CORONATION

TURNING THE TIDE

A YEAR OF PROGRESS AND PROMISE

CORONATION MERCHANT BANK | 2022 ANNUAL REPORTS AND ACCOUNTS

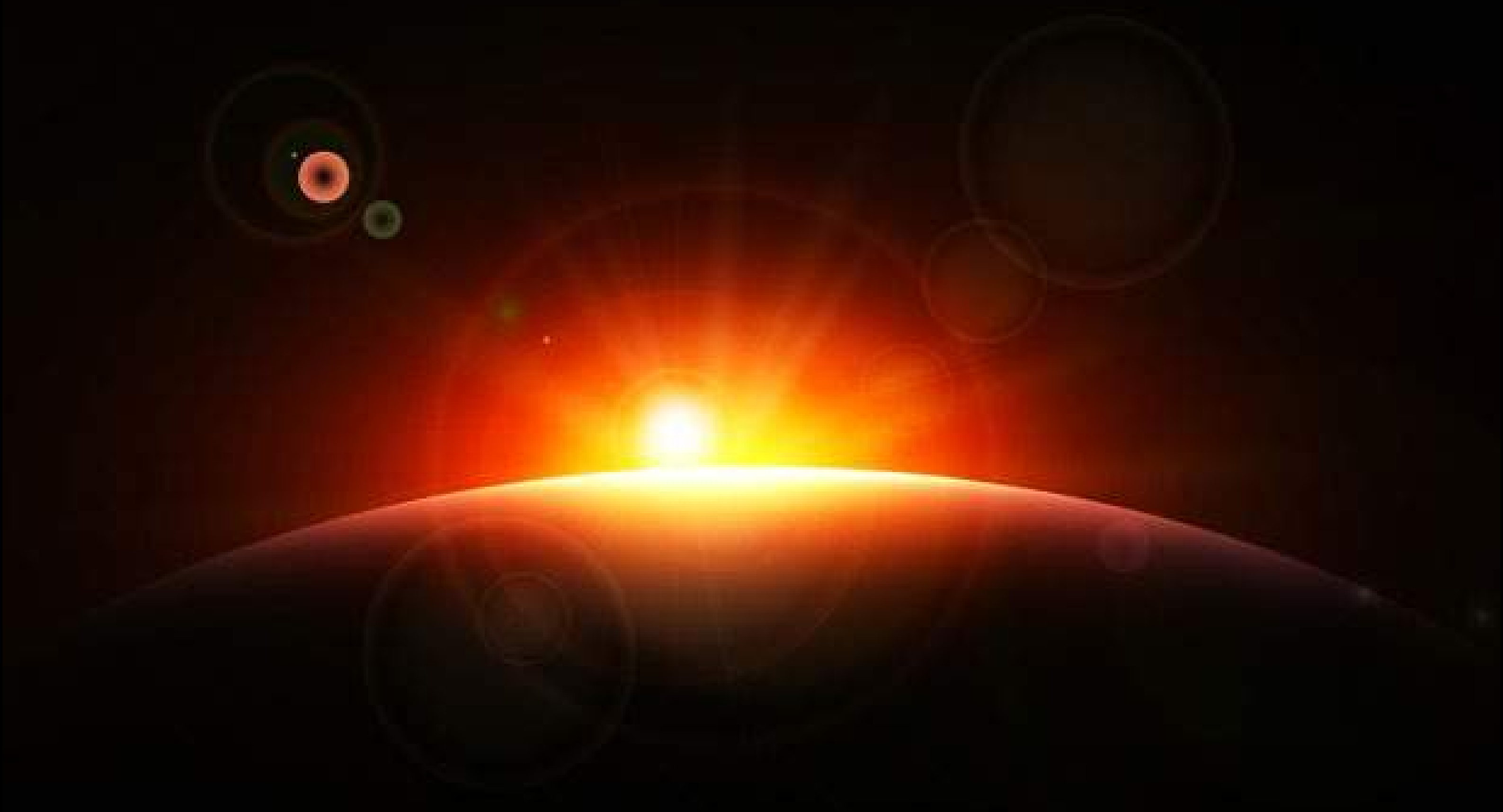
CORONATION

TURNING THE TIDE

A YEAR OF PROGRESS AND PROMISE

CORONATION MERCHANT BANK | 2022 ANNUAL REPORTS AND ACCOUNTS

CORONATION



TURNING THE TIDE

A YEAR OF PROGRESS AND PROMISE

CORONATION MERCHANT BANK | 2022 ANNUAL REPORTS AND ACCOUNTS

CORONATION

TURNING THE TIDE

A YEAR OF PROGRESS AND PROMISE

CORONATION MERCHANT BANK | 2022 ANNUAL REPORTS AND ACCOUNTS

THE ART OF THE DEAL

CORONATION

At Coronation Merchant Bank, we combine our global expertise and local knowledge to deliver transformational solutions for our highly valued clients.

2022

₦187.6billion
Dangote Industries Limited
Debt Capital Raise
Corporate Bond Issuance
Joint Issuing House
Issuance of Series 2 bonds under its ₦300 billion Debt Issuance Programme

₦127.0billion
MTN Nigeria Plc
Debt Capital Raise
Commercial Paper Issuance
Joint Arranger
Issuance of Series 3 Commercial papers under its ₦150 billion commercial paper issuance programme

₦116.0billion
Dangote Cement Plc
Debt Capital Raise
Corporate Bond Issuance
Joint Issuing House
Issuance of Series 2 Tranche A, B & C bonds under its ₦300 billion Debt Issuance Programme

₦112.4billion
Dangote Industries Limited
Debt Capital Raise
Corporate Bond Issuance
Joint Issuing House
Issuance of Series 1 Tranche A & B bonds under its ₦300 billion Debt Issuance Programme

₦40.1billion
Geregu Power Plc
Debt Capital Raise
Corporate Bond Issuance
Joint Issuing House
Issuance of Series 1 bonds under its ₦40 billion Bond Issuance Programme

₦34.5billion
Coronation Merchant Bank Limited
Debt Capital Raise
Commercial Paper Issuance
Sole Arranger
Issuance of Series 1 & 2 Commercial papers under its ₦100 billion commercial paper issuance programme

₦30.0billion
One of the leading Subnationals in Nigeria
Debt Capital Raise
Private Company Bond Issuance
Lead Issuing House
Issuance of Series 1 ₦30.00 billion guaranteed senior fixed rate bonds under its ₦30 billion Private Company Bond Programme

₦26.7billion
Coronation Merchant Bank Limited
Debt Capital Raise
Commercial Paper Issuance
Sole Arranger
Issuance of Series 21 & 22 Commercial Paper under its ₦100 billion commercial paper issuance programme

₦23.0billion
MTN Nigeria Plc
Debt Capital Raise
Commercial Paper Issuance
Joint Arranger
Issuance of Series 1 & 2 Commercial papers under its ₦150 billion commercial paper issuance programme

₦20.0billion
Valency Agro Limited
Debt Capital Raise
Commercial Paper Issuance
Joint Arranger
Issuance of Series 6 to 13 Commercial papers under its ₦20 billion commercial paper issuance programme

₦10.0billion
Daraju Industries Limited
Debt Capital Raise
Commercial Paper Issuance
Joint Arranger
Issuance of Series 1 & 2 Commercial papers under its ₦10 billion commercial paper issuance programme

₦10.0billion
Coleman Technical Industries Limited
Debt Capital Raise
Commercial Paper Issuance
Lead Arranger
Issuance of Series 5 & 6 Commercial papers under its ₦20 billion commercial paper issuance programme

₦6.1billion
Coleman Technical Industries Limited
Debt Capital Raise
Commercial Paper Issuance
Lead Arranger
Issuance of Series 3 & 4 Commercial papers under its ₦20 billion commercial paper issuance programme

₦4.9billion
Robust International Commodities Limited
Debt Capital Raise
Commercial Paper Issuance
Sole Arranger
Issuance of Series 1 & 2 Commercial papers under its ₦20 billion commercial paper issuance programme

₦3.0billion
Emerging Africa Capital Limited
Debt Capital Raise
Commercial Paper Issuance
Joint Arranger
Issuance of Series 1 & 2 Commercial papers under its ₦10 billion commercial paper issuance programme

Access Holdings Plc
Financial Advisory
Mergers and Acquisitions
Financial Adviser
Advised on the acquisition of a majority equity stake in First Guarantee Pension Limited, the acquisition of an indirect equity stake in Sigma Pensions Limited, and the subsequent formation of Access Pensions Limited through the merger of both entities.

2021

$500.0million
Access Bank Plc
Financial Advisory
Eurobond Issuance
Local Arranger
Issuance of Perpetual, Subordinated, Fixed Rate, Resettable, Additional Tier 1 Notes by Access Bank

₦137.5billion
Access Bank Plc
Debt Capital Raise
Note Issuance
Joint Issuing House/Financial Adviser
Issuance of secured structured debt notes sponsored by Access Bank

₦137.0billion
Lagos State Government
Debt Capital Raise
Bond Issuance
Joint Issuing House
Issuance of 12.75% 10-year Series IV bond under the N500 billion Bond Issuance Programme

₦76.5billion
Coronation Merchant Bank Limited
Debt Capital Raise
Commercial Paper Issuance
Joint Lead Arranger
Issuance of Series 19 & 20 Commercial Paper under its ₦100 billion commercial paper issuance programme

₦50.0billion
Dangote Cement Plc
Debt Capital Raise
Bond Issuance
Joint Issuing House
Issuance of Series 1 (Tranche A, B & C) bonds under its N300 billion Bond Issuance Programme

₦30.0billion
Flour Mills Nigeria Plc
Debt Capital Raise
Bond Issuance
Joint Issuing House
Issuance of Series 4 bonds under its ₦30 billion Bond Issuance Programme

₦27.3billion
Greenland Growth SPV Limited (Kwara State PCB)
Debt Capital Raise
Bond Issuance
Lead Arranger
Issuance of Series 1 Notes under the N35 billion Notes Issuance Programme

₦24.5billion
Edo State Government
Debt Capital Raise
Private Bond Issuance
Lead Issuing House
Issuance of Series 1 ₦24.50 billion guaranteed senior fixed rate bonds

₦14.3billion
KSIP Funding SPV Limited (Kano State PCB)
Debt Capital Raise
Bond Issuance
Joint Arranger
Issuance of Series 1 Bond under the N20 billion Private Bond Programme

₦10.0billion
C&I Leasing Plc
Debt Capital Raise
Commercial Paper Issuance
Joint Arranger
Issuance of Series 2 bonds under its ₦20billion bond issuance programme

₦10.0billion
Parthians Partners Limited
Debt Capital Raise
Commercial Paper Issuance
Lead Arranger
Issuance of Series 1 (Tranche A) Commercial papers under its N20 billion commercial paper issuance programme

₦7.5billion
Valency Agro Limited
Debt Capital Raise
Bond Issuance
Joint Arranger
Issuance of Series 2 & 3 Commercial papers under its N20 billion commercial paper issuance programme

₦5.0billion
Parthians Partners Limited
Debt Capital Raise
Commercial Paper Issuance
Lead Arranger
Issuance of Series 1 (Tranche B) Commercial papers under its N20 billion commercial paper issuance programme

₦5.0billion
Parthians Partners Limited
Debt Capital Raise
Commercial Paper Issuance
Lead Arranger
Issuance of Series 2 Commercial papers under its N20 billion commercial paper issuance programme

₦3.9billion
Coleman Technical Industries Limited
Structured Finance
Commercial Paper Issuance
Lead Arranger
Issuance of Series 1 & 2 Commercial Paper under its N20 billion commercial paper issuance programme

₦3.1billion
Lekki Gardens
Debt Capital Raise
Bond Issuance
Joint Issuing House
Issuance of a N10 Billion Bond Under a N30 Billion Programme

₦3.9billion
Coleman Technical Industies Limited
Structured Finance
Bridge Finance
Sole Arranger
Advised on the provision of Bank Guarantee facility for the procurement of plant and machinery required for fibre optic cables production

₦10.0billion
Sochitel UK Limited
Project and Structured Finance
Acquisition
Financial Adviser
Provision of financial advisory services with respect to the acquisition of 56% stake in Sochitel Group by MFS Africa

Sifax Group
Mergers and Acquisitions
Financial Advisory
Financial Adviser
Acquisition of Skye Bank Sierra Leone and Guinea by SIFAX group

Marina Mars Principal Investments Limited
Financial Advisory
Financial Advisory
Financial Adviser
Advised on the Balance Sheet restructuring of Marina Mars Principal Investments Limited

Coronation Insurance Ghana
Financial Advisory
Private Placement
Financial Adviser
Advised on the valuation and the private placement of shares in Coronation Insurance Ghana

Speak to an Investment Banking Analyst today. | Visit www.coronationmb.com or scan the QR Code

We are the right partner to provide tailored solutions that will drive your business growth.


