial Assets
Non-derivate financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Bank has the intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortised cost, using the Effective Interest Rate, less impairment. The Effective Interest Rate amortization is included in 'investment income' in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortization process.

3.27 Financial Instruments - Policy prior to 1 January, 2019 (continued)

(ii) Available-for-sale Financial Assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the statement of comprehensive income is recognised in the income statement. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement in 'Dividend income' when the Bank's right to receive payment is established.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Bank retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The Bank has transferred substantially all the risks and rewards of the asset or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

3.27 Financial Instruments - Policy prior to 1 January, 2019 (continued)

Impairment of financial assets

The Bank assess at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets carried at amortized cost

For financial assets carried at amortized cost, the Bank first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collaterals has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in the income statement.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Estimates of changes in the future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

3.27 Financial Instruments - Policy prior to 1 January, 2019 (continued)

Offsetting of Financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in the income statement unless required or permitted by any accounting standard or interpretation, as specially disclosed in the accounting policies of the Bank.

Fair Value of Financial Instruments

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, net asset model and other relevant valuation models.

Certain financial instruments are recorded at fair value using valuation techniques because current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Bank's best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, counterparty credit and liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognized only when the inputs become observable or on derecognition of the instrument.

For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flows techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

3.28 Financial Instruments - Policy from 1 January, 2019

The Bank's accounting policies were changed to comply with IFRS 9. IFRS 9 replaces the provisions of IAS 39 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

3.28 Financial Instruments - Policy from 1 January, 2019 (continued)

3.28.1 Classification and measurement

Financial assets

It is the Bank's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit of loss.

Classification and subsequent measurement is dependent on the Bank's business model for for managing the asset and the cash flow characteristics of the asset. On this basis, the Bank may classify its financial instruments at amortised cost, fair value through profit ot loss and at fair value through other Comprehensive income.

The Bank classifies its financial assets into the following categories in line with the provisions of IFRS 9:

(a) those to be measured at fair value through profit or loss (FVTPL)

(b) those to be measured at amortised cost; and

(c) those to be measured at fair value through other comprehensive income (FVOCI)

The classification depends on the Bank's business model (i.e business model test) for managing financial assets and the contractual terms of the financial assets cash flows(i.e. solely payments of principal and interest - SPPI test.)

The Bank also classify its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortised cost. Management determines the classification of the financial instruments at initial recognition.

Classification of Financial Assets

(a) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

i The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

ii The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'investment income'.

The amortised cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the 'effective interest method' of any difference between that initial amount and the maturity amount, and minus any loss allowance. The effective interest method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

3.28 Financial Instruments - Policy from 1 January, 2019 (continued)

3.28.1 Classification and measurement (continued)

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt investment that is subsequently measured at fair value through profit and loss and its not part of a hedging relationship is included directly in the profit or loss and reported as 'Net fair value gain/(loss) in the period in which it arises. Interest income from these financial assets is recognized in profit or loss as 'Investment income'.

(b) Financial assets measured at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt investment that is subsequently measured at fair value through profit and loss and its not part of a hedging relationship is included directly in the profit or loss and reported as 'Net fair value gain/(loss) in the period in which it arises. Interest income from these financial assets is recognized in profit or loss as 'Investment income'.

In addition, the Bank may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that could otherwise arise. This is done on initial recognition of the instrument.

(c) Financial assets measured at FVOCI

The Bank subsequently measures all equity investment at fair value. For equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basics at the initial recognition of the instrument. Where the Bank's management has elected to present fair value gains and losses to profit or loss. Dividends from such investments continue to be recognized in profit and loss as dividend income when the Bank's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. All other financial assets are classified as measured at FVTPL. Changes in the fair value of financial assets at fair value through profit or loss are recognized in Net fair value gain/(loss) in the profit or loss.

3.28.2 Business Model Assessment

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

i The Stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

ii. How the performance of the portfolio is evaluated and reported to management;

iii. The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

3.28 Financial Instruments - Policy from 1 January, 2019 (continued)

3.28.2 Business Model Assessment (continued)

iv. How managers of the business are compensated e.g whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

v. The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking worst case or stress case scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest on principal amount outstanding

As a second step of its classification process, the Bank assesses the contractual terms of financial to identify whether they meet the SPPI test.

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g liquidity risk and administrative costs), as well as profit margin.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is dominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than 'the minimum' exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

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

3.28 Financial Instruments - Policy from 1 January, 2019 (continued)

3.28.2 Business Model Assessment (continued)

i contingent events that would change the amount and timing of cash flows;
ii leverage features;
iii prepayment and extension terms;
iv. terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements)
v. features that modify consideration of the time value of money e.g periodical reset of interest rates.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cashflows are solely payment of principal and interest.

3.28.3 Classification of Financial Liabilities

Financial liabilities shall be classified into one of the following measurement categories;

(a) Fair Value through Profit or Loss (FVTPL)

(b) Amortised cost

(a) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories:

- Financial liabilities held for trading and financial liabilities designed at a fair value through profit and loss on inception.

- Financial liabilities at fair value through profit and loss shall be financial liabilities held for trading. A financial liabilities shall be classified as held for trading if it shall be incurred principally for the purpose of repurchasing it in the near term or if it shall be part of a portfolio of identified financial instruments that shall be managed together and for which they shall be evidence of a recent actual pattern of profit-taking. Derivatives shall also be categorized as held for trading unless they shall be designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Gains and losses arising from changes in fair value of financial liabilities classified as held for trading shall be included in the income statement and shall be reported as Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading shall be included in 'Net interest income'.

  Financial Liabilities shall be designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value shall be recognized in the consolidated Statement of Income, except for changes in fair hearing arising from changes in the Bank's own credit risk which shall be recognized in OCI. Changes in fair value of liabilities due to changes in the Bank's own credit risk, which are recognized in OCI, shall not be subsequently reclassified to the Consolidated Statement of Income upon derecognition/ extinguishment of the liabilities.

3.28 Financial Instruments - Policy from 1 January, 2019 (continued)

3.28.3 Classification of Financial Liabilities (continued)

(b) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and shall be measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost shall be debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

Reclassifications

The Bank reclassifies financial assets when and only when its business model for managing those assets changes. The reclassifications takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Bank's operations.

When reclassification occurs, the Bank reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not restated when reclassification occurs.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business occurs only when the Bank either begins or ceases to perform an activity that is significant to its operations (e.g. , via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets.
- A transfer of financial assets between parts of the entity with different business models.

Financial liabilities are not reclassified after initial classification.

Financial assets under the amortised cost classification (i.e. business model whose objective is to collect the contractual cash flows) can still be held as such even when there are sales within the portfolio as long as the sales are infrequent (even if significant in value) or insignificant in value both individual and in aggregate (even if frequent).

However, if more than an infrequent number of sales are made out of a portfolio and those sale are more than insignificant in value (either individually or in aggregate), the Bank will assess whether and how much sales are consistent with an objective of collecting contractual cash flows.

The Bank has defined the following factors which will be considered in concluding on the significant and frequency of sale.

3.28 Financial Instruments - Policy from 1 January, 2019 (continued)

3.28.3 Classification of Financial Liabilities (continued)

Definition of Insignificance: The Bank considers the sale of assets within the BM1 as insignificant if the total sales constitute a value that is less than or equal to 15% of the current amortised cost portfolio per annum or a 5% per quarter subject to a maximum of 15% per annum threshold.

Definition of Infrequent: The Bank has decided that any sale not more that once a quarter would be considered as an infrequent sale.

Definition of Closeness to maturity: The Bank defines close to maturity as instruments with three months to maturity.

3.28.4 Modifications of financial assets and financial liabilities

1. Financial Assets

If the terms of a financial assets are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights 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. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit and loss as 'gain and losses arising from the derecognition of financial assets measured at amortised cost'.

If the cash flows of the modified asset carried at amortised cost are not substantially different, the modification does not result in derecognition of the financial assets. In this case, the Bank recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchase originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised as a modification gain or loss in profit or loss as part of impairment loss on financial assets for the period.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Bank will consider the following non-exhaustive criteria:

Qualitative criteria
Scenarios where modifications could lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, are:

- Change in frequency of repayments i.e. change of monthly repayments to quarterly or yearly repayments
- Reduction of Financial asset's tenor
- Extension of financial asset's tenor
- Reduction in repayment of principals and interest
- Capitalisation of overdue repayments into a new principal amount.

On occurrence of any of the above factors, the Bank will perform a test to determine whether or not the modification is substantial.

3.28 Financial Instruments - Policy from 1 January, 2019 (continued)

3.28.4 Modifications of financial assets and financial liabilities (continued)

1. Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset. That means, substantial modification if:

The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

A modification would not lead to derecognition of existing financial asset if:
the discounted present value of the cash flows under the new terms, including any fees received net of any paid and discounted using the original effective interest rate, is less than 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

If the terms of a financial asset are 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 measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial assets 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 new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This 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.

  Modification gain or loss shall be included as part of impairment loss on financial assets for each financial period.

2. Financial liabilities
The Bank derecognizes a financial liability when its terms are modofied and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. 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. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs of fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

3.28 Financial Instruments - Policy from 1 January, 2019 (continued)

3.28.5 Impairment of financial assets

(a) Overview of the Expected Credit Losses (ECL) Principles

The Bank recognizes allowance for expected credit losses on the following financial instruments that are not measured at FVTPL

- cash and cash equivalents
- Debt instrument at amortised cost
- Other receivables

The instruments mentioned above are all referred to as 'financial instrument' or 'assets'. Equity instruments are not subject to impairment under IFRS 9

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL) as outlined.

The 12m ECL is the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LT ECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECL. The Bank has established a policy to perform a assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its financial instruments into stage 1, stage 2, State 3 and POCI, as described below:

Stage 1: When financial assets are first recognised, the Bank recognises an allowance based on 12m ECLs. Stage 1 asset also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LT ECLs. Stage 2 asset also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3.