CORONATION


Welcome
to our world
As a platform for improving lives, our aim is to drive the growth that enables businesses to thrive, economies to grow, and ultimately, helps people fulfil their hopes and realise their ambitions
Want to know more?
Please call T: 01 279 7640-43
E: crs@coronationmb.com
uac

CONTENT

01

OVERVIEW

Financial highlights x
Our Locations x
Chairman's Statement xx
CEO's Statement xx

02

BUSINESS OVERVIEW

Corporate Philosophy xx
Business Overview xx

03

GOVERNANCE

The Board xx
Corporate Information xx
Director's Report xx
Corporate Governance Report Directors' Responsibility xx
Report of the Board Audit Committee xx
Report on Customers' Complaints and Feedback xx
Report on Enterprise Risk Management xx
Sustainability Banking Report 2022 xx
Whistle-Blowing Procedure Report xx

04

FINANCIAL STATEMENTS

Report of the Independent Auditor xx
Notes to the financial statement xx
Other Notional Disclosures xxx

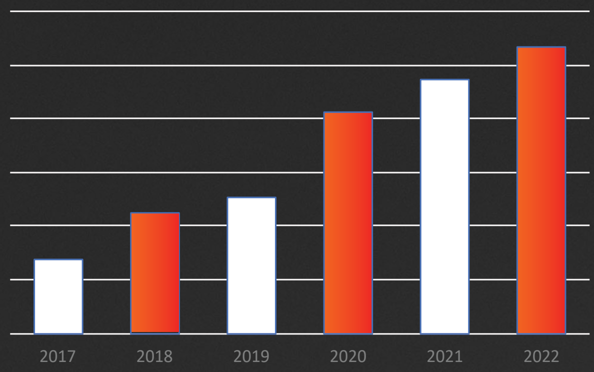
Overview

Financial highlights

Our Locations

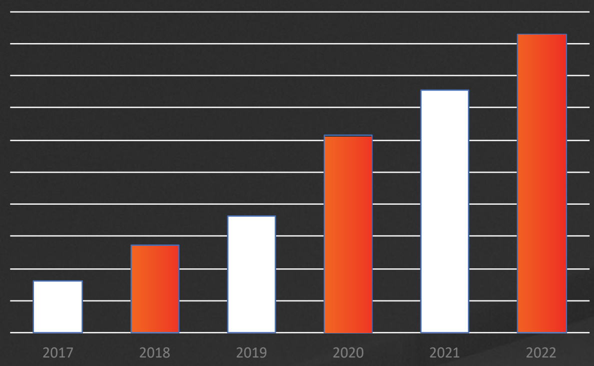
Chairman's Statement

CEO's Statement



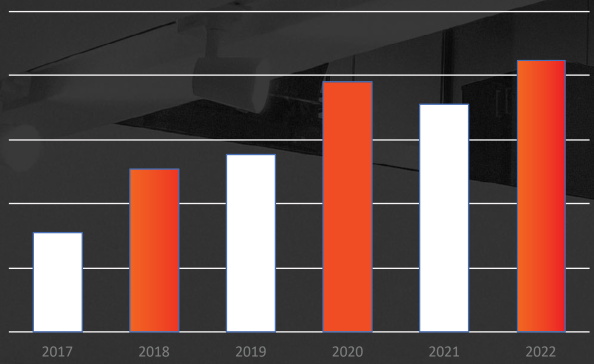
TOTAL ASSETS (N'MILLION)

25%



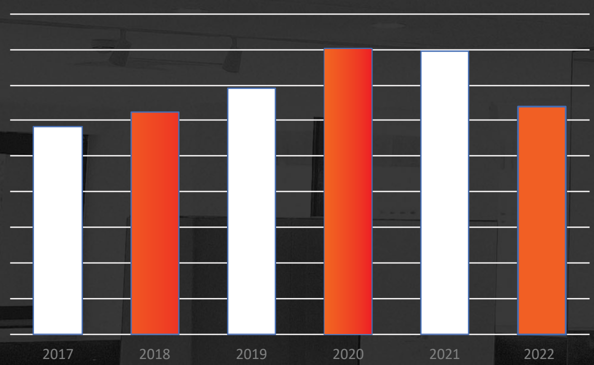
TOTAL RISK ASSETS (N'MILLION)

34%



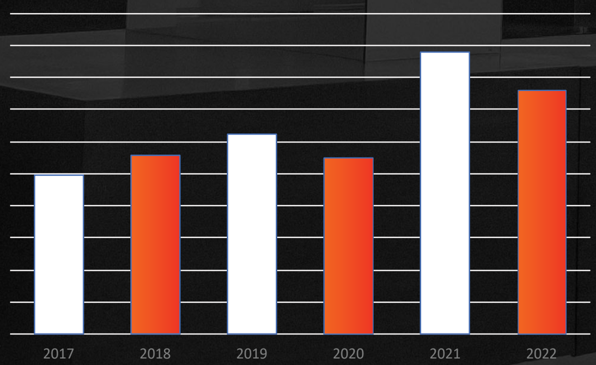
DUE TO CUSTOMERS (N'MILLION)

18%



SHARE HOLDERS FUNDS (N'MILLION)

2%



GROSS EARNINGS (N'MILLION)

7%

OUR LOCATIONS

Lagos Office
Coronation House
10, Amodu Ojikutu Street
Victoria Island, Lagos
T: +234 (0)1 279 7640 - 43

....

Abuja Office
Coronation House
Plot 158, Aminu Kano Crescent
Wuse 2, Abuja
T: +234 (0)1-2797640-43

....

Port Harcourt Office
77, Woji Road, GRA, Phase II
Port Harcourt, River State, Nigeria
T: +234 (0)1-2797640-43

OVERVIEW

Coronation Merchant Bank

Coronation Merchant Bank is a fast paced, result-driven and innovative organization boldly setting standards of excellence in the Nigerian Banking sector and beyond.

We have a clear strategy based on our competitive advantage: exceptional local knowledge combined with world-class financial solutions.

The Bank was established to fill the gap in a long-underserved market segment, seeking to address the need for long term capital across key sectors of the economy. The Bank offers investment and corporate banking, private banking/wealth management and global markets/treasury services to its diverse clients.

Driven by its vision of becoming Africa's premier Investment Bank and with an asset base of over N473bn, the Bank is certain to leverage its team of excellent individuals who have taken it to the top of the merchant banking sector and made it the industry model for risk management, corporate governance and responsible business practices.

Going into the next five years, Coronation Merchant Bank plans to attain industry leadership across specific areas of product focus. The Bank will leverage its robust distribution network and strategic alliances both regional and international to provide high quality services across West Africa and beyond. Our comprehensive service offering is based on end-to-end synergies created within the Bank.

Coronation Merchant Bank has two branches located in Abuja and Port Harcourt with its Head Office in Lagos, Nigeria.

“

Our business philosophy is hinged on integrity, transparency and high ethical standards. This philosophy which guides our day-to-day operational decisions is anchored on three key elements: customers, sustainability and talent. We will continue to leverage our superior technology platforms to drive operational excellence across the Bank. Going into the next five years, Coronation Merchant Bank plans to rank top 3 position across specific areas of product focus.

Chairman's Statement

Babatunde Folawiyo
Chairman, Coronation Merchant Bank

Distinguished Shareholders, Board Members, Ladies and Gentlemen, Welcome to the 8th Annual General Meeting of Coronation Merchant Bank.

It is with great pleasure that I address you today, providing a comprehensive summary of our achievements during the past financial year and outlining our plans for 2023. I consider it both my responsibility and privilege to do so.

The year 2022 tested our resilience and presented us with several challenges that significantly impacted our financial performance. However, despite these setbacks, we can confidently assert that we are on the right path to weather the storm and capitalize on the lessons we learned during this trying period. We have taken substantial measures to reverse the situation by implementing new strategies that have already started yielding positive results.

At Coronation Merchant Bank, we have always recognized our customers as the lifeblood of our business, and we remain fully committed to enabling their growth and earning their trust. Our unwavering dedication to delivering exceptional financial solutions to our customers through our comprehensive range of products and services remains intact.

Looking ahead, we maintain an optimistic outlook for the future of Coronation Merchant Bank. We are confident that our focus on delivering value to our customers and our commitment to excellence will empower us to overcome any challenges that may arise.

Global Macroeconomic Overview

The trickle-down effect of the geopolitical tension between Russia and Ukraine dominated the macroeconomic environment in 2022. The crisis resulted in macroeconomic shocks across advanced and emerging economies. The inflationary environment and the effect of monetary policy tightening among central banks impacted growth trends across several countries. Global GDP growth expanded by 3.4% in 2022, compared with 6.2% in 2021. The two largest economies (the United States and China) recorded modest growth in 2022. The slowdown in most advanced economies can be partly attributed to the worsened cost-of-living crisis brought on by elevated inflation and monetary policy tightening. The GDP growth trend for China was largely impacted by lockdowns and restrictions associated with COVID-19 and underperformance in the real estate sector.

The geopolitical tension between Russia and Ukraine and resulting sanctions on Russia severed key global transport and trade links located in Russia and Ukraine. Some argue that fiscal stimulus in the face of the COVID-19 pandemic partly contributed to rising inflation in select advanced economies. For emerging economies, the combined effect of the increases in food and energy prices, existing structural imbalances, and weakening domestic currencies meant that relatively poor, import-reliant and politically weak countries suffered higher inflation levels.

In response to rising inflation, central banks across advanced and emerging economies adopted a common approach towards monetary policy tightening. For emerging economies, slowing the pace of capital flight was an additional reason to hike rates. The Federal Open Market Committee (FOMC) ended net asset purchases in the United States and raised its federal funds target range by 425bps in 2022. The Governing Council of the European Central Bank (ECB) also raised its key interest rates by 250bps and discontinued net asset purchases under the Pandemic Emergency Purchase Programme (PEPP). In China, the People's Bank of China (PBoC) cut the one-year and five-year loan prime rate (LPR) in August 2022 to 3.65% and 4.3%, respectively. The PBoC kept the key interest rates unchanged in 2022 to support economic growth amid repeated COVID-19 outbreaks, extreme weather conditions and sluggish growth in its real estate sector.

Tightening global financial conditions led to capital outflow from emerging economies, reflecting risk aversion among investors. These, combined with depreciating domestic currencies relative to the USD, deteriorating economic fundamentals and widening current account deficits, have raised debt service costs and debt sustainability risks for emerging economies with significant dollar-denominated liabilities. The surge in debt service costs is happening, even as emerging economies lose access to the international capital markets.
Countries like Sri Lanka, Lebanon, Russia, Belarus, Suriname, Zambia, and Ghana defaulted on their external obligations in 2022. Some have looked to alternatives such as new bilateral or multilateral financing, including IMF-supported programs, debt reprofiling and restructuring, and structural reforms to improve fiscal balances.

In the global oil market, UK Brent averaged USD98.5/b, while WTI and Bonny light averaged USD94.2/b and USD104.5/b, respectively in 2022. Oil price movements over the past year were primarily triggered by Russia's invasion of Ukraine, disrupting global energy markets and sluggish global economic recovery from the COVID-19 pandemic. Russia is regarded as a dominant player in global oil and natural gas supply. The economic sanctions imposed on Russia by western countries combined with the outright ban on importing Russian oil by countries such as Australia, Canada, UK, US and the EU tightened supply and placed upward pressure on oil prices. Other supply- side factors that influenced oil prices in 2022 include the capacity constraints experienced by some OPEC+ members, infrastructure challenges, civil unrest, sabotage, and bad weather conditions. Some other members reduced production in line with OPEC+ quotas.

At COP 27 held in Egypt last year, participating countries reaffirmed their commitment to keeping the global temperature rise to a limit of 1.5 degrees Celsius above pre-industrial levels. Two significant takeaways for Nigeria were the decisions to set up a climate loss and damage fund and to phase out the flaring of fossil fuels. After decades of demanding that wealthier countries set up a fund to rebuild communities affected by climate disasters, it was decided that a climate loss and damage fund would be set up to provide a lifeline for vulnerable, low-lying, and low-income communities. The issue of how Africa can balance economic growth while tackling global warming was deliberated

Domestic Macroeconomic Overview

The Nigerian economy continued its growth trajectory in 2022, partly attributed to base effects, in spite of the trickle-down effect of the Russia-Ukraine crisis which impacted the prices of deregulated petroleum products (such as diesel and aviation fuel), and select manufacturing inputs, and the impact of recent monetary policy rate hikes aimed at combating high inflation. The economy posted GDP growth of 3.1% y/y in 2022, compared with 3.4% y/y recorded in 2021. Since the COVID-19- induced recession in 2020, the non-oil sector has been the core driver of economic growth, averaging 4.7% y/y over the past eight quarters. The non-oil sector grew by 4.8% y/y in 2022 (with telecommunications, real estate, trade, finance, and insurance sectors as core drivers) compared with 4.4% y/y recorded in 2021. In contrast, the oil sector contracted by -19.2% y/y compared with a contraction of -26.0% y/y recorded in 2021. Over the past eight quarters, the oil economy has contracted by -13.4% y/y. Nigeria could not benefit from the elevated oil price levels in 2022 due to the PMS subsidy payments and relatively low oil production levels. The underperformance of the oil sector can be primarily attributed to technical challenges, low investment, poor infrastructure, and insecurity (oil theft and vandalism), among others.

Headline inflation closed the year at 21.34% y/y, moderating in December 2022 after recording increases for ten consecutive months. This could be attributed to elevated commodity prices impacting the prices of deregulated products like diesel and aviation fuel, exchange rate pressures, electioneering and recurrent periods of fuel scarcity. Furthermore, supply-side factors such as insecurity and higher logistics costs also impacted general prices. It is worth highlighting that market rates increased in 2022 due to the FGN's budget deficit of N8.2trn and monetary policy tightening by the CBN. The MPR was raised by 500bps from 11.5% at the beginning of the year to 16.5% at end-2022. Meanwhile, the average yield for FGN bonds increased by 196bps to close at 13%, while the average yield for NTBs increased by 107bps to close at 5.4% in December 2022.

The NGX All Share Index (ASI) gained +17.8% in 2022. Domestic investors remained dominant with increased institutional and retail investor activity. We note that the performance of the equities market was broadly positive at the beginning of 2022 due to a combination of positive FY2021 corporate earnings and dividend declarations. In addition, the accommodative interest rate environment provided room for buying interest amid low yields on fixed-income instruments. However, in the second half of the year, the monetary policy rate hikes and rising fixed income yields led to selloffs.

The Nigerian Autonomous Foreign Exchange (NAFEX) market depreciated by 10.9% from N416/USD in January 2022 to close at N461.5/USD in December 2022. Despite the demand pressure on the exchange rate, the naira was relatively stable in the official market, largely due to FX Supply rationing. External reserves declined by 8.5% to close at USD37.1bn in December 2022. As at the end of 2022, total reserves covered 8.4 months of merchandise imports and 6.4 months, if services are included. However, we must consider the pipeline of delayed external payments for a more accurate picture. Although the cover declined recently, it is still higher than the international benchmark of three months of import cover.

Performance Review

As we reflect on the financial performance of the Bank in 2022, it is crucial to recognize the demanding circumstances within which we operated. The world at large remained greatly affected by the escalating conflict between Russia and Ukraine, which had far-reaching consequences for Nigeria's economic landscape. The geopolitical tensions caused a ripple effect, extending their influence to the financial services industry. The resultant decrease in external investment had a significant impact on capital inflows, foreign reserves, and overall stability within the financial sector. These factors had a profound effect on the bank's financial performance in 2022.

Despite the significant challenges in the year, the Bank experienced growth in its balance sheet size, as total assets increased by 12% to N533 billion in 2022. Additionally, both loans and advances, and customer deposits saw notable growth, with a 23% and 19% increase respectively. However, the year was marked by a tightening margin and an escalation in the cost of funding Cash Reserve Ratios (CRR) and Special Bills, resulting in a negative interest margin. Furthermore, the yields on fixed income securities declined during the year, contributing to a 14% decrease in gross earnings.

Despite the loss incurred during the year, our prudential ratios remained above the regulatory thresholds. The Capital Adequacy Ratio stood at 10.19%, the liquidity ratio closed at 55.58%. Moreover, the loan-to-funding ratio remained at a healthy 79.87%. It is worth noting that our Non-Performing Loan (NPL) ratio remained at 0% for the seventh consecutive year, indicating robust loan quality and credit risk management.

In 2022, we upheld our commitment to providing exceptional service across our platforms, as demonstrated by the noteworthy improvement in our customer satisfaction index from 74% in 2021 to 79% in 2022. We diligently monitored and adhered to cybersecurity regulations and standards, ensuring the continued protection of our bank's operations. This entailed enhancing our existing ISO certifications, namely ISO 20000 for IT Service Management Systems, ISO 22301 for Business Continuity Management Systems, ISO 27001 for Information Security Management, and complying with the Nigeria Data Protection Regulations (NDPR).

We extend our heartfelt gratitude to all our valued customers and shareholders for their unwavering support during the trials we faced in 2022 and for placing their trust in us. With great confidence, we look forward to a stronger finish in 2023.

Board Development

Other than the directors that will retire by rotation as required by the Companies and Allied Matters Acts 2020 and the Bank's Articles of Association and who will, being eligible, present themselves for re-election, there was no resignation or retirement from the Board in 2022.

However, it is worthy of note that two of the Bank's independent non-executive directors, Mr. Babatunde Dabiri and Mrs. Suzanne Iroche, retired from the Board of the Bank in April 2023, after the completion of their regulatory tenors in line with applicable CBN regulations. In accordance with the Bank's Board Succession Policy, the Board has commenced the process of appointing capable replacements for them. Consequently, Mr. Olukayode Akindele was appointed as a Non-Executive Director of the Bank in December and his appointment has been subsequently approved by the Central Bank of Nigeria.

Both Mr. Dabiri and Mrs. Iroche served on the Board of the legacy Associated Discount House Limited, which metamorphosed into Coronation Merchant Bank in 2015. They were both appointed into the Board of the Bank in April 2015 and served meritoriously as Chairmen of two of its Committees. While Mr. Dabiri served as the Chairman of the Board's Credit and Investment Committee, Mrs. Iroche served as the Chairman of the Board's Audit Committee.

The Board expresses its gratitude to both of them for their immense contributions to the Bank's growth and for establishing governance structures and policies that have ensured its continuous development.

Also, in course of the year, Mrs. Cornelis Utuk resigned her appointment as the Company Secretary/Legal Adviser of the Bank to pursue other personal interests. In line with the Bank's Senior Management Succession Plan, the Board approved the appointment of Mr Stanley Ubani as the Company Secretary/Legal Adviser of the Bank Following the receipt of the necessary regulatory approval, Mr. Ubani assumed office in January 2022."

Macroeconomic Outlook

For 2023, the consensus is that risks are tilted to the downside. Based on a series of projections, global GDP growth is projected at between 1.5% – 2.8% in 2023. Some downside risks to global economic growth include a possible escalation of the Russia-Ukraine crisis and persistent inflation, leading to further monetary policy tightening and possible mild recession/stagnation in the United States and some European economies. On the upside, the reopening China's economy after periods of lockdowns could be a catalyst for global economic growth this year.

Prices of agricultural commodities are expected to moderate slightly in 2023 as the supply of most food commodities increases due to improved yields in key exporting countries such as Australia, Canada and Russia, as well as the grain exports facilitated by the deal brokered by the UN between Ukraine and Russia. Despite the expected declines, most prices will remain elevated compared with their historical trends. The risks to the outlook include the likelihood of higher-than-expected input prices (e.g. fertiliser) or energy supply disruptions. Further deterioration of the global outlook (including acceleration of monetary tightening by advanced economies and further appreciation of the USD), adverse weather conditions and restrictive trade policies could lead to Increase in prices of agricultural commodities.

Potential global recession accompanied with much weaker oil demand and possible increase in U.S. shale supply could put downward pressure on oil prices. Conversely, oil demand is expected to rise in China following the easing of pandemic restrictions. Furthermore, supply constraints due to the EU's ban on Russian crude imports and the G7 price cap on Russian oil combined with modest supply from OPEC and US shale producers, would keep oil prices elevated in 2023.

Inflation expectations remain high across select economies, especially for developing economies. However, if monetary tightening continues, supply chain disruptions ease, and many non-energy commodity prices moderate, core and headline inflation are expected to eventually decline in 2023. Although inflation is likely to moderate during the year, for some countries, it will remain above their central bank inflation targets.

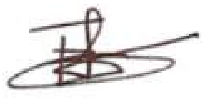
There are expectations that monetary policy cycles will peak in some advanced economies. For the United States, monetary policy tightening could result in a stronger USD, and this has potential spillover effects, given its role as the primary currency for trade and finance. In 2023, we expect the pace of US FOMC rate hikes to moderate as macro-indicators align with the committee's expectations. However, for emerging markets, downside risks to capital inflows remain amid continued USD strength, market volatility, and heightened uncertainty around the economic outlook of emerging economies. Credible medium-term fiscal consolidation plans are critical to easing domestic borrowing costs and restoring international market access. Further sovereign defaults in select emerging markets are likely unless market conditions improve.

For Nigeria, inflation is expected to moderate later this year. However, persistent supply shocks on the back of the ongoing Russian-Ukraine crisis and structural issues impacting the cost of doing business, such as pressures on the exchange rate and insecurity, among others, would likely keep inflation elevated. Like last year, the FGN requires high deficit financing.

This, along with MPR hikes, would impact market rates. The economy is expected to maintain a growth trajectory but at a relatively slower pace in 2023.

As we look ahead, our focus will be on satisfying our clients, improving our products, investing in our workforce and delivering solid earnings.

Thank you for your continued support.



Babatunde Folawiyo
Chairman, Coronation Merchant Bank Limited
FRC/2014/NBA/00000006371

CEO's Statement

Banjo Adegbohungbe
Managing Director/CEO, Coronation Merchant Bank

Distinguished Shareholders,

I am delighted to welcome you to the 8th Annual General Meeting of Coronation Merchant Bank. It is over two years since I became the Managing Director of this great institution, and I'm delighted to present our 2022 scorecard to our shareholders and other stakeholders.

We had anticipated that 2022 would be a challenging year largely as a result of the impact of COVID- 19 in most countries, by the protracted effects of the Russia/Ukraine crisis and high inflation. It was a challenging year for Nigeria as our fiscal gap widened and the economy was adversely impacted by several challenges including currency devaluation and high inflation. Notwithstanding the volatility of our operating environment, we made good progress in the execution of our 5-year strategic plan- to create the best customer experience and become one of the leading financial institutions in trade finance, investment banking, corporate banking and treasury.

During the year, the synergies we sought to achieve between investment banking and corporate banking gained significant traction with 51% growth in investment banking income from corporate banking customers. In addition, the consolidated management of the Foreign Currency balance sheet yielded 49% growth in the Foreign Currency balance sheet.

To further expand our capacity in trade finance, we secured a $20 million Trade Finance Guarantee Facility from Proparco under their Trade Finance Guarantee Programme to enable us deepen partnerships with correspondent banks and improve access to trade finance in Nigeria.

Our Fitch Long-term rating was maintained by Fitch at B-/BBB+ when the sovereign and most of the banks they cover in Nigeria were downgraded. We remain the first and only merchant bank in Nigeria with an international risk rating. In a similar vein, we improved our ranking on the FMDQ Debt Capital Markets league table (we now have a top 5 ranking 3 years in a row) and we maintained our top 10 ranking on the FMDQ Treasury league table for the 5th successive year.

We maintained service excellence on our platforms, and this is evidenced in the improvement of our customer satisfaction index from 74% in 2021 to 79% in 2022. Additional functionalities and improved security features were rolled out to enhance the customer experience on our Internet banking and mobile banking platforms.

Additionally, we maintained our leadership position in the Nigerian banking industry over the last 5 years. In 2022, we received awards and recognition for our market leadership including “Best Investment Bank in Nigeria” by Global Finance, World Finance, and Business Day.

Macroeconomic Overview

Like most economies globally, the Nigerian economy was impacted by the trickledown effects of the Russia-Ukraine crisis. The moderation in growth recorded in 2022 (3.1% vs 3.4% in 2021) could largely be attributed to base effects, monetary policy rate hikes, and pressure on the manufacturing sector due to increases in the prices of raw materials and deregulated petroleum products (such as diesel and aviation fuel). On a sector-by-sector basis, some green shoots recorded in 2022 include agriculture, IT trade and manufacturing, and these are sectors that we significantly supported. A few laggards remain on our radar, given our commitment to harnessing hidden opportunities.

However, inflationary pressures worsened in 2022, and consumption patterns pointed towards weakening household purchasing power. Headline inflation in 2022 closed the year at 21.34% y/y increasing by 571bps when compared to 15.63% y/y recorded in the corresponding period of 2021. The increase can be partly attributed to elevated commodity prices and supply chain disruptions, exchange rate pressures, electioneering and recurrent periods of fuel scarcity which contributed to a sharp rise in transportation, logistics and manufacturing costs and fed through to consumer prices. Other factors include lingering insecurity, flooding in major food-producing states, critical infrastructure deficit and poor road networks.

Bonny light, Nigeria’s sweet crude averaged USD104.5/b during the year. However, Nigeria could not take advantage of elevated oil prices as the continuation of the petrol subsidy and the protracted decline in oil production resulted in the lowest net oil revenues for the Federal Government in over a decade. According to the Nigerian Upstream Petroleum Regulatory Commission, oil production averaged 1.38mb/d in 2022, below the OPEC+ approved quota of 1.7mb/d and the Federal Government’s benchmark of 1.69mb/d.

Foreign Exchange liquidity constraints were visible in 2022. Some reasons behind this include external shocks such as the spread of covid-19 virus, which peaked in 2020, and the trickle-down effects of the Russia-Ukraine crisis that contributed to reduced inflows from foreign portfolio investors. Furthermore, low oil production impacted FX revenues. To provide some level of respite, in February 2022, the CBN launched the RT200 programme to boost FX receipts from non-oil exports. As at end-2022, the CBN had released N81bn under the non-oil export proceed repatriation rebate scheme and non-oil export reparation as a result of the rebate scheme reached USD4.9bn.

In the Nigerian Autonomous Foreign Exchange (NAFEX) window, the naira depreciated by 10.9% to N461.5/USD. This compares with the performance of select currencies across the globe. For example, the Egyptian Pound depreciated by 36% against the USD last year, while the Ghanaian Cedi declined by 60% against the USD. Following the CBN/MPC’s decision to hike the policy rate by 500bps from 11.5% at the beginning of the year to 16.5% at end-2022, the cost of funds for banks increased and created opportunities for asset repricing. Furthermore, within the banking industry, there has been progressive improvement in the non-performing loans (NPLs) ratio from 4.9% at end-2021 to 4.2% in December 2022. This is below the prudential benchmark of 5%.

Capital adequacy and liquidity ratios also remained much higher as foreign currency balance sheets are more resilient. However, discretionary CRR debits remained frequent in 2022 and posed liquidity challenges for the banking industry as aggregate cash reserves held with the CBN exceeded Nxtn.

Financial Performance

The Bank recorded growth in balance sheet size, with total assets up by 12% to close at N533 billion in 2022. Also, loans and advances and customer deposits grew by 23% and 19% respectively. Despite this growth, the year was characterized by tightening margins and an escalation in the cost of funding Cash Reserves (CRR) and Special Bills leading to negative interest margins in local currency. Also, yields on fixed-income securities dipped during the year contributing to a 14% decline in gross earnings.

The year was a challenging year for Coronation Merchant Bank, with the Bank recording a loss in the year for the first time since its transition to Merchant Banking in 2015. Our prudential ratios remained above the regulatory threshold with a Capital adequacy ratio of 10.19%; liquidity ratio closed of 55.58% and loan-to-funding ratio at 79.87%. Our NPL ratio remained at 0% for the 7th consecutive year.