Stage 3: Financial assets considered credit-impaired. The Bank records an allowance for the LTECLs.

POCI: Purchase or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

3.28 Financial Instruments - Policy from 1 January, 2019 (continued)

3.28.5 Impairment of financial assets (continued)

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime - stage 2 or stage 3 of the ECL bucket, the Bank would continue to monitor such financial asset for a probationary period of 90 days to confirm if the risk of default has decrease sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12 months ECL (Stage 1). In addition to the 90 days probationary period above, the Bank will also observe a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12 months ECL (Stage 1).

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced.

This is considered a (partial) derecognition of the financial asset.

(**b**) **The calculation of ECLs**

Expected credit losses are probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are the present value of the expected cash shortfalls (B5.5.28)

The measurement of the expected credit losses should reflect:

- An unbiased and probability weighted amount;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort.

IFRS 9 does not prescribe a single method for measuring expected credit losses. Rather, it acknowledges that the method used to measure expected credit loss may vary based on the type of the financial asset and the information available.

The Bank calculates the ECLs based on three probability- weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculation are outlined below and the key elements are as follows:

- PD: The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if facility has not previously derecognised and still in the portfolio.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and

3.28 Financial Instruments - Policy from 1 January, 2019 (continued)

(b) The calculation of ECLs (continued)

- **LGD:** The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the differences between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. it is usually expressed as a percentage of the EAD.

  When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.

  Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

  The mechanics of the ECL method are summarised below:

- Stage 1: The 12m ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

- Stage 2: When an asset has shown a significant increase in credit risk since origination, the Bank records an allowance for LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3: For assets considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

  POCI: POCI asset are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

(c) Debt instruments measured at fair through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of there financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

(d) Purchased or originated credit impaired financial assets (POCI)

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more event have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3.28 Financial Instruments - Policy from 1 January, 2019 (continued)

(b) The calculation of ECLs (continued)

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 Bank on terms that the Bank would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

An asset 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.

For POCI financial assets, the Bank only recognises the cumulative changes in LT ECL since initial recognition in the loss allowance.

(e) Presentation of allowance for ECL in the statement of Financial position

Loan allowance 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;

Debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of the asset is its fair value. However, the loss allowance is disclosed and recognised in the fair value reserve in equity (through OCI).

(f) Write - off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than outstanding debt;
- amount obtained from realization of credit collateral security leaves a business of the debt; or
- It is reasonably determined that no further recovery on the facility is possible. All credit facility write-offs require endorsement by the Board Risk Management Committee, as defined by the Bank. Credit writ-off approval is documented in writing and properly initiated by the Board Risk Management Committee.

3.28 Financial Instruments - Policy from 1 January, 2019 (continued)

(f) Write - off (continued)

A write-off constitute a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

(g) Forward looking information

In its ECL model, the Bank relies on a broad range of forward looking information as economic inputs, such as, GDP growth, Unemployment rates, Inflation rates and crude oil prices.

3.28.6 Derecognition of financial asset

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the final asset. Any interest in such derecognized asset financial asset that is created or retained by the Bank is recognised as a separate asset or liability. impaired debts are de-recognised when they are assessed as uncollectible.

3.28.7 Derecognition of Financial Liabilities

The Bank de-reognises financial liabilities when, and only when its contractual obligations are discharged or cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in profit or loss.

3.28.8 Write off-policy

The Bank writes off a financial asset (and any related allowances for impairment losses) when the Bank's Credit determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issue's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss on financial assets.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due.

4.0 Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

For the purpose of the cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

5.0 Taxes

5.1 Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantiively enacted at the reporting date in Nigeria. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions,where appropriate.

5.2 Deferred Tax

Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

  Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

  The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

  Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

5.2 Deferred Tax (continued)

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

5.3 Employee Benefits

The Bank has a defined contribution plan

A defined contribution plan is a pension plan under which the Bank pays fixed contributions to a seperate entity. The Bank has no legal or constructive obligations to pay further contributions if the entity does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Bank pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

5.4 General Provision

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, the reimbursement is recognized as a seperate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

5.5 Equity Movement

Ordinary Share Capital
The Bank has issued ordinary shares that are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognized in equity, net of tax.

Dividends on Ordinary Share Capital
Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

Treasury Share Movements
Where the Bank purchase its equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

6.0 Revenue Recognition

Fee and commission income
Fees and commissions are generally recognised on an accrual basis when the service has been provided. Fees earned include, investment banking fees, asset management fees, advisory fees and trusteeship/nominee fees. The group makes its commissions from securities brokerage. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, are recognised on completion of the underlying transaction.

Interest income and expense
Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows.

Dividend Income
Dividends are recognized in the statement of comprehensive income when the entity's right to receive payment is established.

6.1 Expense Recognition

Finance Cost
Interest paid is recogized in the income statement as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

6.2 Earnings Per Share

The Bank presents basic earnings per share for its data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary share holders of the group by the weighted average number of ordinary shares outstanding during the period.

6.3 Impairment of non-financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

6.3 Impairment of non-financial assets (continued)

Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Bank makes an estimate of the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

6.4 Impairment of Intangible Assets

Intangible assets with indefinite useful lives are tested for impairment annually at 31 December, either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

6.5 Investment Properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the group, are classified as investment properties. Investment properties comprise mainly of a residential project constructed with the aim of leasing out to tenants.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the statement of financial position. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the year in which they arise. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is obtained from professional third party valuators contracted to perform valuations on behalf of the Bank. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6.6 Risk Management and Internal Control Systems

Below is a summary of the Bank's exposure to foreign exchange rate risk expressed in Naira as at 31 December, 2020. The Bank's exposure to foreign currency risk categorised by currency in the table below is currently concentrated in USD. Daily movement in exchange rates will lead to a revaluation of the closing positions, resulting in an increase or decrease in the Bank's assets and liabilities positions.

Assets	USD NGN'm	EURO NGN'm	GBP NGN'm	OTHERS NGN'm	TOTAL NGN'm
Holdings of Foreign Currency	-	-	-	-	-
Balances with Other Banks	400.33	-	-	-	400.33
Placement with Foreign Banks	-	-	-	-	-
Treasury Securities of Governments	-	-	-	-	-
Other financial Instruments in foreign currency	-	-	-	-	-
Loans and Advances in foreign currency	-	-	-	-	-
Other Foreign Assets	-	-	-	-	-
Derivative	-	-	-	-	-
	400.33	-	-	-	400.33
Liabilities					
Balances Held for Foreign banks	-	-	-	-	-
Takings from Foreign Banks	-	-	-	-	-
Foreign Currency Deposits	400.33	-	-	-	400.33
Financial Instruments issued in foreign currency	-	-	-	-	-
Loan and advances in foreign currency	-	-	-	-	-
Other foreign Liabilities (not captured above)	-	-	-	-	-
Derivative	-	-	-	-	-
	400.33	-	-	-	400.33
Net Exposure	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6.6.1 Interest Rate Risk

The Bank is exposed to interest rate risk, which is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Major areas of interest rate risk exposure include fixed income and money market instruments. The Bank also has a significant portion of its liabilities in non-rate sensitive liabilities, which helps it in minimizing the impact of the exposure to interest rate risks on its assets. Below is a summary of the Bank's interest rate gap position.

In Millions of Naira NGN'm	TOTAL NGN'm	Total Rate Sensitive NGN'm	Non Rate Sensitive
Assets			
Cash and balances with CBN	658.12	-	658.12
Balances with Other banks	2,462.69	171.83	2,290.86
Fixed Placements	12,983.60	12,983.60	-
Investment securities (FVPL)	969.38	969.38	-
State Bonds	-	-	-
Investment securities (FVOCI)	113.32	113.32	-
Loans and advances	-		-
Other assets	1,591.71		1,591.71
	18,778.81	14,238.13	4,540.68
Liabilities			
Money market deposits	-	-	-
Other deposits from banks	-	-	-
Demand	509.80	-	509.80
Savings	-	-	-
Term and Call	-	-	-
Local debt securities issued	-	-	-
Interest bearing loans	191.47	191.47	-
Other Liabilities	182.70	-	182.70
	883.97	191.47	692.50
Total Interest Rate Gap	17,894.84	14,046.66	3,848.18

In Millions of Naira	Up to 1 Month NGN'm	1-3 Months NGN'm	3-6 Months NGN'm	6-12 Months NGN'm	Above 1 Year NGN'm	Total Rate Sensitive NGN'm
Assets						
Cash and balances with banks	-	-	-	-	-	-
Balances with Other banks	171.83	-	-	-	-	171.83
Fixed placements	10,983.60	2,000.00	-	-	-	12,983.60
Investment securities (FVPL)	-	-	-	-	969.38	969.38
State Bonds	-	-	-	-	-	-
Investment securities (FVOCI)	-	-	-	51.04	62.28	113.32
Loan and advances	-	-	-	-	-	-
Other assets		-	-		-	-
	11,155.42	**2,000.00**	**-**	**51.04**	**1,031.66**	**14,238.13**
Liabilities						
Money market deposits	-	-	-	-	-	-
Other deposits from banks	-	-	-	-	-	-
Demand	-	-	-	-	-	-
Savings	-	-	-	-	-	-
Term and Call	-	-	-	-	-	-
Local debt securities issued	-	-	-	-	-	-
Interest bearing loans	-	-	-	-	191.47	191.47
Other Liabilities	-	-	-	-	-	-
	-	-	-	-	191.47	191.47
Total Interest Rate Gap	**11,155.42**	**2,000.00**	**-**	**51.04**	**840.20**	**14,046.66**

6.6.2 Liquidity Risk

Liquidity risk is the potential loss arising from the Bank's inability to meet its obligations as at when due and at minimal cost. The Bank maintains a cushion of unencumbered and high quality liquid assets at all times, to enable it meet up with due obligations and withstand a range of stress events that might impair funding sources. A key measure of the Bank's liquidity risk is the ratio of liquid assets to deposit liabilities. Liquid assets include local currency cash, cash equivalents and active liquid investment-grade debt securities. Customer deposit are made up of local currency deposit liabilities. Below are details of the Bank's ratio of liquid assets to deposits liabilities for the period under review.

Liquid Assets	**Balance**
Cash and Balances with Central Banks	658.12
Balances with Other Banks	2,462.69
Net Inter Bank Placement With Other Banks	12,983.60
Net Money at Call With Other Banks	171.83
Other Liquid Assets	1,166.18
	17,442.41
Deposit Liabilities	**Balance**
Demand	509.80
Liquidity Ratio	3,421.39%

The table below shows the Banks's financial assets and liabilities cash flow by outstanding contractual maturities as at reporting date.

In Millions of Naira	Up to 1 Month NGN'm	1-3 Months NGN'm	3-6 Months NGN'm	6-12 Months NGN'm	Above 1 Year NGN'm	Total Position NGN'm
Assets						
Cash and balances with banks	658.12	-	-	-	-	658.12
Balances with Other banks	2,462.69	-	-	-	-	2,462.69
Fixed Placements 10,983.60	2,000.00	-	-	-	12,983.60	
Investment securities (FVPL)	-	-	-	-	969.38	969.38
State Bonds	-	-	-	-	-	-
Investment securities (FVOCI)	-	-	-	51.04	62.28	113.32
Loan and advances	-	-	-	-	-	-
Other assets	1,591.71	-	-		-	1,591.71
	15,696.11	2,000.00	-	51.04	1,031.66	18,778.81
Liabilities						
Money market deposits	-	-	-	-	-	-
Other deposits from banks	-	-	-	-	-	-
Demand	509.80	-	-	-	-	509.80
Savings	-	-	-	-	-	-
Term and Call	-	-	-	-	-	-
Local debt securities issued	-	-	-	-	-	-
Interest bearing loans	-	-	-	-	191.47	191.47
Other Liabilities	182.70	-	-	-	-	182.70
	692.50	-	-	-	191.47	883.97
Total Liquidity Gap Position	15,003.61	2,000.00	-	51.04	840.20	17,894.84

6.6.2 Capital Adequacy

The Bank undertakes a regular review of its capital adequacy based on the guidelines provided by the Central Bank of Nigeria (CBN) and international best practices to ensure compliance with regulatory requirements. The Capital Adequacy Ratio of the Bank is above the minimum statutory requirement, with all of the Bank's capital originating from Tier 1 (Core Capital), which consists of essentially share capital, share premium and reserves from retained earnings. The table below shows the computation of the Bank's capital adequacy ratio for the period.

Capital and Reserves	**NGN'm**
Paid-up Share capital	5,355.14
Share premium	12,079.03
General Reserve (Retained Profit)	5,397.60
	22,831.77
Deductions	
Other Intangible Assets	389.91
Investment in the capital of financial subsidiaries	1,500.00
	1,889.91
Eligible Tier 1 Capital	20,941.86
Eligible Tier 2 Capital	-
Total Qualifying Capital	20,941.86
Risk Weighted Assets	
Credit Risk	10,551.68
Market Risk	523.45
Operational Risk	2,223.51
Total Risk Weighted Assets	13,298.64
Capital Adequacy Ratio	157.47%

6.7 Use of estimates and judgment

These disclosures supplement the commentary on financial risk management

(a) Key sources of estimation uncertainty

Measurement of the expected credit losses

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, especially in the application of forward-looking information, the estimation of the amount and timing of future cashflows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors which can result in different levels of allowances.

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVTOCI is as discussed in the accounting policy 3.28.5.

Assessing fair values

The assessment of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3.27. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Critical accounting judgements in applying the Group's accounting policies

The critical accounting judgements made in applying the Group's accounting policies include:

Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

(1) In classifying financial assets as measured at amortized cost, the Group has determined that it meets the description of financial assets set out in accounting policy 3.27 - 3.28

(2) In designating financial assets as measured at FVOCI, the Group has determined that it has met the criteria for this designation set out in accounting policy 3.27 - 3.28.

(3) In classifying financial assets as measured at FVTPL, the Group has determined that it meets the description of financial assets set out in accounting policy 3.27 - 3.28.

(4) In accounting for financial liabilities as FVTPL, the Group has determined that it meets the description of financial liabilities set out in accounting policy 3.28.

(5) In carrying financial liabilities at amortized cost, the Group has determined that it meets the description of financial liabilities set out in accounting policy 3.28

Use of estimates and judgments (continued)

Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Valuation of equity financial instruments
The Group's accounting policy on fair value measurements is discussed under note 3.27.

The Group measures fair values using the following hierarchy of methods.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily quoted equity and debt investments classified as trading securities or available for sale.

"**Level 2:** inputs other than quoted prices included within Level 1 that are observable either directly (i.e as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.Specific valuation techniques used to value financial instruments include: • Quoted market prices or dealer quotes for similar instruments; • Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments."

"**Level 3:** inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Valuation techniques include net present value and discounted cashflow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rate, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations."

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Use of estimates and judgments (continued)

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. The Group's valuation methodology for unquoted securities uses a discounted cash flow methodology and dividend discount methodology. The methodologies are often used by market participants to price similar securities.

For more complex instruments, if any, the Group uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors such as liquidity risk or model uncertainties, to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate.

If the Group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, then it applies judgment in determining appropriate portfolio-level adjustments such as bid-ask spreads and relevant risk premiums.

The Group has an established control framework with respect to the measurement of fair values. This framework includes the Investment Banking unit taking over the valuation of financial assets under level 2 and 3. Their valuations are independent of the carrying amounts under the purview of Chief Financial Officer who has overall responsibility for valuations. There is also the Risk Measurement unit responsible for independently verifying the results of valuations from other Units.

When third party information, such as broker quotes or pricing services, is used to measure fair value, the risk measurement unit assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

Verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument; • Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions; • When prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and • If a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements are recurring.

Use of estimates and judgments (continued)

Financial instruments measured at fair value:

Group:
2020
In thousands of Nigerian Naira

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL	21				
Government bonds		969,385	-	-	969,385
Investment securities at FVOCI	22				
Commercial paper		-	51,040	-	51,040
Bonds		-	66,576	-	66,576
Equity investments		1,579,404	4,892,047	-	6,471,451
Investment securities at amortized cost					
Treasury bills		4,252,733			4,252,733
Total assets		**6,801,522**	**5,009,663**	**-**	**11,811,185**

Liabilities

Bank:
2020
In thousands of Nigerian Naira

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL	21				
Government bonds		969,385	-	-	969,385
Investment securities at FVOCI	22				
Commercial paper		-	51,040	-	51,040
Bonds		-	66,576	-	66,576
Equity investments		-	4,889,244	-	4,889,244
		969,385	**5,006,860**	**-**	**5,976,245**

Use of estimates and judgments (continued)

Financial instruments measured at fair value

Group:
2019
In thousands of Nigerian Naira

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	21				
Equity investments		99,295	-	-	99,295
Investment securities at FVOCI	22				
Equity investments		2,387,874	3,138,251	-	5,526,125
Investment securities at amortized cost					
Treasury bills		10,186,983			10,186,983
Total assets		**12,674,152**	**3,138,251**	**-**	**15,812,403**

Company:
2019
In thousands of Nigerian Naira

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities at FVOCI	22				
Equity investments		587,816	3,061,345	-	3,649,161
		587,816	**3,061,345**	**-**	**3,649,161**

All valuation processes and techniques are subject to review and approval by the Board Finance and General Purpose Committee. There was no change in the Group's valuation technique during the period.

(c) Valuation technique and input used in Level 2 Fair Value Measurement

Where there is limited trading activity in financial instruments, the Group uses valuation models, consensus pricing information from third party pricing services and quotes to determine an appropriate valuation.

6.8 Changes to accounting policies

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period.

Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the annual period starting from 1 January, 2020. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

Amendments to IFRS 3 (Business Combination)

IFRS 3 (Business Combinations) outlines the accounting when an acquirer obtains control of a business (for example. An acquisition or merger). In October 2018, after the post implementation review of IFRS 3, the IASB issued an amendment to IFRS 3 which became effective for annual periods beginning on or after 1 January 2020. The amendment centres on the definition of a Business.

They include:

- That to be considered a business, an acquired set of activities and assets must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- Remove the assessment of whether market participants can replace any missing inputs or processes and continuing to produce outputs; and
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

This amendment does not have any impact on the Group.

Amendment to IAS 1 and IAS 8

In October 2018, the IASB issued the definition of 'material'. The amendments which became effective in the annual reporting periods starting from 1 January 2020 are intended to clarify, modify and ensure that the definition of 'material' iis consistent across all IFRS. In IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the revised definition of 'material' is quoted below:

"An information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity"

6.8 Changes to accounting policies (continued)

The amendments laid emphasis on five (5) ways material information can be obscured. These include:

- If the language regarding a material item, transaction or other event is vague or unclear;
- If information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- If dissimilar items, transactions or other events are inappropriately aggregated;
- If similar items, transactions or other events are inappropriately disaggregated; and
- If material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The Group has taken into consideration the new definition in the preparation of its financial statement.

Amendment to IFRS 7, IFRS 9 and IAS 39

In September 2019, the IASB issued amendments to IFRS 7, IFRS 9 and IAS 39, which represents the completion of the first-phase to address the effects of Interest rate benchmark reform on financial reporting.

The amendments which became effective for annual periods beginning on or after 1 January 2020 provide temporary exemptions which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (RFRs). The reliefs relate to hedge accounting and have the effect that Interbank Offered Rates (IBOR) reform should not cause termination of hedge accounting on qualified financial instruments.

The amendments that are mandatory include a number of reliefs which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments have no impact on the Group.