Product & Service Channel Improvements

In 2022, our focus on cybersecurity was guided by our commitment to providing improved convenience for our customers, reducing processing time, enhancing touchpoints, and unlocking new revenue streams for the Bank.

To guarantee the security and privacy of the client data, modern threat detection methods were employed, which significantly increased the efficiency and speed of identifying potential security risks. The Bank retained 3 ISO certifications, including ISO 20000 for IT Service Management Systems, ISO 22301 for Business Continuity Management Systems, and ISO 27001 for Information Security Management.

Our People

Our people are the key to our success and our talented workforce makes us stand out in the highly competitive Nigerian labour market. This is because we are committed to creating a work environment where our employees can flourish and find the freedom to fulfil their potential. As part of our people strategy, we examined our approach to areas like recruitment, retention, personal development, flexible working, overall rewards, talent management, leadership, diversity, and inclusion. We are also committed to developing our skills and have implemented several programmes to fulfil this purpose. We ensure that our employees get the right support from talented leaders who can motivate, coach and lead by example. Furthermore, we leveraged employee recognition programmes to recognise individuals and teams that delivered outstanding results and contributed to the organisation's overall success. In the course of the year, we obtained a silver certification as one of the "Great Places to Work".

Outlook

For Nigeria, the overarching theme in 2023 will be the imminent change in administration. Looking ahead, we expect the Nigerian economy to maintain its growth trajectory but at a relatively slower pace. Other factors expected to influence the macroeconomic landscape in 2023 include the high inflation trend, global supply shocks, insecurity, exchange rate depreciation and potential increases in the price of PMS due to the potential subsidy removal. Considering the maturity profile of current FGN debt instruments for the fixed-income market, liquidity would improve in H1'23. However, we still expect continuous tightness in the interbank market as the FGN front-loads domestic borrowing in 2023

Overall, the banking sector is expected to navigate the economic headwinds and unlock new growth opportunities in 2023. We are confident that by focusing on the opportunities ahead of us, maintaining our high standards in providing superior customer service and leveraging our unique and diversified business model to serve our growing customer base, we will chart new horizons of progress for our company and continue to deliver sustainable earnings growth.

Thank you for your unwavering faith in us

Banjo Adegbohungbe

Managing Director/CEO,
Coronation Merchant Bank Limited
FRC/2019/CIBN/00000019814

Business Overview

Corporate Philosophy

Business Overview

Corporate Philosophy

Our philosophy is hinged on integrity, transparency and high ethical standards. This philosophy which guides our day-to-day operational decisions is anchored on three key elements: Customers, Sustainability and Talent. We will continue to leverage our superior technology platforms to drive operational excellence across the Bank.

Vision

Our vision is to see the continent of Africa transformed by the deployment of our innovative and bespoke products, services, and solutions across the various industries in which we play.

Our vision is anchored on our core values of trust, innovation, and leadership as well as our confident, driven, and resourceful personality. Our message, core competencies and diversified business lines serve as our competitive advantage in the actualization of our vision of "A Continent Transformed".

"We are constantly looking to set new and higher benchmarks by which to evaluate ourselves, and we are constantly improving and seeking superior platforms from which to conduct the business of banking and finance. It is in the DNA that propels us forward."

A guide to understanding the elements of our vision

a. Top People

Our human capital is one of our most important assets. Each employee is treated with dignity and fairness. Our recruitment model and brand essence are designed to attract the best talents for each role within our organization. We will continue to provide a stimulating and challenging environment which drives superior performance and career development. We will recruit and develop skilled and talented individuals who have a track record of academic and professional excellence. Our people will possess strong academic credentials, affirming their intelligence and ability to learn quickly. They will have a capacity for demonstrable hard work and superior output. Overall, our employees are the best when it comes to professional aspects of merchant banking. We operate a system of participative management that allows each employee to pursue their own career development while contributing to the growth of the Company. We strive to become the best place to work within the West African region.

b. Global Recognition

We strive to attain worldwide recognition for high performance, service, excellence and innovation. Our aspiration is to be recognized globally as the reference point for investment Banking in Africa. The world is our stage. In the longer term, we shall seek to excel not only within Nigeria but regionally and also gain global recognition that will give us presence in all major markets in the world. In the long term, our transformation will make global industry players reckon with Coronation Merchant Bank and acknowledge our intervention in the areas of:

- Innovation
- Safety and stability (as qualified by various ratings agencies)
- Service delivery

Our accolades will call the world's attention to the potentials of Nigeria.

c. Service and Solution Innovations

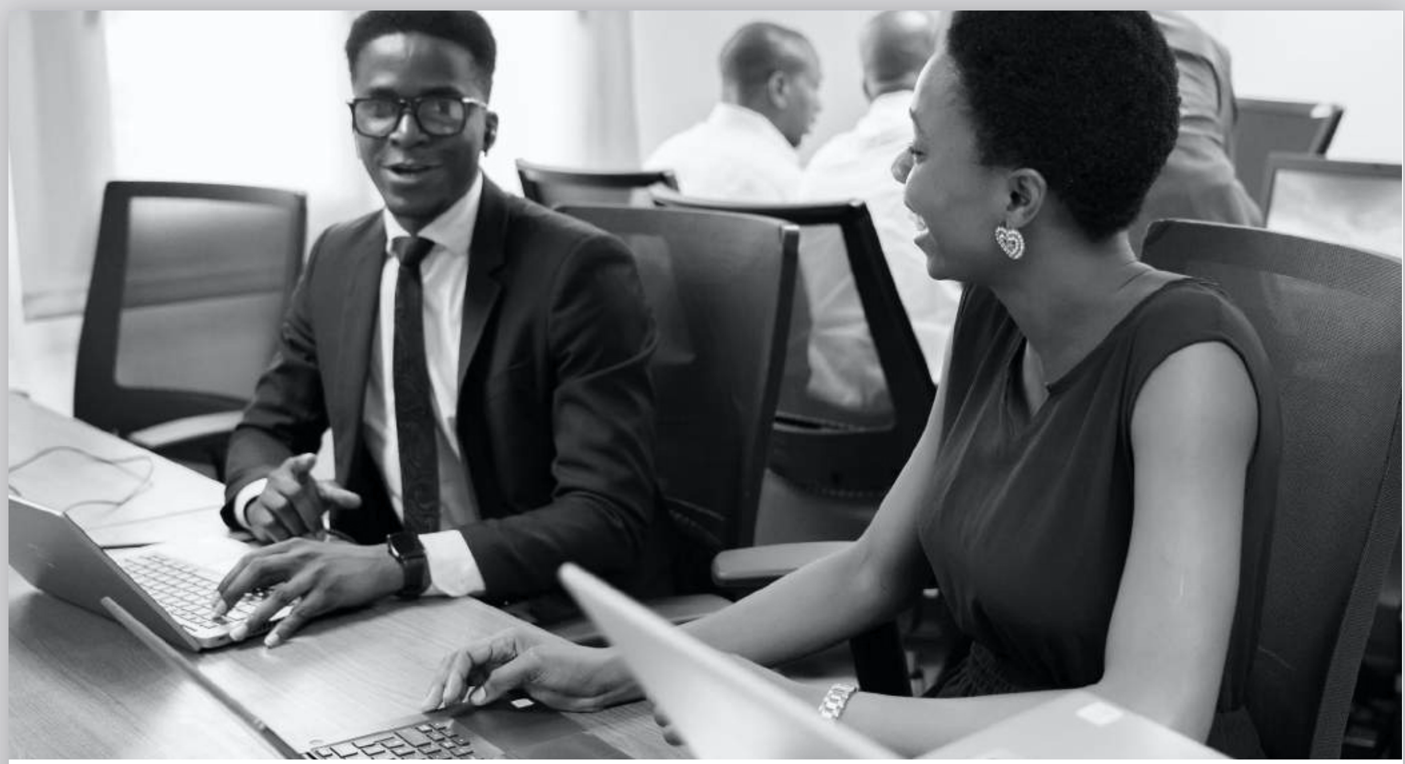
We will be the number one service provider, leveraging best-in-class human capital to deliver creative and value enriching solutions to our clients, with the ultimate aim of creating sustainable value for the firm.

d. Strong Risk Management /Governance

We will continuously employ Worldclass risk management capabilities that balance risk and return We will employ high corporate governance standards that will become the benchmark in the industry. At Coronation Merchant Bank we will not under any circumstance compromise on sustainable longterm growth and reputation for short term gains.

e. Market Leadership

We are committed to being the first among peers. We will be the first to develop innovative products and become an industry leader in our chosen markets and segments. We will constantly strive to set the pace for others to follow. Coronation Merchant Bank aspires to be known for pioneering industry redefining initiatives. The Bank's innovativeness and creativity will earn it the confidence of regulatory authorities and the attention of international financial organizations for credible partnerships and collaborations.



Mission

Our mission is to provide transformational solutions for Africa's challenges.

- Mandate to co-create a future of realized hopes and aspirations with our clients. Whatever prosperity means to them, we must be by their side, enabling the process, providing the solutions, and charting the course.
- Our mission describes our purpose. It represents who we are and communicates how we serve our clients and other key stakeholders.

"Coronation Merchant Bank will thus be a market leader, setting the pace for transactions, and all external stakeholders will want to be associated with us. This means that WE must ALWAYS strive to EXCEED our customers' expectations through continuous learning, innovation, and development, while also gaining customer insight and seeking solutions to a wide range of customer problems."

Our Core Values

At Coronation Merchant Bank, our values represent another important step in our decision-making process. Our values represent our core priorities and the principles by which we live. This is what enables us to deliver our vision and mission.

CORE VALUES

TRUST
We have complete confidence in one another, and we will work tirelessly to earn our customers' trust, loyalty, and confidence. We always deliver on contracts, agreements, undertakings, and commitments.

INNOVATION
We will not let the status quo dictate our future. We will adapt in order to deliver.

TEAMWORK
We do not shy away from the responsibility of leading. We are prepared to make personal and institutional sacrifices in the larger interest. We consistently outperform the competency expectations placed on leaders.

ATTRIBUTES

CONFIDENT
Our confidence is born out of our past experiences. Our track record speaks for itself.

DRIVEN
We are unwavering in our commitment to our established targets and objectives. Our inherent drive compels us to persistently compete and fight until we attain our desired outcome.

RESOURCEFUL
We are quick and innovative in overcoming unique difficulties and challenges in Africa and beyond. We creatively adapt well to new or difficult situations.

Our Structure

The sustainability of our business performance is driven by our organizational structure, people, and efficient processes. At Coronation Merchant Bank, we consistently provide value by offering a comprehensive range of products that remain relevant at every stage of the customer journey and across the entire customer value chain.

Coronation Merchant Bank

	Global Markets and Treasury	Corporate Banking	Investment Banking	Private Banking
Overall Aspiration	Trading Financial instruments across various asset classes at competitive rates, providing foreign exchange and other currency solutions	A trade finance led provider of financing solutions to large and medium sized corporates, providing flexible, customized solutions quickly and conveniently.	Achieve industry leadership in our investment banking business	Achieve industry leadership whilst providing our private banking clientele with bespoke solutions and staying ahead of the market
Our Products	• Trading (Bonds, T-Bills, FX, Money market) • Structured Products • Credit Trading (Bonds, Swaps, Derivatives) • Liquidity Management • Balance sheet Management	• Trade Finance • Working capital • Corporate Lending • Asset Financing • Liquidity Management • Corporate Current Account • Payments & Collections	• Mergers and Acquisitions • Debt Capital Markets • Equity Capital Markets • Project Finance • Structured Finance	• Banking Services • Investment Services • Lending Service

Enablers: Economic Research | Compliance | Legal Services | Finance and strategy | Human Resources | Risk Management | Operations and Information Technology | Marketing & Communications

Our Strategy

At Coronation we provide world-class financial solutions by delivering strong returns and an excellent client experience while leveraging our local industry knowledge and insights.

ACHIEVING MARKET LEADERSHIP BY REPUTATION OR PREFERENCE

The Sub-Saharan region has significant growth potential, supported by favourable long-term macroeconomic and demographic factors.

- Our robust distribution network and strategic alliances at both regional and international levels enable us to provide exceptional services across West Africa and beyond. This allows us to identify promising markets and sectors for growth and development.
- Our path to unrivalled market leadership is being driven by a combination of service excellence, product innovation, and market intelligence. This is the platform for success that creates sustainable value for our investors.

CREATING STRONG CLIENT RELATIONSHIPS

At Coronation Merchant Bank, we recognize the utmost importance of the relationships we have nurtured over time, as they are fundamental to our company's success. Since our establishment in 1993, we have understood that our strength relies on our customers and the partnerships we have cultivated.

We actively forge connections and relationships across all levels of management within each client organization, and we diligently strive to sustain these connections in order to foster trust.

The success of our clients and partners genuinely matters to us, and we wholeheartedly embrace best practices in client relationship management. However, we pride ourselves on going beyond mere business transactions and placing value on authentic relationships, making us an exception in the industry.