Use of estimates and judgments (continued)

Amendment to IFRS 16

In May 2020, the IASB issued amendment to IFRS 16 on Leases to address the accounting and reporting issues arising from Covid 19-Related Rent Concessions such as rent holidays, temporary rent reductions and rent waivers granted to Lessees. The amendment applies to annual reporting periods beginning on or after 1 June 2020 with earlier application permitted.

The amendment provide relief to lessee in accounting for rent concessions arising as direct consequence of the Covid-19 pandemic. A lessee that applies the optional practical expedient may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. The Practical expedient will only be applied if the following conditions are met:

- The revised consideration is substantially the same or less than the original consideration.
- The reduction in lease payments relates to payments originally due on or before 30 June 2021.
- There are no substantive changes to other terms and conditions of the lease.

No practical expedient is provided for Lessors. Lessors are required to apply the existing requirements of IFRS 16.

This amendment has no impact on the Group.

Standards and interpretations issued/amended but not yet effective

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2020:

Standard	Content	Effective Date
IAS 16	Amendment to IAS 16 Property, Plant and Equipment	1 Jan 2022
IAS 37	Amendment to IAS 37 Provisions, Contingent liabilities and Contingent assets	1 Jan 2022
IAS 1	Amendment to IAS 1 Presentation of Financial Statements	1 Jan 2023
IFRS 17	Insurance Contracts	1 Jan 2023

The Group has not applied the following new or amended standards in preparing these consolidated and separate financial statements as it plans to adopt these standards at their respective effective dates.
Commentaries on these new standards/amendments are provided below.

Amendment to IAS 16 – Property, Plant and Equipment

The IASB issued amendment to IAS 16 – Property, Plant and Equipment which is effective for annual reporting periods beginning on or after 1 January 2022. The amendment prohibits the deduction from the cost to an item of property, plant and equipment proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, an entity should recognize the sale proceeds and related production cost of those items in Profit or loss. The amendment is not expected to have any impact on the Group.

Use of estimates and judgments (continued)

Amendment to IAS 16 – Property, Plant and Equipment

The IASB published amendment to IAS 37– Provisions, Contingent liabilities and Contingent assets in May 2020. The amendment which is effective for annual reporting periods beginning on or after 1January 2022 specifies the costs an entity needs to include when assessing whether a contract is onerous.

The amendment clarifies that the costs that relate to a contract comprise both incremental costs of fulfilling the contract and an allocation of other direct costs related to the contract activities. The amendment does not have any material impact on the Group.

IFRS 17 – Insurance Contracts

The IASB issued IFRS 17 in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard.

The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. This standard does not impact the Group in anyway as the Bank and its subsidiary companies do not engage in insurance business.

Amendment to IAS 1 – Presentation of Financial Statements

In January 2020, the IASB issued amendment to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendment clarifies:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Board also added two new paragraphs (Paragraph 76A and 76B) to IAS1 to clarify what is meant by "settlement" of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

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

7 Operating segments

The Group runs five reportable segments as its strategic business units (SBUs). The SBUs offer varied products and services which are managed separately based on the Group's management and internal reporting structure. The Executive Management Committee reviews internal management reports of each of the SBUs on a monthly basis.

The operations in each of the Group's reportable segments are summarised below.

(i) **Investment banking** - involves in capital raising, financial advisory services and structured finance to public and private sectors.

(ii) **Treasury and Financial Markets** - provides innovative financing and risk management solutions and advisory services to the Group's corporate and institutional customers.

(iii) **Corporate banking** - engages in offering services/products such as loans, foreign currency trading, derivative products and other credit facilities to large corporate customers and blue chips.

(iv) **Securities trading** - the segment trades in equities, government securities, debentures, bonds and other capital market securities as well as listing of these securities on the recognised Securities Exchange.

(v) **Asset management** - engages in fund and portfolio management and positioned to providing innovative investment management services.

Information about operating segments

2020

In thousands of Nigerian Naira	Investment Banking	Treasury & Financial Markets	Corporate Banking	Securities Dealing	Asset Management	Total
Total Revenue	**733,363**	**1,184,705**	**-**	**453,451**	**232,250**	**2,603,769**
Interest expenses	-	(20,258)	-	(2,754)	(437)	(23,449)
Fee and commission expenses	(42,340)	-	-	(6,656)	(1,673)	(50,669)
Net operating income	691,023	1,164,447	-	444,041	230,140	2,529,651
Operating Expenses	(303,128)	(335,103)	(322,336)	(399,376)	(202,528)	(1,562,471)
Net impairment loss on financial assets	(94,069)	-	-	(52,336)	(4,058)	(150,464)
Depreciation and amortisation	(35,318)	(39,043)	(37,555)	(4,706)	(5,309)	(121,931)
Total cost	**(432,514)**	**(374,146)**	**(359,891)**	**(456,419)**	**(211,895)**	**(1,834,866)**
Profit/(loss) before tax from reportable segments	258,509	790,301	(359,891)	(12,378)	18,245	694,786
Tax	(18,197)	(55,631)	-	(55,398)	(10,933)	(140,159)
Profit/(loss) after tax from reportable segments	**240,312**	**734,670**	**(359,891)**	**(67,775)**	**7,312**	**554,627**

2019

In thousands of Nigerian Naira	Investment Banking	Treasury & Financial Markets	Corporate Banking	Securities Dealing	Asset Management	Total
Total Revenue	**946,883**	**752,022**	**-**	**684,130**	**169,967**	**2,553,002**
Interest expenses		(17,748)	-	(12,799)	(450)	(30,997)
Fee and commission expenses	(357,132)	-	-	(115,469)	(3,934)	(476,535)
Net operating income	589,751	734,274	-	555,862	165,583	2,045,470
Operating Expenses	(432,522)	-	-	(302,287)	(179,057)	(913,866)
Net impairment loss on financial assets	-	-	-	(72,672)	-	(72,672)
Depreciation and amortisation	(33,643)	-	-	(11,883)	(4,552)	(50,079)
Total cost	**(466,165)**	**-**	**-**	**(386,842)**	**(183,610)**	**(1,036,617)**
Profit/(loss) before tax from reportable segments	123,586	734,274	-	169,020	(18,027)	1,008,853
Tax	(21,763)	-	-	22,180	10,547	10,964
Profit/(loss) after tax from reportable segments	**101,823**	**734,274**	**-**	**191,200**	**(7,480)**	**1,019,817**

The following is an analysis of the Group's revenue and gains from continuing operations by products and services.

In thousands of Nigerian Naira	Group 31 December 2020	Group 31 December 2019
Advisory services	735,009	946,973
Bonds	289,338	-
Placements	357,097	104,357
Loan	-	3,078
Treasury bills	234,480	168,406
Stockbroking	135,168	363,172
Equity trading	671,037	1,417,109
Asset and fund management	154,358	107,377
	2,576,487	**3,110,472**

Reconciliation of reportable segment revenues, operating expenses, profit or loss and assets and liabilities

Reconciliation of revenues

In thousands of Nigerian Naira	Group 31 December 2020	Group 31 December 2019
Continuing Operations:		
Total revenue from reportable segments	2,603,769	2,553,002
Consolidation and adjustments:		
- Other operating income	8,873	23,453
Revenue from continuing operations	**2,612,642**	**2,576,455**

Revenue from continuing operations as shown above is made up of:

	Group	
In thousands of Nigerian Naira	31 December 2020	31 December 2019
Interest income	1,248,828	275,842
Fee and commission income	1,011,508	1,389,327
Net gains on financial instruments classified as held for trading	262,935	720,495
Other operating income	53,216	724,809
Revenue and gains from continuing operations	**2,576,487**	**3,110,472**
Less gains:		
- Dividends income	(592,888)	(529,275)
- Gain on disposal of fixed assets	-	(4,743)
Revenue from continuing operations	**1,983,598**	**2,576,455**

Reconciliation of operating expenses

	Group	
In thousands of Nigerian Naira	31 December 2020	31 December 2019
Continuing Operations:		
Total operating expense from reportable segments	1,562,471	913,866
Operating expense from continuing operations	**1,562,471**	**913,866**

Operating expense from continuing operations as shown above is made up of:

	Group	
In thousands of Nigerian Naira	31 December 2020	31 December 2019
Personnel expenses (See Note15)	822,045	580,386
Other operating expenses (See Note14)	740,426	333,481
	1,562,471	**913,866**

	Group	
In thousands of Nigerian Naira	31 December 2020	31 December 2019
Continuing Operations:		
Total profit or loss before tax for reportable segments	694,786	1,008,853
Consolidation and adjustments:		
- Other operating income	8,873	23,453
Gains:		
- Dividends income	592,888	529,275
- Gain on disposal of fixed assets	-	4,743
Profit before income tax from continuing operations	**1,296,547**	**1,566,323**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8 Interest income	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Loans and advances to:				
- Customers	-	3,078	-	-
- Banks	356,829	104,357	258,664	31,705
Investment securities at amortised cost				
- Treasury bills	629,044	-	629,044	-
Total Interest income on amortised cost financial assets	**985,873**	**107,435**	**887,708**	**31,705**
Investment securities at FVTPL				
- Government bonds	33,418	-	33,418	-
Interest income from Investment securities at FVTPNL	**33,418**	**-**	**33,418**	**-**
Investment securities at FVTOCI				
- Treasury bills	227,089	168,406	-	-
- commercial paper	268	-	268	-
- Corporate bonds	2,180	-	2,180	-
Interest income from Investment securities at FVTOCI	**229,537**	**168,406**	**2,448**	**-**
Total Interest Income	**1,248,828**	**275,842**	**923,574**	**31,705**

9 Interest expense				
Deposits from customers	437	450		
Deposits from other banks	2,754	12,799		
Borrowings1	20,258	17,748	20,258	17,748
Total Interest expense	23,449	30,997	20,258	17,748

Borrowings refer to the loans taken by the Company prior to the commencement of its banking operation

Due to banks	23,012	30,547	20,258	17,748
Due to customers	437	450	-	-
	23,449	30,997	20,258	17,748