Our Journey so far

The Plan

Well Positioned to pursue long term growth

1993	• Founded by a consortium of reputable financial institutions. • Obtained CBN license as a discount house to provide liquidity in Sovereign Debt & Money Markets instruments.
2010	• ADHL became a leading financial services firm surviving various industry tides which sank 40% of its peers
2011	• Emergence of new leadership signaling a new beginning for ADHL • Additional capital injection of N5 billion by institutional investors
2013	• Commenced the transitioning from a discount house to a Merchant Bank. • Achieved strong credit rating (A-) from August & Co.
2014	• Completed capital raising exercise which led to the injection of N5.3 billion through private placement
2015	• Obtained CBN approval for the conversion of ADH to a Merchant Bank. • Agusto & Co. upgraded the credit rating “A-” to “A” with a stable outlook.
2016	• Obtained Asset Management licence from SEC • Obtained Trustees licence from SEC
2018	• Recognised as the Best Investment Bank in Nigeria World Finance, UK
2019	• Obtained regulatory and shareholder’s approval for the divestment of the bank from its erstwhile subsidiaries
2020	• Partnered with IFC to launch a $40million Trade Guarantee Line • Launched the automation of our Trade platform • Appointed a designate bank for the collection and remittance of Revenue payments by the Nigerian Custom Service • Launched our AI powered Mobile Banking App • Recognised as the Best Investment Bank in Nigeria at the Global Banking Awards, UK

Associated Discount House Limitedd (ADHL)

Coronation Merchant Bank Limited

INCREASING OUR EXECUTION CAPACITY TO DRIVE MARKET COVERAGE AND PENETRATION

Our extensive range of services is built on the seamless integration of our group's capabilities, enabling us to provide comprehensive support to our clients. By leveraging optimised trading strategies, robust risk management controls, streamlined internal processes, and advanced IT platforms, we ensure a holistic approach to meet our clients' needs. With a solid funding base and an efficient operating structure, we offer highly competitive pricing that eliminates cost inefficiencies, delivering exceptional value when compared to our competitors.

As we continue to lead the market, our position will enable us to introduce a wide array of premium and enhanced products and services. These offerings will be strengthened by our influential reputation and proven track record, ensuring our clients receive the best-in-class solutions.

DEVELOPING UNRIVALLED MARKET KNOWLEDGE

Our people embody the very essence of the services and sectors on which they advise, providing unparalleled analysis, understanding, and knowledge of the African banking industry.

Our Sub-Saharan banking industry coverage model and in-house research capability provide all our clients with sector-specific knowledge, experience, and relationships.

This enables us to provide trusted financial advisory, accurate market intelligence, and intellectual property not available to our competitors.

ESTABLISHING NEW BENCHMARKS FOR GOVERNANCE AND RISK MANAGEMENT

Integrity, transparency, and high ethical standards are the cornerstones of our business. We operate a robust risk management framework, backed by a well-defined risk management strategy, philosophy, and culture.

We work proactively with regulators to ensure that our standards of governance become the benchmark for our industry and that our standards are aligned with regulations.


CORONATION
Others want the good life.
You want to build a legacy.
At Coronation Merchant Bank, we understand the value of growing and preserving your wealth across generations. Our personalised investment solutions help you to sustainably build your wealth beyond the present and into the future.
Speak to a Private Banker today
For more inquiries, contact: 01-236 6213 or Abiola on 08032585091
Scan the QR Code to visit our website or Visit www.coronationmb.com

Corporate Banking

The Corporate Banking group is responsible for Coronation Merchant Bank's largest clients with unique and often complex banking needs. The group focuses on delivering the best in class service leveraging our unique and unrivalled industry expertise to provide an array of wholesale financial services covering: Treasury, Structured Trade Solutions, and efficient working capital Management in meeting these needs.

We support a wide range of corporations, governments and institutions with our best-in-class banking, lending, and asset finance solutions. This involves providing financial services to a diverse range of clients, ranging from small- and midsized local corporates to large conglomerates, at the lowest possible cost, and with minimal risk to our clients.

SERVICE | PRODUCT OFFERINGS

Financing

We provide access to financing to support working capital, Capex, and other financing needs with products and services tailored to your organization's needs

- Working Capital
- Debt Factoring
- Invoice Discounting
- Overdrafts

- Asset Finance
- Lease Purchase
- Finance Lease

- Corporate Lending
- Revolving Credit Facility
- Time / Term Loans

- Guarantees & Bonds
- Commercial Papers
- Bankers Acceptance

Trade Solutions

We offer a range of trade solutions expertly designed to enhance your trade operations and get you on a global scale.

- Letters of Credit
- Export Letter of Credits
- Import Letter of Credits

- ECA Financing
- Export Financing
- Import Financing

Cash Management

We aid your efficiency in working capital management with our tailored financial products and services aimed to optimize your funds and streamlining operational processes

- Liquidity Management
- Call Accounts
- Money Market

- Corporate Accounts
- Current Accounts
- Payments
- Escrow Account

Strategic Intent

To position Coronation Merchant Bank Limited as one of the leading Corporate Banking Institutions in Nigeria. This will be driven by excellent customer satisfaction facilitated through an effective financial service platform.

Resource Efficiency

We maximize our resources to the benefit of our clients. Our people, products and networks are always at their disposal. We create an efficient pricing structure that ensures that our clients achieve maximum benefits from our products and services.

Product Platforms

We adopt the most up to date technology. Our technology architecture is robust and will meet all your needs in a cost-effective manner.

PRODUCT & SERVICES OFFERING

• **Trade Solutions** We offer a range of trade solutions, expertly designed to enhance your trade operations and get you on a global scale.	• **Cash Management** We aid your efficiency in working capital management with our tailored financial products and services aimed to optimize your funds and streamlining operational processes.	• **Corporate Lending** We provide access to financing to support working capital, Capex, and other financing needs with products and services tailored to your organization's needs.
• **Letters of Credit** • Export Letter of Credits • Import Letter of Credits • Guarantees	• **Corporate Accounts** • Current Accounts • Call Accounts • Investment Accounts • Domiciliary Accounts	• **Working Capital** • Debt Factoring • Invoice Discounting • Overdrafts • Supplier Finance
• **Trade Settlements & Finance** • Trade Loans • Trade Collections	• **Payments & Collections** • Collections solutions • Payments (Domestic & International) • Internet Banking	• **Corporate Lending** • Revolving Credit Facility • Time / Term Loans • Guarantees & Bonds • Commercial Papers
• **Asset Finance** • Lease Purchase • Finance Lease • Operating Lease	• **Liquidity Management** • Money Market • Currency Deposits	• **ECA Financing** • Export Financing • Import Financing

Sector Focus

Leveraging our unique expertise and high-quality resources to deliver a unique value proposition to key players and mar ket leaders in our primary focus areas. Our sectorial coverage currently includes the following:

Agriculture & Commodities

The sector covers the complete agricultural value chain ranging from large-scale plantations, agro-processing, commodities trading to livestock farming and processing, agro-based trading, etc.

Fast Moving Consumer Goods

This Unit focuses on food & beverages, breweries, personal care, household & utilities, pharmaceuticals, distribution.

Industrials

This unit focuses on large conglomerates, chemical processing companies, construction, steel and fabrication sectors of the economy

Energy, Oil & Gas and Natural Resources

This business unit covers all the segments of the Energy (Power – Generation, Transmission & Distribution), Oil & Gas (Upstream, Midstream, Downstream, and Services) sector.

Information and Communications Technology

The business unit covers Mobile Operators, Fixed and Data Service Providers, OEMs and infrastructure providers.

Services

The unit focuses on providing banking services to transportation, shipping, maritime, and logistics subsectors. With the above, our clients will be better served enabling us to deliver on our promise of providing transformational solutions in Africa for the various industries we play in.

Achievements so far

In 2022, We strategically grew a portfolio of high quality and selected Risk Assets to over N141billion with zero non-performing loans from N127billion in 2021. This is a major feat given the tight operating landscape and lean resources available in the past year. This is only possible due to the commitment and support of our esteemed clients who continue to motivate and propel us to new heights. Assuredly, the division will continue to provide all the support required for the various sectors we play in.

Outlook & 2023 Priorities

To fully maximize opportunities that exist in the coming year, we have aligned our priorities and identified new frontiers that will drive our growth initiative. We are also positioned to partner with our clients to drive these initiatives to achieve a successful 2023.

Investment Banking

We support a wide range of corporates, governmental departments and other institutions by offering our best-in-class strategic / financial advisory capabilities, capital market solutions and innovative project financing structures We aim to achieve industry leadership across all investment banking product groups whilst offering bespoke solutions to our clients and stay ahead of the market by deploying sector focused market knowledge, energy and skills.

SERVICE | PRODUCT OFFERINGS

Capital Markets

We provide best in class capital raising advice and novel financing solutions to our clients. We combine the deep sector and financial market knowledge of our investment banking team with the robust capabilities of distribution team, unrivalled execution of our securities trading and insightful research, to ensure that our clients have access to the most optimal capital mix to drive their strategic business objectives.

Highlights

- Largest corporate bond issuance in Nigeria, valued at **N187.6 billion** (sector: conglomerates).
- Largest commercial paper issuance in Nigeria, with an aggregate value of N127 billion (sector: telecommunications).
- Largest sovereign bond issuance in Nigeria, valued at **N137 billion.**
- First-ever certified corporate green bond in Africa valued at **N15 billion** (sector: financial services).
- First-ever additional tier 1 Eurobond issuance valued at **US$500 million** (sector: financial services).

Equity Capital Markets

- Initial Public Offerings ("IPOs")
- Follow-on Offerings
- Private Placements
- Rights Issues
- Equity-Linked Instruments – Convertibles, Mezzanine, etc.

Debt Capital Markets

- Government Bonds (Federal, State & Municipals)
- Corporate Bonds
- High-Yield Bonds

Financial Advisory and Mergers & Acquisitions

Coronation Merchant Bank's M&A and Financial Advisory group offer our clients distinctive corporate finance and strategic advice on complex transactions. Our bankers evaluate merger partners, acquisition targets as well as financial and strategic alternatives available to our clients. We provide buy-side and sell-side advisory services on deal tactics, deal negotiation, asset and company valuation, corporate strategy, deal timing and transaction structures.

M&A

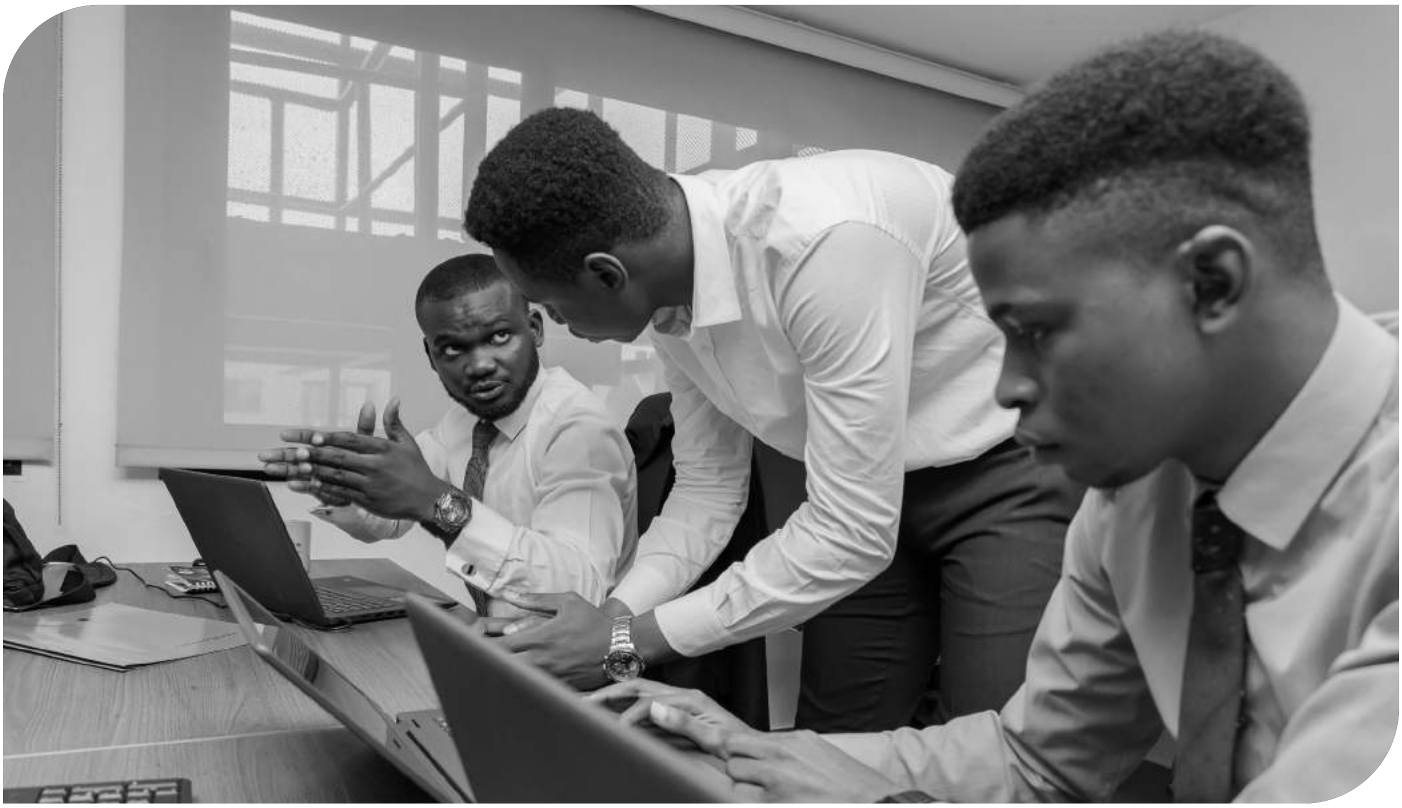
- Buy Side M&A Advisory
- Sell Side M&A Advisory
- Takeovers
- Leveraged/Management Buy Outs
- Distressed Sales

Financial Advisory

- Corporate Finance Advisory
- Privatisation Advisory
- Restructurings

Highlights:

- Acted as the independent expert on several schemes of arrangement valued at over N42 billion.
- Advised a tier 1 Nigerian Bank on its divestment of its subsidiaries.
- Advised a Nigerian FMCG on its scheme of external restructuring.
- Advised a sub-national on debt refinancing via a secured private bond valued at N200 billion.