10 Impairment charge				
- loan and advances	-	44,673	-	-
- financial assets	85,140	28,000	80,555	-
- other assets	65,324	-	13,514	-
Total impairment	150,464	72,672	94,069	-
Loans and advances to customers				
12-month ECL	-	44,673	-	-
	-	44,673	-	-
Other assets				
Impairment charge on financial assets				
- Investment securities	4,295	28,000	4,295	-
- debit balance customers	527	-		
- Fee receivable	80,318	-	76,260	-
Net impairment charge on financial assets	85,140	28,000	80,555	-
Impairment charge on other assets				
Impairment charge on Investment in subsidiaries	-	-	-	-
Impairment charge on other assets	65,324	-	13,514	-
Net Impairment writeback/(charge) on other assets	65,324	-	13,514	-
Total impairment	**150,464**	**72,672**	**94,069**	**-**

11 a) Fees and commission income

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Corporate finance fees	733,363	946,887	733,363	946,887
Brokerage fees and commissions	128,963	192,118		
Fund management fees and commissions	149,183	102,142		
Other fees and commissions	-	148,180		
	1,011,508	**1,389,327**	**733,363**	**946,887**
b) Fees and commission expense				
Transaction processing fees	50,669	476,535	42,340	357,132
Net Fees and commission income	960,839	912,791	691,023	589,755

12 a) Net gains on foreign exchange

	Group	Bank	Company	
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Gain on foreign currency translation	4,154	-	-	-
	4,154			

12 b) Net gains on financial assets at FVTPL

	Group	Bank	Company	
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Trading gain	305,100	720,495	303,296	720,317
Unrealised loss	(42,165)	-	(42,165)	-
	262,935	720,495	261,131	720,317

13 Other operating income

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Dividend Income	669,233	696,614	590,747	528,868
Sundry income	8,873	23,453	1,646	86
Gain on sale of fixed assets	-	4,743	-	-
	678,106	724,810	592,393	528,954

14 Other operating expenses

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Auditors' remuneration	14,513	5,707	8,708	3,000
Directors' emoluments (Note 41)	77,075	27,880	32,582	12,546
Administration and general expenses	96,945	52,855	51,013	34,572
Insurance	12,227	8,953	6,752	5,644
Rent and rates	10,969	11,380	8,109	9,263
Travelling	23,675	44,877	11,651	25,006
Donations	20,650	5,771	13,317	2,430
Corporate promotion	35,929	50	35,929	50
Other operating expenses	35,642	12,432	32,237	6,883
Consultancy	123,742	34,385	63,740	7,155
Training	20,732	-	7,888	-
Bank charges	15,579	598	2,041	-
Advert expenses	15,041	3,357	8,267	1,142
End of year party	1,883	8,277	1,843	3,080
Corporate gifts	1,153	-	1,153	-
Printing and stationery	8,328	5,224	5,348	2,296
Legal fees expenses	1,613	-	1,613	-
Communication expenses	16,834	2,193	14,917	839
Courier expenses	1,087	-	1,087	-
Entertainment	37,173	4,424	17,824	1,675
Electricity	1,510	2,006	503	678
Diesel expenses	2,126	-	2,126	-
Subscription	77,507	34,127	47,595	7,873
Security expenses	11,259	8,238	4,468	3,037
Newspaper and magazine	758	317	743	212
Fuel expenses	4,947	8,546	987	2,855
Internet expense	13,112	6,097	3,796	1,177
Medical expenses	17,460	986	11,857	440
NSITF contribution	7,731	3,288	5,106	841
Hotel and accomodation	421	-	421	-
Industrial training fund (ITF) contribution	7,731	588	5,106	-
Repairs and maintenance	25,076	40,922	10,191	19,855
	740,426	333,481	418,918	152,549

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15 Personnel expenses

In thousands of Nigerian Naira	Group 31 December 2020	Group 31 December 2019	Bank 31 December 2020	Company 31 December 2019
Wages and salaries	773,081	551,008	510,629	265,258
Pension costs:				
. Defined contribution plans to PFAs	48,963	29,378	31,020	14,715
	822,045	580,386	541,649	279,973

16 Taxation

	Group 31 December 2020	Group 31 December 2019	Bank 31 December 2020	Company 31 December 2019
Corporate tax	54,610	61,969	52,448	51,127
Prior year over provision	-	-		-
	54,610	**61,969**	**52,448**	**51,127**
Deferred tax	85,549	(72,933)	21,380	(29,364)
Income tax (credit)/expense	**140,159**	**(10,964)**	**73,828**	**21,763**

16b Current tax liabilities

In thousands of Nigerian Naira	Group 31 December 2020	Group 31 December 2019	Bank 31 December 2020	Company 31 December 2019
At start of period	414,933	432,746	51,126	79,780
Prior year over provision	-	-	-	-
Withholding tax credit utilised	(51,126)	(79,781)	(51,126)	(79,781)
Current period's provision	54,610	61,969	52,448	51,127
At end of period	**418,417**	**414,935**	**52,448**	**51,126**

Income tax expense is recognised based on Management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the Year to 31 December 2020 is 11%, compared to -1% for the year ended 31 December 2019.

17 Earnings per shares

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the period.

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Profit attributable to equity holders	1,156,388	1,577,287	1,207,483	1,365,055
Weighted average number of ordinary shares in issue (in '000s)	5,294,137	2,500,000	5,294,137	2,500,000
Basic earnings per share (expressed in Kobo per share)	21.84	63.09	22.81	54.60

(b) Diluted

The Bank does not have potential ordinary shares with convertible options and therefore there is no dilutive impact on the profit attributable to the equity holders of the parent (31 December 2019: Nil).

18 Cash and balances with Central Bank of Nigeria

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Cash	-	-	-	-
Balances with central banks excluding mandatory reserve deposits	658,119	-	658,119	-
Included in cash and cash equivalents	658,119	-	658,119	-
Mandatory reserve deposits with Central Bank of Nigeria	658,119	-	658,119	-

19 Due from other banks

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Current account balances with banks within Nigeria	3,522,615	884,445	2,462,687	716,595
Fixed placements with financial institutions within Nigeria	15,842,579	776,357	12,983,595	608,954
	19,365,195	**1,660,802**	**15,446,282**	**1,325,549**
Current	**19,365,195**	**1,660,802**	**15,446,282**	**1,325,549**
Non-current	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20 Cash and cash equivalents

Cash and cash equivalents for purposes of the cash flow statements comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities less than three months. Excluded from loans and advances to banks are cash collateral balance.

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Cash and balances with Central Bank of Nigeria	658,119	-	658,119	-
Treasury bills with original maturities less than 3 months				
Due from other banks with original maturities less than 3 months	19,365,195	1,660,802	15,446,282	1,325,549
	20,023,314	1,660,802	16,104,401	1,325,549

21 Financial assets At FVTPL

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Federal Government of Nigeria (FGN) bonds	969,385	-	969,385	-
Listed equity investments	-	99,295	-	-
	969,385	99,295	969,385	-
Current	969,385	99,295	969,385	-
Non-current	-	-	-	-
	969,385	99,295	969,385	-

22 Investments securities

	Group		Bank	Company
(a) *In thousands of Nigerian Naira*	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Fair value through OCI				
Commercial paper	51,040	-	51,040	
Corporate bonds	66,576	-	66,576	
Expected credit loss (ECL) on investment securities	(4,296)	-	(4,296)	-
	113,320	-	113,320	-
Equity securities at FVOCI				
Listed equity investments	1,579,404	2,387,874		587,816
Unlisted equity investments	4,892,047	3,138,251	4,889,244	3,061,345
Total investments securities	**6,584,771**	**5,526,125**	**5,002,564**	**3,649,161**

23 Debt securities at Amortised cost

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Treasury Bills	4,252,733	10,186,983	-	-
	4,252,733	**10,186,983**	**-**	**-**
Current	4,252,733	10,186,983	-	-
Non-current	-	-	-	-
	4,252,733	**10,186,983**	**-**	**-**

24 Loans and advances to customers

In thousands of Nigerian Naira	Group 31 December 2020	Bank 31 December 2019
Loans and advances to customers	520,234	
Staff loans	-	
Gross Loans	520,234	-
Loans and advances to customers	-	
Staff loans	-	
Impairment on 12-month ECL	-	-
Loans and advances to customers	(520,234)	
Staff loans	-	
Impairment on Lifetime ECL not credit impaired	(520,234)	-
Loans and advances to customers	(520,234)	
Staff loans	-	
Total impairment	(520,234)	-
Loans and advances to customers	-	-
Staff loans	-	-
Net carrying amount	-	-

In thousands of Nigerian Naira	Group 31 December 2020	Bank 31 December 2019
Loans and advances to customers	520,234	
Staff loans	75,717	75,717
Gross Loans	595,951	75,717
Loans and advances to customers	(430,889)	
Staff loans	-	
Specific Impairment	(430,889)	-
Loans and advances to customers	-	
Staff loans	-	
Impairment on Lifetime ECL not credit impaired	-	-
Loans and advances to customers	(430,889)	-
Staff loans	-	-
Total impairment	(430,889)	-
Loans and advances to customers	89,345	-
Staff loans	75,717	75,717
Net carrying amount	165,062	75,717

24 Loans and advances to customers (continued)

Bank 2020

	Total 31-Dec-20			
	12-month ECL	Lifetime ECL not credit Impaired	Lifetime ECL credit Impaired	Total
Balance at 1 January 2020	-	-	-	-
Derecognised	-	-	-	-
Impairment recognised during the year	-	-	-	-
Transfer between stages	-	-	-	-
Balance at 31 December 2020	-	-	-	-

	Loans to Customers 31-Dec-20			
	12-month ECL	Lifetime ECL not credit Impaired	Lifetime ECL credit Impaired	Total
Balance at 1 January 2020	-	-	-	-
Derecognised	-	-	-	-
Impairment recognised during the year	-	-	-	-
Transfer between stages	-	-	-	-
Balance at 31 December 2020	-	-	-	-