Project & Structured Finance

Our comprehensive project finance advisory covers the entire lifecycle of a project, from early development to completion. This includes project equity structuring, mezzanine or debt syndications and public private partnerships (PPP).

Highlights

- Acted as [lead arranger] on the debt restructuring of **N246 billion** for a large industrial steel conglomerate in Nigeria.
- Acted as sole financial adviser on the issuance of a **N3.4 trillion** promissory note programme by the DMO.

Project Finance	• Project Finance Advisory & Structuring • Project Equity/Mezz/ Debt Syndications • Public Private Partnerships ("PPP")
Structured Finance	• Multilateral Funding • Syndicated Loans and Bridge Financing • Asset Based Financing & Securitisations • Derivatives Structuring

PRODUCT COVERAGE

CAPITAL MARKETS		MERGERS & ACQUISITION AND FINANCIAL ADVISORY		PROJECT AND STRUCTURED FINANCE	
Equity Capital Markets	Debt Capital Markets	M&A	Financial Advisory	Project Finance	Structured Finance
• Initial Public Offerings ("IPOs") • Follow-on Offerings • Private Placements) • Rights Issues • Equity-Linked Instruments- Convertibles, Mezzanine, etc.	• Government Bonds (Federal, State and Municipals) • Commercial Papers • Corporate Bonds • High-Yield Bonds • Sukuk	• Buy Side M&A Advisory • Sell Side M&A Advisory Sell Side M&A Advisory • Takeovers • Take Private • Tender Offerings • Leveraged/ Management Buy Out • Distressed Sales	• Corporate Finance Advisory • Privatization Advisory • Restructurings	• Project Finance Advisory and Structuring • Project Equity/ Mezz/Debt Syndications • Public Private Partnerships ("PPP")	• Multilateral Funding • Syndicated Loans and Bridge Financing • Asset Based Financing and Securitizations • Derivatives Structuring

SECTOR FOCUS

Sector	Industry
Consumer	• Food & Beverage • Household and Personal Care Products • Distribution and Logistics
Financial Institutions	• Banks • Insurance • Pension Fund Administrators • Asset Management • Non-depositary Financial Institutions • Financial Technology
Oil & Gas	• Upstream • Midstream • Downstream • Services
Industrials	• Heavy Industries • Construction • Steel and Other Fabrications • Tool and Machinery
Telecoms	• Mobile Operators • Data Service Providers • Infrastructure and Services
Agriculture	• Mobile Operators • Data Service Providers • Infrastructure and Services
Infrastructure	• Power • Transport • Mining

CLIENT FOCUS

Corporates	Government
• Large Start-ups • Mid-sized Firms • Large Corporates	• Federal: Ministries & Parastatals • State Governments

INVESTOR FOCUS

- Private Equity & Financial Sponsors Group
- Africa Dedicated Capital Market Funds
- Local Institutional Investor Base – Pension Fund Administrators, Asset Management, Insurance
- Sovereign Wealth Funds
- High Net worth Individuals
- Family Offices

REGULATORS

- Securities and Exchange Commission ("SEC")
- Central Bank of Nigeria ("CBN")
- The Nigerian Exchange Limited ("NGX")
- FMDQ
- Other Industry Specific Regulators

KEY ACHIEVEMENTS IN 2022

- In 2022, the group won the Businessday BAFI award as the Investment Bank of the Year. This further demonstrates our extensive experience in investment banking coverage, as well as our broad capabilities, customized execution, and increasingly robust distribution network
- The group further deepened its market presence by participating in landmark transactions in 2022. The success of various transactions and deals executed by Coronation Merchant Bank's investment banking franchise in 2022 further reinforces the progress we have made on our journey towards becoming Africa's premier investment bank.

CLIENT	PRODUCT	TRANSACTION	TRANSACTION SIZE	ROLE
Dangote Industries Limited	Capital Markets	Corporate Bond Issuance	N300.0 Billion	Joint Issuing House
Dangote Packaging Limited	Capital Markets	Private Bond Issuance	N200.0 Billion	Joint Issuing House
MTN Nigeria Communications Plc	Capital Markets	Commercial Paper Issuance	N150.0 Billion	Joint Arranger
Access Bank Plc	Capital Markets	Corporate Bond Issuance	N139.5 Billion	Joint Issuing House
Dangote Cement Plc	Capital Markets	Corporate Bond Issuance	N116.0 Billion	Joint Issuing House
Coronation Merchant Bank Limited	Capital Markets	Commercial Paper Issuance	N61.2 Billion	Sole Arranger
Geregu Power Plc	Capital Markets	Corporate Bond Issuance	N40.0 Billion	Joint Issuing House
Access Holdings Plc	Financial Advisory	Merger and Acquisitions	N36.4 Billion	Financial Adviser
BOFT Infrastructure SPV Limited	Capital Markets	Private Bond Issuance	N30.0 Billion	Lead Issuing House
Coleman Technical Industries Limited	Capital Markets	Commercial Paper Issuance	N16.1 Billion	Lead Arranger
Valency Agro Nigeria Limited	Capital Markets	Commercial Paper Issuance	N12.8 Billion	Joint Arranger
Daraju Industries Limited	Capital Markets	Commercial Paper Issuance	N10.0 Billion	Joint Arranger
Robust International Commodities Limited	Capital Markets	Commercial Paper Issuance	N4.9 Billion	Sole Arranger
Emerging Africa Capital Limited	Capital Markets	Commercial Paper Issuance	N3.0 Billion	Joint Arranger

SKLD Integrated Services Limited	**Capital Markets**	**Commercial Paper Issuance**	**N553.0 Million**	**Lead Arranger**
Tengen Family Office Limited	**Capital Markets**	**Commercial Paper Issuance**	**N100.0 Million**	**Financial Adviser**

BUSINESS OPPORTUNITIES

In 2023, our expectation is for inflation to remain at elevated levels throughout the year. This will continue to weaken purchasing power and by extension soften demand. In addition, the potential subsidy removal is likely to place further pressure on consumer prices. We expect subdued profitability and cashflow for some companies. Therefore, increased working capital needs by businesses and as such, more commercial paper issuances in 2023. The uncertainty arising from transitions between administrations will impact the economy in 2023. We expect the same investor sentiments – that is, a high appetite for fixed income vs equities. The increase in the MPR to 18.0% in March 2023 also supports this view. Furthermore, given the maturity profile of current FGN debt instruments, liquidity is likely to improve in H1'23. However, we expect continuous tightness in the interbank market as the FGN front-loads domestic borrowing in 2023 due to limited foreign borrowing options.

We anticipate an increase in Mergers & Acquisitions mandates in the coming year as a result of our experience and visibility gained from Mergers & Acquisitions transactions completed in the previous year.

Given the rise in interest rates locally and globally, we expect the Central Bank of Nigeria (CBN)to retain the 9% all-in pricing on its intervention funds throughout 2023, which will support the demand for intervention funds from our clients. Consequently, we anticipate a significant number of corporates will utilize the CBN intervention window to secure funding for capital projects, taking advantage of the lower interest rates offered compared to prevailing market rates. Overall, our focus remains on expanding our market share and delivering top-notch services to our clients by enhancing our transaction execution and distribution capabilities.

Operations

The Operations division continues to play a critical support role in the bank's business units. Given the global reality on digitization, the Operations division leads the conversation on the infusion of digital into processes and how transformational agenda can be realized by moving from the traditional way to empowering customers to self-serve with little reliance on assisted support. Considering this, the Operations division, working very closely with the Information Technology division, continues to simply improve and transform the way the bank products and services are consumed by our customers.

Functions of Operations Division

Seamless execution of all client and proprietary transactions using risk free processes and procedures remains the key focus and core function of the Operations division. To ensure this is realized, the division is structured to include units and departments that specialize in various aspect of Operational tasks. The functions include Trade Operations, Treasury Operations, Credit Operations, Domestic Operations, e-Channels Operations, Customer service, Customer experience management and reconciliation. The division's activities are coordinated into processes that provide transactional execution and assurance to the business of the bank.

OPERATIONS IN 2022

In light of the difficulties and obstacles faced in 2021, with the COVID-19 pandemic being the most prominent among them, there was a shift in focus in 2022. The primary objectives were enhancing customer satisfaction, significantly decreasing customer complaints, introducing new eChannel platforms, and attaining favorable audit ratings from both internal and external evaluators.

In 2022, the Operations division continued to embrace digital work methods that were initiated in 2021. Firstly, the remote work structure was refined, enabling staff to work from any location without limitations. This led to the automation and digitization of processes, resulting in a significant reduction of over 60% in the use of printed materials. Transaction requests were also streamlined and transitioned to digital processes. As a result, a seamless way of working was established, providing easy access to tickets, automatic archiving of tickets, and eliminating the need for extensive paper storage.

Secondly, customer complaints decreased by 65% compared to 2021. In 2022, considerable focus was placed on addressing the root causes of complaints. Tailored training courses were implemented to bridge knowledge gaps, resulting in faster resolution times.

Thirdly, the customer satisfaction index saw a 5-point improvement, rising from 74% in 2021 to 79% in 2022. This validates the dedicated efforts made to enhance the customer experience throughout the year.

Additionally, the Operations division collaborated with the Information Technology department to develop new platforms and enhance existing ones. In 2022, the Trade solution was successfully

Additionally, the Operations division collaborated with the Information Technology department to develop new platforms and enhance existing ones. In 2022, the Trade solution was successfully implemented, incorporating Quick Teller and bulk transfer functionality for the back office. Furthermore, the internet banking and mobile banking funds transfer capabilities were enhanced with new solutions. Lastly, all operations functions received satisfactory audit ratings, signifying an improvement compared to the previous year's performance in 2021.

OPERATIONS IN 2023

As the market landscape evolves and customer demands undergo shifts, the operations division remains poised to identify and seize new opportunities, supporting the business units in capitalizing on them. The year 2023 presents a significant chance for growth with the increasing adoption of platforms in the Information and Communication Technology sector.

To address the evolving landscape, the bank's customer experience management team leads periodic sessions engaging critical internal and external stakeholders. These sessions focus on discussing improvements and exploring new solutions.

In addition to platform adoption, another opportunity for the operations division in 2023 lies in leveraging the settlement license within the financial security operations industry. This strategic move is expected to generate substantial fee income, fueling the growth of traders and dealers in this market.

Moreover, we anticipate a boost in the customer satisfaction index compared to the achievements of 2022. This improvement will be driven by streamlining processes, customer adoption of self-service platforms, and the implementation of new initiatives spearheaded by the operations division in 2023.

PRIORITIES IN 2023

Our primary objective remains to enhance customer satisfaction. Additionally, we will focus on optimizing processes, eliminating bottlenecks, and empowering customers through self-service platforms, enabling them to have control over the pace of their transactions.

Strategic alignment with internal units is another key priority on our agenda. This involves launching new products and services such as the Card business, facilitating the collection of export proceeds, and finalizing the implementation of AFREXIM's African payment platform, PAPSS.

Our operations division continues to be the cornerstone of our initiatives, and we recognize the invaluable contribution of our people. Therefore, we are committed to providing them with the necessary resources to successfully execute these priorities in 2023.


CORONATION
Our trajectory
reflects our expertise
At Coronation Merchant Bank, we have had a top 10 overall ranking on the FMDQ OTC League Table for trading activity in the last 5 years
Speak to a Treasury Dealer today on 01 700 0970
Scan the QR Code to visit our website or Visit www.coronationmb.com

Global Markets and Treasury

Global Markets and Treasury division oversees the proprietary trading of the banks' investment portfolio and foreign exchange markets. In addition, the Treasury sales and FI unit works closely with clients to deliver personalised treasury solutions. Also, through the Asset and Liability Management unit, the division ensures an effective optimization of the balance sheet.

SERVICE | PRODUCT OFFERINGS

GLOBAL MARKETS & TREASURY

Trading	• Bonds • Treasury Bills • FX • Tenured deposit • LCY Money Market
Structured Products	• Exchange Traded Products • Energy - Crude(Brent, Coal) • Precious Metals - (Gold, Silver, Platinum) • Base Metals - Copper, Aluminium, Zinc
Sales & Distribution	• Interest Rate Sales • FX Sales • Retail Sales
Credit Trading	• Corporate Bonds • Credit Default Swaps • Credit-Linked Notes • Leveraged Credit-Linked Notes • Total Return Swaps • Derivative Products

ASSET &LIABILITY MANAGEMENT

Liquidity Management	• FCY Money Market and Liquidity Management
Balance Sheet Management	• B/S Optimization Strategies • NIM Optimization • Securities Investing

The Global Markets and Treasury division manages various financial instruments and transactions. It oversees the bank's investment securities portfolio and engages in market-making activities within the fixed-income and foreign exchange markets.

Furthermore, the Treasury Sales and Fixed Income unit collaborates closely with clients to provide tailored treasury solutions. Lastly, through the Asset and Liability Management unit, the Treasury department ensures that the bank maintains a robust liquidity position by effectively optimizing its balance sheet.

Product & Services offering Money Markets

Tenured deposits, Treasury bills, Commercial Papers, and Negotiable Certificate of Deposit.

Fixed Income

Treasury Bills, LCY Bonds, Eurobonds, Fixed Income Settlement and Repos.

FX/Structured Products

Foreign exchange spot, Derivatives, forward (Discounted Forward and Non-Deliverable Forward), Swaps.

Sector focus

Pension Fund Managers, Insurance Companies, Asset/Portfolio Managers, Fixed Income Brokerage, Foreign Portfolio Investors.