	Staff loans 31-Dec-20			
	12-month ECL	Lifetime ECL not credit Impaired	Lifetime ECL credit Impaired	Total
Balance at 1 January 2020				-
Derecognised				-
Impairment recognised during the year				-
Transfer between stages				-
Balance at 31 December 2020	-	-	-	-

25 Loans and advances to customers (continued)

Group 2019

	Total 31-Dec-20			
	12-month ECL	Lifetime ECL not credit Impaired	Lifetime ECL credit Impaired	Total
Balance at 1 January 2019	82,632	-	-	82,632
Derecognised	(6,915)	-	-	(6,915)
Impairment recognised during the year	-	-	-	-
Transfer between stages	-	-	-	-
Balance at 31 December 2019	75,717	-	-	75,717

	Loans to Customers 31-Dec-19			
	12-month ECL	Lifetime ECL not credit Impaired	Lifetime ECL credit Impaired	Total
Balance at 1 January 2019	-	-	-	-
Derecognised	-	-	-	-
Impairment recognised during the year	-	-	-	-
Transfer between stages	-	-	-	-
Balance at 31 December 2019	-	-	-	-

	Staff loans 31-Dec-19			
	12-month ECL	Lifetime ECL not credit Impaired	Lifetime ECL credit Impaired	Total
Balance at 1 January 2019	82,632	-	-	82,632
Derecognised	(6,915)	-	-	(6,915)
Impairment recognised during the year	-	-	-	-
Transfer between stages	-	-	-	-
Balance at 31 December 2019	75,717	-	-	75,717

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Bank 2019

	Total 31-Dec-19			
	12-month ECL	Lifetime ECL not credit Impaired	Lifetime ECL credit Impaired	Total
Balance at 1 January 2019	82,632	-	-	82,632
Derecognised	(6,915)	-	-	(6,915)
Impairment recognised during the year	-	-	-	-
Transfer between stages	-	-	-	-
Balance at 31 December 2019	75,717	-	-	75,717

	Loans to Customers 31-Dec-19			
	12-month ECL	Lifetime ECL not credit Impaired	Lifetime ECL credit Impaired	Total
Balance at 1 January 2019				-
Derecognised				-
Impairment recognised during the year				-
Transfer between stages				-
Balance at 31 December 2019	-	-	-	-

	Staff loans 31-Dec-19			
	12-month ECL	Lifetime ECL not credit Impaired	Lifetime ECL credit Impaired	Total
Balance at 1 January 2019	82,632	-	-	82,632
Derecognised	(6,915)	-	-	(6,915)
Impairment recognised during the year	-	-	-	-
Transfer between stages				-
Balance at 31 December 2019	75,717	-	-	75,717

26 Other assets

In thousands of Nigerian Naira	Group 31 December 2020	Group 31 December 2019	Bank 31 December 2020	Company 31 December 2019
Other financial assets:				
Other receivable	1,911,539	1,797,509	1,681,481	898,685
	1,911,539	1,797,509	1,681,481	898,685
Less allowances for impairment of other financial assets	(146,169)	-	(89,774)	-
	1,765,371	1,797,509	1,591,707	898,685
Non-financial assets:				
Withholding tax receivable	120,021	28,955	120,021	28,955
Prepayments	7,082	3,259	7,082	1,741
	127,103	32,214	127,103	30,696
Less allowances for impairment	-	-	-	-
	127,103	32,214	127,103	30,696
Other assets	**1,892,474**	**1,829,723**	**1,718,809**	**929,381**

The allowance for impairment relates to trade receivable as at 31 December 2020.

	Group 31 December 2020	Group 31 December 2019	Bank 31 December 2020	Company 31 December 2019
Current	1,414,626	-	1,414,626	-
Non-current	2,100	-	2,100	-
	1,416,726	-	1,416,726	-
Allowance for impairment on financial asset				
Balance at 1 January	-	-	-	-
(Additional)/write-back of provision	(146,169)	-	(89,774)	
Balance at 31 December	(146,169)	-	(89,774)	-
Allowance for impairment on non-financial asset				
Balance at 1 January	-	-		
Additional provision	-	-		
Balance at 31 December	-	-	-	-

27 Investment in subsidiaries

In thousands of Nigerian Naira	Bank 31 December 2020	Company 31 December 2019	Bank 31 December 2020	Company 31 December 2019
Investment in Greenwich Securities Limited (GSL)	100%	100%	1,000,000	1,000,000
Investment in Greenwich Asset Management Limited (GAML)	100%	100%	500,000	500,000
			1,500,000	1,500,000

27.1 Group entities

Set out below are the Group's subsidiaries. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals to the voting rights held by the Group. The country of incorporation is also their principal place of business.

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the Group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity.

In thousands of Nigerian Naira	Group 31 December 2020
Greenwich Securities Limited	1,000,000
Greenwich Asset Maanagement	500,000
	1,500,000

The Group consolidates its subsidiary undertakings. The nature of the business of all the subsidiaries involve the provision of stock brockerage and asset management services.

27.2 The summarised financial information of the subsidiaries is as follows

Condensed statement of comprehensive income

In thousands of Nigerian Naira	Greenwich Securities Limited	Greenwich Asset Management
Operating income	450,246	233,304
Total operating expenses	(404,082)	(207,837)
Profit/(loss) before income tax	(6,173)	28,267
Income tax rebate/(expense)	(55,398)	(10,933)
Profit/(loss) for the period	(61,570)	17,334

ii Condensed statement of financial position as at 31 December 2020

In thousands of Nigerian Naira	Greenwich Securities Limited	Greenwich Asset Management
Assets		
Cash and cash equivalents	3,873,223	45,689
Fair value through other comprehensive income financial asset	1,355,313	226,894
Amortised cost Investment	4,252,733	-
Property and equipment	1,196	4,303
Intangible assets		8,109
Deferred tax assets	43,889	26,005
Other assets	143,374	94,022
	9,669,729	405,022
Financed by:		
Accruals and other liabilities	37,053	15,872
Customer deposits	7,595,558	-
Tax payable	344,658	21,312
Deferred tax liabilities		
Total equity	1,692,459	367,838
	9,669,729	405,022

28 Property and equipment (Group)

2020

In thousands of Nigerian Naira	Freehold Building	Freehold Land	Motor Vehicle	Office Improvement[1]	Furniture Fittings	Office Equipment	Computer Equipment	Total
Cost								
At 1 January	150,152	342,952	134,280	-	44,752	44,844	34,487	751,465
Addition during the period	-	-	232,496	48,439	11,118	40,477	198,652	531,181
Disposals during the period	(150,152)	(342,952)	-	-	-	-	-	(493,104)
Reclassifications	-	-	-	-	-	-	780	780
At 31 December		**-**	**366,775**	**48,439**	**55,869**	**85,321**	**233,918**	**790,322**
Depreciation								
At 1 January	23,250	-	90,798	-	34,309	31,003	19,411	198,769
Charge for period	-	-	56,202	5,938	4,488	10,237	24,515	101,377
Disposals during the period	(23,250)	-	-	-	-	-	-	(23,250)
Reclassifications	-	-	-	-	-	-	-	-
At 31 December		**-**	**147,000**	**5,938**	**38,797**	**41,239**	**43,925**	**276,897**
Net book value								
At 31 December, 2020		**-**	**219,776**	**42,501**	**17,073**	**44,082**	**189,993**	**513,425**

All property and equipment are non-current.
[1]Of this amount as at December 2020, office improvement accounted for N48,438,506.21 which was the amount incurred in renovating the current rented office space and depreciated over five(5) years, the lower of the expected life and years to stay in the current office space.

2019

	Freehold Building	Freehold Land	Motor Vehicle	Office Improvement[1]	Furniture Fittings	Office Equipment	Computer Equipment	Total
Cost								
At 1 January	147,992	342,952	133,007	-	38,220	39,337	26,701	728,208
Addition during the period	2,160	-	13,848	-	6,532	5,506	7,786	35,830
Disposals during the period	-	-	(12,575)	-	-	-	-	(12,575)
At 31 December	**150,152**	**342,952**	**134,280**	**-**	**44,752**	**44,843**	**34,487**	**751,463**
Depreciation								
At 1 January	20,262	-	83,667	-	28,784	26,511	10,595	169,820
Charge for period	2,988	-	18,548	-	5,524	4,492	8,816	40,368
Disposals during the period	-	-	(11,418)	-	-	-	-	(11,418)
At 31 December	**23,251**	**-**	**90,797**	**-**	**34,309**	**31,003**	**19,412**	**198,771**
Net book value								
At 31 December, 2019	**126,901**	**342,952**	**43,483**	**-**	**10,443**	**13,839**	**15,075**	**552,692**

28 Property and equipment (Bank)

2020 *In thousands of Nigerian Naira*	Freehold Building	Freehold Land	Motor Vehicle	Office Improvement[1]	Furniture Fittings	Office Equipment	Computer Equipment	Total
Cost								
At 1 January	150,152	342,952	105,990	-	21,929	37,272	26,917	685,211
Addition during the period	-	-	232,496	48,439	11,118	40,477	198,331	530,861
Disposals during the period	(150,152)	(342,952)	-	-	-	-	-	(493,104)
At 31 December	**-**	**-**	**338,485**	**48,439**	**33,047**	**77,749**	**225,248**	**722,968**

All property and equipment are non-current.

[1]Of this amount as at December 2020, office improvement accounts for N48,438,506.21 which was the amount incurred in renovating the current rented office space and depreciated over five(5) years, the lower of the expected life and years to stay in the current office space.