Achievements so far

Maintained a top 3 ranking in traded volumes across Treasury Bills and Bonds Expanded Eurobond execution by onboarding 6 foreign counterparties.

Business opportunities

In 2023, the introduction of new interest rate products (derivatives) and increased liquidity in the cash markets are anticipated to generate fresh prospects for fixed-income proprietary trading and market makers. Money managers are likely to be driven to engage in these activities. This, in turn, is expected to lead to a rise in demand for currency hedging solutions due to the depreciation of the Naira. As clients seek to hedge their trade exposures, our execution spreads and volumes are likely to improve.

Furthermore, we are actively exploring sustainable funding opportunities in both local and foreign currencies for our balance sheet. This strategic approach aims to enhance our net interest margin, particularly considering the impact of the discretionary cash reserve requirement regime.

OUTLOOK & 2023 PRIORITIES

Concerns about a global recession in developed markets suggest that interest rates are likely to decrease in 2023, albeit only slightly. This anticipated decline in rates will have a positive impact on the foreign currency balance sheet, as it will result in lower funding costs and provide new refinancing options. The outlook for foreign currency funding, particularly for supporting trade finance opportunities, remains favorable.

On the other hand, domestic markets are grappling with macroeconomic headwinds. We anticipate a slow market recovery following the elections, and volatility in the fixed income markets will be influenced in part by the trend in headline inflation, which is expected to experience marginal declines in the latter half of the year.

Additionally, the budget deficit of the Federal Government of Nigeria (FGN) is projected to keep fixed income yields elevated throughout the year. This situation creates an opportunity for improved yields on investment securities portfolios over the course of the year. We also anticipate that the depreciation of the Naira will lead to increased demand for currency hedging solutions from clients seeking to mitigate their trade exposures. This, in turn, will enhance our spreads on execution and increase trading volumes.

Lastly, we are actively exploring more sustainable funding opportunities for both the local and foreign currency balance sheets. This is aimed at enhancing our net interest margin, particularly given the impact of the discretionary cash reserve requirement regime.

Private Banking

The Private Banking group offers a bouquet of solutions targeted at delivering value and meeting the diverse needs and goals of high-net worth individuals and their families.

SERVICE | PRODUCT OFFERINGS

ASSET &LIABILITY MANAGEMENT

- Current Account
- Investment Account
- Domiciliary Account

INVESTMENT SERVICES

- Fixed Deposits
- Treasury Bills
- Commercial Papers
- Bonds
- High Yield Notes

LENDING SERVICES

- Real Estate Financing
- Investment Backed Lending
- Specialty Financing

The Private Banking Division offers a bouquet of solutions, all of which are targeted at delivering value and meeting the diverse needs and goals of high-net worth individuals and their families. These solutions span across:

BANKING SERVICES

INVESTMENT SERVICES

LENDING SERVICES

PRODUCTS AND SERVICES

BANKING SERVICES

Through the Private Banking division, we offer a range of traditional banking solutions to fulfil our clients' transactional needs through our account services, while ensuring clients enjoy digital access to their funds through our Mobile and Internet Banking platforms.

These account services include:

- Current Account
- Investment Account
- Domiciliary Account

INVESTMENT SERVICES

Beyond the traditional products offered through account services, the Private Banking Division is also dedicated to growing, maximizing, and sustaining clients' wealth through investment opportunities available to clients to in both public and private markets.

These opportunities often present themselves through:

- Fixed Deposits
- Treasury Bills
- Commercial Papers
- Bonds
- High Yield Notes.

LENDING SERVICES

We offer customized lending solutions tailored to the borrowing needs of our Private Banking clients. These solutions range from credit lines for the purchase of specialized lifestyle assets, to flexible financing options leveraging existing investments as collateral for liquidity, to meet unique goals.

They include:

- Real Estate Financing
- Investment Backed Lending
- Specialty Financing

SECTOR FOCUS

Our targeted customer segments include clients whose purchasing power, risk, and investment appetite range between mid to high and who enjoy exclusive and bespoke value propositions.

These clients come from all industry types and include:

- Captains of industries, accomplished entrepreneurs, retirees, top executives of blue-chip companies, artistes and entertainers, wealthy families, affluent professionals, etc.

ACHIEVEMENTS SO FAR

In 2022, the Private Banking division underwent a restructuring process to enhance its services and cater to the needs of its clients more effectively. This resulted in the introduction of the Private Banking Wealth Management initiative, aimed at aligning the value offerings of the Coronation Brand and delivering tailored solutions that reflect our commitment to accompanying clients throughout their life journeys, while providing enduring value.

Furthermore, the Private Banking Division expanded its range of services by granting clients access to investment opportunities. This was made possible through leveraging the expertise of the Investment Banking and Global Markets businesses, thereby offering clients additional avenues for maximizing their wealth and fostering growth.

These solutions include, but are not limited to:

- Investment Advisory
- Estate Planning
- Portfolio Management
- Art Advisory
- Advisory Charitable Giving (Corporate Social Responsibility Consulting/Impact investing)
- Philanthropic Planning etc.

In addition to this, the Private Banking Division provided clients with access to investment opportunities leveraging the expertise of the Investment Banking and Global Markets businesses, presenting more avenues for client wealth maximization and growth.

OUTLOOK & 2023 PRIORITIES

Despite our current inflation outlook, expected exchange rate pressure and macroeconomic challenges that could emerge on the back of transitioning between administrations following the recently concluded national elections, we see opportunities within Private Banking in 2023. These opportunities will grow our client and market share with the introduction of more product offerings, leveraging the Private Banking Wealth Management initiative and the Bank's digital drive. Our priorities in 2023 are centered around positively enhancing our client experience and brand perception; with a focus on increasing our product visibility, improving client relationship management, as well as achieving the Bank's set business objectives.

Governance

The Board

Whistle-Blowing Procedure Report

Sustainability Banking Report 2022

Corporate Information

Director's Report

Corporate Governance Report Directors' Responsibility

Report of the Board Audit Committee

Report on Customers' Complaints and Feedback

Report on Enterprise Risk Management

Our People

BOARD COMPOSITION AND ROLE

The Board is made up of ten (10) members, consisting of eight (8) Non-Executive Directors (including the Chairman) and two (2) Executive Directors. Among the non-executive directors, three are independent and their involvement helps the Board to reach impartial and independent decisions. There are no shadow or alternate directors in the Board.

The directors who served during the financial year and up to the date of this report are:

CHAIRMAN

Mr. Babatunde Folawiyo

DIRECTORS

Mr. Adebanjo Adegbohungbe	- Managing Director/Chief Executive Officer
Mrs. Funke Feyisitan Ladimeji	- Executive Director/Chief Operating Officer
Ms. Evelyn Oputu	- Non-Executive Director
Mr. Larry Ettah	- Non-Executive Director
Mrs. Suzanne Iroche	- Non-Executive Director /Independent Director
Mr. Adamu Atta	- Non-Executive Director
Mr. Babatunde Dabiri	- Non-Executive Director /Independent Director
Ms. Olubunmi Fayokun	- Non-Executive Director /Independent Director
Mr. Idaere Gogo Ogan	- Non-Executive Director

Below are the profiles of the Board members.

Mr. Babatunde Folawiyo
Non-Executive Director (Chairman)

BSc, Economics
London School of Economics

LL.B, Law
London School of Economics Masters in Law, University College, London

Tijani Babatunde Folawiyo is the Chairman/Chief Executive Officer of the Yinka Folawiyo Group, a conglomerate with interests in energy, agriculture, shipping and real estate. The Group consists of many companies such as:

- Yinka Folawiyo Petroleum with interest in an oil producing field outside of the Niger-Delta in Nigeria.
- Folawiyo Energy Limited, a subsidiary of the Yinka Folawiyo Group in partnership with Glencore Energy. The Company runs a World Class petroleum storage facility.
- Enyo Retail & Supply Limited, a downstream oil and gas company.

His entrepreneurial and board experience is also evident in his current stewardship at the following companies: La Vallee Energy Services Limited, an indigenous subsea company; Temple Management Company, a full-service creative talent and event management firm; T1 Marine Services Limited, a marine support service provider to the Nigerian offshore oil and gas industry; and Pave Investments Limited, a private equity and venture capital provider to companies in the technology sector

Mr. Folawiyo did serve in the past as a Non-Executive Director in MTN Nigeria (2001-2019), Ecobank Mali (2000 -2005) and Access Bank Plc where he retired meritoriously after his statutory 12-year term.

As a consummate international businessman, his acumen for strategic alliances has led to his appointment as the Honorary Consul of Barbados in Nigeria. Additionally, he serves as a Director of Inaugure Hospitality Group, which aims to redefine the hospitality business in West and Central Africa. He is a fellow of the Duke of Edinburgh's World Fellowship and a member of the Global Advisory Board of the African Leadership Academy, a Pan-African institute dedicated to developing and mentoring new generations of African leaders. He also holds the position of Chairman of Global Citizens Nigeria, an international movement dedicated to eliminating extreme poverty in the world.

Mr. Folawiyo is a Barrister of the Inner Temple of England and Wales and a member of the Nigerian Bar Association since 1986.

He is the Chairman, Board of Directors of Coronation Merchant Bank Limited.

Ms. Evelyn Oputu

Non-Executive Director (Independent)

National Diploma, Secretarial
Temple School, Washington D.C, USA

BSc, Business Administration
University of Lagos

PGD, Mass General Management
Harvard Business School

Ms. Oputu is a retired and accomplished banker with over 38 years of banking experience. Before her retirement in 2014 as the Managing Director of Bank of Industry, Ms. Oputu had worked in several banks in Nigeria (commercial, merchant and industrial) including Icon Merchant Bank, International Merchant Bank and First Bank of Nigeria PLC where she left as executive director. Within the period, she gained significant experience while traversing the entire spectrum of banking operations in the areas of credit and marketing, corporate finance, corporate banking, investment banking amongst others.

She served in the public service as the Chairperson of the Committee on the Financial Management of Aviation Parastatals and as a board member of the National Directorate of Employment between 1987 and 1989.

She is currently pursuing her entrepreneurial interests in insurance, mining, consultancy, manufacturing, oil and gas, agriculture, and real estate developments through companies she promoted namely; Kes Products Limited, Ese Farms Limited, Chalot Properties Limited, and Ndali Consultants.

Ms. Oputu is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Risk Management Committee (Chairperson)
- Board Audit Committee
- Board Credit and Investment Committee

Mr. Larry Ettah
Non-Executive Director

BSc, Industrial Chemistry
University of Benin

MBA, Finance/Marketing
University of Benin

Mr. Ettah is the Executive Chairman of Barracuda Capital Partners Limited, a firm he founded after retiring as the Group Managing Director/ Chief Executive Officer of UAC of Nigeria Plc (UACN) in 2018.

He holds a B.Sc. degree in Industrial Chemistry (1985) and an MBA (1988), both from the University of Benin. He has also completed the renowned Executive Programme at the Ross School of Business, University of Michigan. Additionally, he has participated in Executive Education Programmes at the Graduate School of Business, Stanford University, Harvard Business School, USA, IMD Lausanne, Switzerland, University of Oxford, United Kingdom, and Institut Européen d'Administration des Affaires, Fontainbleau, France ("INSEAD").

Mr. Ettah began his career as a Management Trainee at UACN in 1988 and rose to the board of UACN in 2004. Prior to his promotion to the position of Group Managing Director, he held various senior management positions within UACN. Before retiring in December 2017 as Group Managing Director of UACN, he served as Chairman of several companies, including UAC Property Development Company Plc (UPDC), Chemical & Allied Products Plc (CAP), Portland Paints & Products Nigeria Plc, Livestock Feeds Plc, UNICO CPFA, and Grand Cereals Limited. He also served as a Non-Executive Director of Grand Cereals Limited. Additionally, he chaired Pro-Health HMO.

Some of his notable achievements include being elected as the President of the Nigeria Employers' Consultative Association (NECA) and serving as the Vice President (Multinationals) of the Manufacturers Association of Nigeria (MAN). Additionally, he has served as a council member of the Lagos Chamber of Commerce & Industry (LCCI) in the past.

Mr Ettah is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Governance and Nominations Committee (Chairman)
- Board Credit and Investment Committee
- Board Risk Management Committee.

Mrs. Suzanne Iroche

Non-Executive Director (Independent)

BSc, Economics
University of Lagos

Master of Management
J. L. Kellogg Graduate School of Management,
Northwestern University, Evanston, Illinois, USA.

Mrs. Suzanne Iroche has several years of broad-based experience in the Financial Services Sector, specifically in Merchant and Commercial Banking. Her expertise spans various areas, including Corporate & Institutional Banking, Correspondent & International Banking, and Treasury.

She began her career at First Bank of Nigeria and later held different positions at the International Merchant Bank. She then joined Chartered Bank Plc as a pioneer member of staff, where she played a key role in establishing the Treasury Division. Subsequently, she joined United Bank for Africa (UBA) PLC, where she rose to the position of Executive Director Wealth Management. In this role, she was responsible for Treasury and Correspondent Banking/Multilateral Agency business, as well as overseeing UBA subsidiaries in Asset Management, Trustees, and Pension Custody.

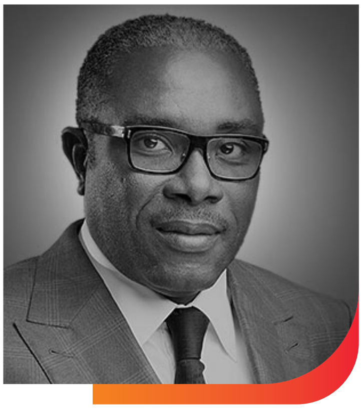
Mrs. Iroche's next assignment was as Executive Director Global Banking, where she spearheaded the African regional expansion and the establishment of subsidiaries across the continent. She also supervised the existing global offshore operations of the bank.