	Freehold Building	Freehold Land	Motor Vehicle	Office Improvement	Furniture Fittings	Office Equipment	Computer Equipment	Total
Depreciation								
At 1 January	23,250	-	67,875	-	13,368	23,686	13,675	141,853
Charge for period	-	-	54,802	5,938	3,042	10,179	22,479	96,439
Disposals during the period	(23,250)	-	-	-	-	-	-	(23,250)
At 31 December	**-**	**-**	**122,676**	**5,938**	**16,411**	**33,865**	**36,154**	**215,043**
Net book value								
At 31 December, 2020	**-**	**-**	**215,809**	**42,501**	**16,636**	**43,884**	**189,094**	**507,926**

2019

	Freehold Building	Freehold Land	Motor Vehicle	Office Improvement	Furniture Fittings	Office Equipment	Computer Equipment	Total
Cost								
At 1 January	147,992	342,952	92,142		15,547	32,028	20,225	**650,886**
Addition during the period	2,160	-	13,848		6,382	5,244	6,692	**34,326**
At 31 December	**150,152**	**342,952**	**105,990**	**-**	**21,929**	**37,272**	**26,917**	**685,212**
Depreciation								
At 1 January	20,262		54,364		10,555	19,254	5,974	**110,409**
Charge for period	2,988		13,510		2,814	4,431	7,701	**31,444**
At 31 December	**23,251**	**-**	**67,874**	**-**	**13,369**	**23,685**	**13,675**	**141,854**
Net book value								
At 31 December, 2019	**126,901**	**342,952**	**38,116**	**-**	**8,560**	**13,586**	**13,242**	**543,357**

29 Intangible assets continued

Group
2020

In thousands of Nigerian Naira	Purchase Software	Work in Progress[1]	Total
Cost			
At 1 January	100,193	-	100,193
Additions for the year	372,591	47,300	419,891
At 31 Dec 2020	**472,784**	**47,300**	**520,084**
Amortisation			
At 1 January	77,392	-	77,392
Charge for Year	20,554	-	20,554
At 31 Dec 2020	**97,946**	**-**	**97,946**
	374,838	**47,300**	**422,139**

[1]Intangible assets work-in-progress refers to capital expenditure incurred on software which are however not ready for use and as such are not being depreciated.

All intangible assets are non-current and there was no internally generated intangible asset as at the year end.

2019

	Purchase Software	Work in Progress[1]	Total
Cost			
At 1 January	90,209	-	90,209
Additions for the year	9,984	-	9,984
At 31 Dec 2019	**100,193**	**-**	**100,193**
Amortisation			
At 1 January	67,681	-	67,681
Charge for Year	9,711	-	9,711
At 31 Dec 2019	**77,392**	**-**	**77,392**
	22,801	**-**	**22,801**

29 Intangible assets continued

Bank
2020

In thousands of Nigerian Naira	Purchased software	Work in progess1"	Total
Cost			
At 1 January	11,970		11,970
Additions for the year	372,591	47,300	419,891
At 31 Dec 2020	**384,560**	**47,300**	**431,860**
Amortisation			
At 1 January	2,355		2,355
Charge for Year	15,477		15,477
At 31 Dec 2020	**17,832**	**-**	**17,832**
	366,729	**47,300**	**414,030**

[1]Intangible assets work in progress refers to capital expenditure incurred on software which are however not ready for use and as such are not being depreciated.

All intangible assets are non-current and there was no internally generated intangible asset as at the year end.

2019

Cost	4,085		4,085
At 1 January	7,884		7,884
Additions for the year	-		-
At 31 Dec 2019	**11,970**	**-**	**11,970**
Amortisation			
At 1 January	156		156
Charge for Year	2,199		2,199
At 31 Dec 2019	**2,355**	**-**	**2,355**
	9,615	**-**	**9,615**

30 Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2019: 30%).

Deferred income tax assets and liabilities are attributable to the following items:

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deferred tax liabilities				
Property, plant and equipments and intangible assets	144,914	14,674	144,914	14,674
Tax loss carry forward	(108,860)	-	(108,860)	
	36,054	14,674	36,054	14,674
Deferred tax assets				
Property, plant and equipments and intangible assets	3,367	2,503	-	-
Tax loss carry forward	(72,689)	(136,567)	-	-
Impairment on loan	(571)	-	-	-
	(69,893)	**(134,064)**	**-**	**-**
Net	**(33,839)**	**(119,390)**	**36,054**	**14,674**
Deferred tax assets				
Deferred tax asset to be recovered after more than 12 months	(69,893)	(134,064)	-	-
Deferred tax asset to be recovered within 12 months	-	-		
Deferred tax liabilities				
Deferred tax liability to be recovered after more than 12 months	36,054	14,674	36,054	14,674
Deferred tax liability to be recovered within 12 months				

Movements in temporary differences during the period:

	1 January 2020	Recognised In Profit or Loss	Recognised In OCI	31 December 2020
Tax losses	-	-	-	-
Unabsorbed capital allowance	-	-	-	-
Unrealised exchange difference	-	-	-	-
Impairment charge	-	-	-	-
Property and equipment and intangible assets	171,385	322,887	-	494,272
Tax loss carried forward	(249,564)	(355,495)	-	(605,059)
impairment on loan	-	(1,785)		(1,785)
	(78,180)	**(34,393)**	**-**	**(112,573)**

31 Due to customers

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Fixed deposits	509,804	-	509,804	
	509,804	**-**	**509,804**	**-**
Current	509,804	-	509,804	-
	509,804	**-**	**509,804**	**-**

32 Other liabilities

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial liabilities:				
Accounts payable	118,965	55,153	118,965	55,153
Stockbroking clients' credit balances	7,595,558	10,178,643	-	-
Intercompany Balances	-	-	63,733	-
	7,714,523	**10,233,796**	**182,698**	**55,153**
Non financial liabilities:				
WHT Payable	23,335	-	23,335	
VAT payable	25,744	-	25,744	
Accrued liabilities	90,171	32,162	37,243	
	139,250	**32,162**	**86,322**	**-**
	7,853,773	**10,265,958**	**269,020**	**55,153**
Current	7,853,773	10,265,958	269,020	55,153
Non-current	-	-	-	-
	7,853,773	**10,265,958**	**269,020**	**55,153**

33 Borrowings

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Auto-loan facility	167,020	-	167,020	-
Bank loan	11,864	-	11,864	-
Other asset financing loan	12,584	-	12,584	-
	191,468	**-**	**191,468**	**-**
Current	68,214	-	68,214	-
Non-current	123,254	-	123,254	-
	191,468	**-**	**191,468**	**-**

34 Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Group.

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
(I) Authorised				
6 billion ordinary shares of N1 each				
(2019: 2.5 billion ordinary share of N1 each)	**6,000,000**	**2,500,000**	**6,000,000**	**2,500,000**
(ii) Issued and fully paid				
5,294,136,862 ordinary shares of N1 each				
(2019: 2.5 billion ordinary share of N1 each)	**5,294,137**	**2,500,000**	**5,294,137**	**2,500,000**

The movement on the issued and fully paid-up share capital account during the year was as follows:

Balance, beginning of year	2,500,000	2,500,000	2,500,000	2,500,000
Additions through issuance of shares during the year	2,794,137	-	2,794,137	-
Balance, end of the year	**5,294,137**	**2,500,000**	**5,294,137**	**2,500,000**

(iii) The movement on the number of shares in issue during the year was as follows:

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Balance, beginning of year	2,500,000	2,500,000	2,500,000	2,500,000
Additions through issuance of shares during the year	2,794,137	-	2,794,137	-
Balance, end of the year	**5,294,137**	**2,500,000**	**5,294,137**	**2,500,000**

35 Share premium and reserves

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

Share premium:
Share premium is the excess paid by shareholders over the nominal value for their shares

In thousands of Nigerian Naira	Group 31 December 2020	Group 31 December 2019	Bank 31 December 2020	Company 31 December 2019
Balance, beginning of year	-	-	-	-
Additions through issuance of shares during the year	12,140,034	-	12,140,034	-
Balance, end of the year	**12,140,034**	**-**	**12,140,034**	**-**

During the year, the Bank issued additional share of 2,794,136,862 units for a total sum of N15 billion to the existing shareholders and also created room for prospective shareholders to invest in the Bank. The amount recognised in share capital and share premium is net of all associated costs incurred in the course of raising the capital.

Retained earnings: Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves.	9,557,298	9,159,952	5,885,619	5,665,381
Statutory reserve: Undistributable earnings required to be kept by the Central Bank of Nigeria.	362,245	-	362,245	-

36 Dividends

The Board of Directors having considered Management's advice has resolved that even though the Bank made profit for the financial year ended 31st December 2020, dividends should not be paid to shareholders. To this end, the profit made shall be retained for investment in the future growth of the Bank.

37 Fair value reserve

The fair value reserve shows the effects of the fair value measurement of financial instruments classified as FVOCI. Gains or losses are not recognised in the condensed income statement until the asset has been sold or impaired.

Below is the movement in available for sale reserves.

In thousands of Nigerian Naira	Group 31 December 2020	Group 31 December 2019	Bank 31 December 2020	Company 31 December 2019
FVOCI				
At beginning of the period	(2,793,798)	-	(253,554)	-
Fair value movement during the period (unrealised net gain/loss)	1,158,700	(2,177,973)	1,729,839	(253,554)
Transfers	-	-		
At end of the period	**(1,635,097)**	**(2,177,973)**	**1,476,285**	**(253,554)**

38 Contingent liabilities and commitments

Litigation

The Bank, all during the periods prior to its licence for banking operations, is currently involved in five cases as a defendant (31 December 2019: five) and five cases as a plaintiff (31 December 2019: five). The total amount claimed in the five cases against the Bank is estimated at N201.90 million (31 December 2019: N201.90 million) while the total amount claimed in the five cases instituted by the Bank is N144.73 million (31 December 2019: N144.73 million). However, the Solicitors of the Bank are of the view that no significant liability will crystalise from these cases.

Contingent liabilities and commitments

There are no contigent liabilities and commitments as at the end of the year.

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Performance bonds and guarantees	-	-	-	-
Letters of credits	-	-	-	-
	-	-	-	-

Capital commitments

At the end of the year, the Bank had no capital commitments (31 December 2019: Nil).

39 Related parties

39.1 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or another party controls both. The parties include subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

39.2 Subsidiaries

Transactions between Greenwich Merchant Bank and its subsidiaries meet the definition of related party transactions and are eliminated on consolidation. Therefore, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank.

39.3 Receivables and Payables

As at the balance sheet date, the Bank has a receivable of N197,436,000 from the payments made on behalf of companies whose one or more of the directors are also directors of Greenwich Merchant Bank Limited (Director Related). There was no payable of such nature as at the year end.

	Receivables ₦'000
DN Meyer	28,347
GTL Property Limited	125,073
GTL Trustees Limited	27,759
Greenwich Registrars & Data Solution Limited	16,257
	197,436

39.4 Deposits from related parties

	Entities controlled by the parent (₦'000)	Key management personnel (₦'000)
Deposit from customers		
Deposits at 1 January	-	-
Movement during the year	508,504	-
	508,504	**-**
Due to banks	**-**	**-**
Deposits at 31 December	**508,504**	**-**

Interest expenses on deposits: No interest accrued in 2020 as the funds were received at the year end

40 Employees

The number of persons employed by the Bank as at end of period is as follows:

	Total No.	Bank			
		Male	Female	Male	Female
		Number		Percentage	
Employees	91	63	28	69%	31%
Gender Analysis of Board and Management 2019					
Board	11	9	2	82%	18%
Top Management (AGM to GM)	4	4		100%	0%
	15	**13**	**2**	**87%**	**13%**
Gender Analysis of Board and Management 2020					
Assistant General Manager	3	3	0	100%	0%
Deputy General Manager	0	0	0		
General Manager	1	1	0	100%	0%
Executive Director	1	1	0	100%	0%
Managing Director	1	1	0	100%	0%
Non-Executive Directors	9	7	2	78%	22%
	15	**13**	**2**	**87%**	**13%**

40.1 Employees

Compensation for the above staff excluding Executive Management:

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Wages and salaries	679,974	536,124	468,731	258,560
Other pension costs	42,537	28,466	25,095	14,305
	722,511	**564,590**	**493,826**	**272,865**

41 Directors' emoluments

Remuneration paid to the Bank's Directors was:

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Fees and sitting allowances	77,075	27,880	32,582	12,546
	77,075	**27,880**	**32,582**	**12,546**
Executive compensation:				
Wages and salaries	93,108	14,884	41,898	6,698
Other pension costs	6,426	912	5,925	410
	99,534	**15,796**	**47,823**	**7,108**
Fees and other emoluments disclosed above include amounts paid to:				
Chairman	17,012	-	7,655	-
Highest paid Director	35,022	-	25,665	-

The number of Directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	Group		Bank	Company
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2020	31 December 2019
N5,000,001 and above	10	7	10	7
	10	**7**	**10**	**7**

42 Audit and non-audit services

Auditor's remuneration represents fees for audit of the Group and its subsidiaries for the year ended 31 December 2020. The Bank also paid the auditors professional fees for non-audit services rendered during the bank's transition into a Merchant bank. These services, in the Bank's opinion, did not impair the independence and objectivity of the external auditor.

During the period, the Bank's external auditors (PricewaterhouseCoopers) rendered the following non-audit service to the Bank:

S/N	Services Rendered	Amount (₦)
1	Development of Standard Operating Procedures and Policy Manual	27,500,000
2	2019 New Directors' Induction Training Programme.	2,418,750

43 Compliance with banking regulations

During the period, the Bank did not pay penalties in respect of contraventions of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the period ended 31 December 2020.

44 Subsequent events

There were no events subsequent to the financial position date which require adjustment to or disclosure in these financial statements.

45. Commencement date for Merchant Banking Operations

Following the granting of operational license for Merchant Banking by Central Bank of Nigeria on September 14, 2020, the company commenced banking operations on October 2, 2020.

GREENWICH MERCHANT BANK

VALUE ADDED STATEMENT

For the year ended 31 December 2020

In thousands of Nigerian Naira	Group				Bank		Company	
	31 December 2020	%	31 December 2019	%	31 December 2020	%	31 December 2019	%
Total revenue	3,205,531		3,110,473		2,510,461		2,227,863	
Impairment loss on trade and other receivables	(150,464)		(72,672)		(94,069)		-	
Brought-in-materials and services -Local	(791,096)		(810,016)		(461,258)		(509,681)	
Value added	**2,263,971**	**100**	**2,227,785**	**100**	**1,955,134**	**100**	**1,718,182**	**100**
Distribution of Value Added								
To employees:								
- Employees as wages and salaries	822,045	37	580,386	26	541,649	28	279,973	16
To provider of funds:								
- Finance expenses	23,449	1	30,997	1	20,258	1	17,748	1
To Government:								
- Government as taxes	54,610	2	61,969	3	52,448	2	51,127	3
Retained in the business:								
- For replacement of property and equipment	121,931	5	50,079	3	111,916	5	33,643	2
- Deferred tax write back	85,549	4	(72,933)	(3)	21,380	1	(29,364)	(2)
- To augment reserves	1,156,388	51	1,577,287	70	1,207,483	62	1,365,055	80
Value added	**2,263,971**	**100**	**2,227,785**	**100**	**1,955,134**	**99**	**1,718,182**	**100**

FIVE YEAR FINANCIAL SUMMARY
For the year ended 31 December 2020

	Group				
In thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Assets					
Cash and bank balances	20,023,314	1,660,802	9,763,581	14,950,109	2,473,941
Financial assets at fair value through profit or loss	969,385	99,295	2,963,186	2,872,478	2,440,903
Derivative assets					
Loans and advances to banks					
Loans and advances to customers	-	165,062	216,649	243,189	321,146
Investment securities	10,837,504	15,713,108	5,824,871	4,525,369	3,035,281
Other assets	1,892,474	1,829,723	860,286	1,041,663	1,518,255
Investment in equity-accounted investee					
Investments in subsidiaries	-	-	-	-	-
Property and equipment	513,425	552,692	558,390	643,442	670,076
Intangible assets	422,139	22,801	26,457	15,239	23,186
Deferred tax assets	69,893	134,064	46,456	-	-
Total assets	**34,728,133**	**20,177,547**	**20,259,876**	**14,291,489**	**10,482,788**
Total liabilities	**9,118,375**	**10,695,567**	**9,927,211**	**6,088,575**	**3,065,773**
Net assets	**25,609,758**	**9,481,980**	**10,332,665**	**8,202,914**	**7,417,014**
Capital and reserves					
Share capital	5,294,137	2,500,000	2,500,000	2,500,000	2,500,000
Share premium	12,140,034	-	-	-	-
Retained earnings	9,557,298	9,159,952	7,832,665	5,702,914	4,917,015
Other reserves	(1,272,852)	(2,177,973)	-	-	-
Total equities	**25,718,617**	**9,481,979**	**10,332,665**	**8,202,914**	**7,417,015**

Statement of profit or loss and other comprehensive income

	2020 ₦'000	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000
Revenue	2,510,461	2,227,863	1,819,812	1,512,051	983,154
Profit before taxation	1,296,547	1,566,323	1,087,455	878,542	453,569
Taxation	(140,159)	10,964	99,508	32,356	(27,215)
Profit after tax	1,156,389	1,577,287	1,186,963	910,898	426,354
Earnings per share (kobo) - basic and diluted	22	63	47	36	17

FIVE YEAR FINANCIAL SUMMARY
For the year ended 31 December 2020

In thousands of Nigerian Naira	Bank 31 December 2020	Company 31 December 2019	Company 31 December 2018	Company 31 December 2017	Company 31 December 2016
Assets					
Cash and bank balances	16,104,401	1,325,549	204,649	1,451	44,130
Financial assets at fair value through profit or loss	969,385	-	-	-	584,635
Derivative assets					
Loans and advances to banks					
Loans and advances to customers	-	75,717	82,632	81,433	132,244
Investment securities	5,002,564	3,649,161	5,412,834	3,800,567	2,797,925
Other assets	1,718,809	929,381	373,578	410,091	19,674
Investment in equity-accounted investee					
Investments in subsidiaries	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Property and equipment	507,926	543,357	540,479	615,312	627,844
Intangible assets	414,030	9,615	3,929	-	-
Deferred tax assets	-	-	-	-	-
Total assets	**26,217,115**	**8,032,780**	**8,118,101**	**6,408,854**	**5,706,452**
Liabilities					
Derivative liabilities					
Deposits from banks					
Deposits from customers	509,804	-	-	-	-
Other liabilities	269,020	55,153	477,574	761,147	618,102
Current tax liabilities	52,448	51,126	79,780	161,854	149,783
Borrowings	191,468	-	466,383	517,050	607,882
Subordinated liabilities					
Deferred tax liabilities	144,914	14,674	44,038	53,111	48,489
Total liabilities	1,167,653	120,953	1,067,775	1,493,162	1,424,256
Net assets	25,049,461	7,911,827	7,050,326	4,915,692	4,282,195
Capital and reserves					
Share capital	5,294,137	2,500,000	2,500,000	2,500,000	2,500,000
Share premium	12,140,034	-	-	-	-
Retained earnings	5,885,619	5,665,381	4,550,326	2,415,692	1,782,195
Other reserves	1,838,530	(253,554)	-	-	-
Total equities	25,158,320	7,911,827	7,050,326	4,915,692	4,282,195
	2020 ₦'000	**201 9 ₦'000**	**2018 ₦'000**	**2017 ₦'000**	**2016 ₦'000**
Revenue	2,510,461	2,227,863	1,819,812	1,512,051	983,154
Profit before taxation	1,281,311	1,386,818	1,141,631	790,103	323,959
Taxation	(73,828)	(21,763)	50,213	(31,606)	(31,390)
Profit after tax	1,207,484	1,365,055	1,191,844	758,497	310,569
Earnings per share (kobo) - basic and diluted	23	55	48	30	12