In 2009, the Central Bank of Nigeria appointed her as the turnaround CEO of Finbank Plc as part of the financial sector reform programs aimed at ensuring financial system stability. She served the bank meritoriously until her retirement in 2012. Currently, Mrs. Iroche is involved in Financial Consultancy, Governance, and Art.

Furthermore, Mrs. Iroche holds directorship positions as an Independent Director on the Boards of Travelex Nigeria Business Solutions Ltd, Union Bank UK, and UAC of Nigeria Plc. Additionally, she actively participates as a member of the University of Lagos Advancement Board and the Women in Successful Careers (WISCAR) Advisory Board, an organization dedicated to women empowerment.

Mrs. Iroche is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Audit Committee (Chairperson)
- Board Governance and Nominations Committee
- Board Credit and Investment Committee
- Board Risk Management Committee



Mr. Adamu Atta
Non-Executive Director

B.A. (Honours) International Relations/ International Economics
United State International University (USIU), San Diego

M.A. International Development Economics
University of California (UCLA), Los Angeles

MSc. Political Science
Ahmadu Bello University, Zaria

Mr. Atta is the founder and current head of Matad Group Nigeria Limited ("Matad"), a consultancy firm. With over twenty years of experience, he has provided consulting services for various businesses, specializing in socioeconomic and feasibility studies, analysis, and diagnostic reviews. Under his leadership, Matad has grown and successfully delivered consulting services funded by organizations such as the World Bank, African Development Bank, Department for International Developments, and the United Nations Development Programme.

In addition, Mr. Atta has extensive experience serving on numerous boards, including Coronation Insurance Plc, Coronation Merchant Bank Limited, Cinafindev Nigeria Limited, UNITEK Modular Builders Nigeria Limited, Inter Foods Limited, Workwell Engineering & Tractor Nigeria Limited, Supertex Limited, Nigerian Tourism Development Corporation, and the Nigerian Industrial and Competitiveness Advisory Council, among others.

He has also been appointed to various committees in the oil, gas, and textile industries by the Federal Government of Nigeria, as well as the Nigerian Business Forum. Mr. Atta played a pivotal role in the Nigerian Extractive Industry Transparency Initiative (NEITI) and was involved in the creation of the accounting model used to track development in the oil and gas industries.

Mr. Atta is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Risk Management Committee
- Board Governance and Nominations Committee
- Board Credit and Investment Committee

Mr. Atta has attended several courses in Finance and Human Development at Harvard and the IMD Global Board Center.

Mr. Babatunde Dabiri
Non-Executive Director (Independent)

BSc, Economics
University of Ibadan

MBA
Columbia University, New York

Mr. Dabiri's banking career spanned over three decades. He started his career at Chase Merchant Bank Ltd (later known as Continental Bank), where he spent over 10 years before moving to Prime Merchant Bank Ltd as the founding Deputy Managing Director/Chief Executive Officer. During this period, he gained outstanding competence in all facets of relationship and portfolio management, financial advisory services, and banking product marketing.

As the Chief Executive Officer of several banks for a period spanning up to 20 years, he established and managed two merchant banks and one commercial bank. He also coordinated and led the merger of five financial institutions. At different times, he held the positions of Managing Director/Chief Executive Officer at Fountain Trust Bank Ltd, Magnum Trust Bank Plc, and, until his retirement from paid employment in 2008, he served as the founding Group Managing Director/CEO of Sterling Bank Plc.

Mr. Dabiri's extensive experience is now being utilized in building educational and corporate institutions at the Board level. He serves as a Non-Executive Director at First Marina Trust Limited, Chairman of Capetex Industries Limited, Lawson Thomas and Colleagues Ltd, Bullrum Resources Ltd, and Academy Press Limited. Additionally, he is a Council member of the Nigerian-Indian Chamber of Commerce and Industries.

Mr. Dabiri is a member of the Advancement Board of the University of Ibadan, a Trustee of Summit University Offa, a Council Member of the Corona Schools Trust Council, and he has served as a Director at the University of Lagos Holding Company Ltd. He was also a Board Member of LEAP Africa, an organization committed to developing dynamic, innovative, and principled youth leaders.

He held the position of founding Chairman of the Lagos State Pensions Commission (LASPEC) for 6 years. From 2003 to 2005, he served as the Alumni President of the Lagos Business School, and from 2004 to 2007, he was the National President of the Igbobi College Old Boys Association (ICOBA). Additionally, he served on the Governing Council of the Lagos State University for 8 years.

Mr. Dabiri is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Credit and Investment Committee (Chairperson)
- Board Risk Management Committee
- Board Governance and Nominations Committee

Ms. Olubunmi Fayokun
Non-Executive Director (Independent)

Bachelor of Laws (LL.B)
Admitted to the Nigerian Bar - 1985

Ms. Fayokun is a Senior Partner at the law firm of Aluko & Oyebode. She is also a member of the firm's Management Board and heads the Capital Markets and M&A practice groups. Prior to joining the firm, Ms. Fayokun served as the Legal Adviser/Company Secretary of Denham Management Limited.

With a career spanning over three decades, Ms. Fayokun has represented a highly diversified clientele of top-tier indigenous, international, and multinational companies across various sectors, including banking, oil and gas, FMCG, power, aviation, and insurance.

Ms. Fayokun is internationally recognized in Who's Who Legal as one of the leading lawyers in M&A, Capital Markets, and Energy & Natural Resources. She has consistently been ranked as a Leading Lawyer in IFLR1000 - The Guide to the World's Leading Financial Law Firms. In addition, she is recognized by IFLR1000 as one of the 300 Women Leaders who are considered the best global transactional specialists in their respective markets and practice areas.

Ms. Fayokun has actively served on various committees established by the Securities and Exchange Commission to promote the development of the Nigerian capital market. These include the CMC Rules and Compliance Subcommittee, the CMC Sub-committee for the rejuvenation of the Nigerian Bond Market, and the CMC Market Infrastructure Sub-committee.

Furthermore, Ms. Fayokun is a member of the BusinessDay Legal Business Advisory Board and previously served as a Council Member of the Nigerian Bar Association Section on Business Law. She held the position of Director at the Association of Issuing Houses of Nigeria, and she also served as the Treasurer of the Capital Markets Solicitors' Association. Additionally, Ms. Fayokun played a pivotal role in the establishment of the Nigerian Association of Securities Dealers (NASD) OTC market.

Ms. Fayokun is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Governance and Nominations Committee
- Board Audit Committee
- Board Credit and Investment Committee
- Board Risk Management Committee

Mr. Idaere Gogo Ogan
Non-Executive Director (Independent)

B.Sc, Economics
University of Port-Harcourt

M.BA, International Finance
Middlesex University, London

Mr. Idaere Ogan is a graduate of Economics from the University of Port Harcourt, Nigeria, and holds an MBA degree in International Finance from Middlesex University, London (1993). He has more than 28 years of experience across crucial areas of banking, insurance, and oil and gas. He is currently the Group Chairman of Calvary Group, which includes BECCA Petroleum and Gas Limited, Cordero Engineering Services Limited, and Calvary Travels and Logistics Limited. He has held this position for twenty (20) years, gaining expansive experience in oil and gas management, engineering services, and logistics. Prior to this, he was the Head of the Corporate Bank Pharmaceutical Group at Guaranty Trust Bank PLC.

Mr. Ogan is a member of the Institute of Directors of Nigeria, which is an affiliate of the Institute of Directors United Kingdom. He sits on several boards as a director and chairman. He is a Non-Executive Director in Coronation Merchant Bank Limited. Mr. Ogan is a Ranking Member of the Shareholders' Audit Committee of Access Bank PLC, a director of Eastern Bulkcem Company Limited (Eagle Cement), and Chairman of the Board of Directors of United Securities Limited (USL).

Mr. Ogan has attended several Executive Management Programs at Harvard, Yale, Columbia, MIT, the University of Chicago Booth Business School, Sloan Management School, among others, to develop and execute organizational strategies for improved performance and growth.

Mr Ogan is a member of the following Board Committees of Coronation Merchant Bank Limited:

- Board Audit Committee
- Board Risk Management Committee
- Board Governance and Nominations Committee
- Board Credit and Investment Committee


CORONATION
Stay ahead of your
business growth
At Coronation Merchant Bank, we provide you with cash management solutions that match your needs with superior returns.
• Fixed Deposits
• Treasury Bills
• Commercial Papers
• Local and Foreign Currency Bonds
• Securitized Investment Notes
Speak to a Treasury Dealer today on 01 279 7654
Scan the barcode or visit www.coronationmb.com

Management Team

Mr. Banjo Adegbohungbe
Managing Director / Chief Executive Officer

BSc. Mechanical Engineering
Obafemi Awolowo University, Ile-Ife

MBA
International Institute for Management Development (IMD) Lausanne, Switzerland

FCIB
Fellow, Chartered Institute of Bankers of Nigeria

Banjo has over 3 decades of full-breadth banking experience covering investment banking, operations, technology and product management, Banjo is a well respected banking strategist having been involved in some of the most iconic developments in leading banks across the country.

He spent 14 years in Citibank Nigeria (formerly Nigeria International Bank Limited) in various functions including technology, business process improvement and trade operations, rising to become the Head, Trade Operations in 2005. He left Citibank Nigeria as an Assistant General Manager to join Access Bank in March 2007.

At Access Bank, Banjo was strategically involved in the transformation of Access Bank UK to one of the leading trade finance banking franchises out of Nigeria into the UK. He oversaw Corporate Operations, Global Trade and Global payments successively at Access Bank and was part of integrating acquired entities into Access Bank over the years he was with the bank. Under his supervision, Access Bank's market share for trade volumes in Nigeria grew from 5% to 12% and the Bank became number 2 for trade volumes in Nigeria. He was directly involved in the development of the operational framework for Access Africa – a franchise strategy that has been pivotal to the inorganic growth of one of Nigeria's largest banks. He joined Coronation Merchant Bank as an Executive Director and Chief Operating Officer in July 2018 and was subsequently promoted to become the Managing Director/Chief Executive Officer of the Bank within two (2) years. Under his watch, Coronation Merchant Bank became the first and only merchant Bank in Nigeria to have an international risk rating – a rating of B- with a stable outlook from FitchRatings.

Banjo oversaw the process that led to the receipt of a $60million Trade Finance Guarantee facility from the IFC, making Coronation Merchant Bank the first bank in Nigeria to receive such a facility from the IFC in five (5) years. The Investment Banking franchise of the Bank has attained a dominant status in the market under his dynamic and deliberate leadership. The Bank is a Top 5 on the FMDQ DCM League Table. His leadership has ensured that the execution capabilities of the Bank has improved significantly with deal origination, execution and closes rising astronomically over the last 3 years.

He led the team that executed the NGN3.2 Trillion Promissory Note Issuance Programme for the Debt Management Office, Nigeria and supervised the acquisition advisory of two foreign banks within the short time he has led the Bank.

Banjo is widely travelled and has gained significant exposures by being trained by some of the world's leading institutions such as IMD, McKinsey and INSEAD. He is a member of the Governing Council of The Chartered Institute of Bankers of Nigeria and the Board Audit Committee Chairman – FMDQ Holdings Plc.

In addition, he is a member of the Board Credit and Investment Committee and Board Risk Management Committee of Coronation Merchant Bank Limited.

Mrs. Funke Feyisitan Ladimeji
Executive Director/Chief Operating Officer

B.Sc, Economics
Brunel University, London

Msc Geography
Queen Mary University, London

FCA
Chartered Institute of Accountants of England & Wales

Funke is a uniquely skilled and experienced Investment Banking Executive with a global career spanning both markets and corporate finance businesses across multiple regions, financial products, and functional areas. She has an unparalleled track record in driving wallet share and revenue growth, as well as restructuring businesses and leading them to new levels of success. Her expertise extends across a broad range of functions, including business transformation (organic and inorganic), business strategy and planning, people leadership, digital and technology innovation, banking operations, and accounting.

Funke spent fifteen years at JPMorgan Chase, where she held the position of Executive Director and was responsible for several investment banking and markets businesses. Her remit covered the EMEA, Americas, and Asia Pacific regions. Subsequently, she joined FBN Quest Group as Director and Chief Operating Officer, where she spent seven years overseeing technology, operations, finance, human capital, and general services. During her tenure, she championed and drove multiple strategic initiatives and served on various FBN Quest Group entity boards and governance committees.

In addition to her professional accomplishments, Funke is dedicated to giving back and empowering women. She is a member and first vice chairman of the Association of Women Bankers of Nigeria and a member of WIMBIZ (Women in Management and Business). She established the QuestWin (Women Network of FBNQuest Group) and is also a member of Amazon Professionals, a network of cross-sector professional women in Nigeria. Funke actively mentors individuals entering and already working in the financial services and other sectors.

Currently, Funke serves on the Board Credit and Investment Committee and Board Risk Management Committee of Coronation Merchant Bank Limited.

Mr. Magnus Nnoka
Chief Risk Officer

B.Sc. Economics

MBA

MSc, Risk Management

Magnus Nnoka is the Chief Risk Officer (CRO) of Coronation Merchant Bank Limited. In his role as the CRO, he oversees enterprise risk management and control responsibilities in the bank. Prior to joining Coronation Merchant Bank in 2017, he was a member of the Transformation Team at Union Bank Plc, where he served as Deputy General Manager/Head of Business Support and Recovery Group. He also held the position of Country Head, Group Special Asset Management at Standard Chartered Bank Nigeria Limited. From 2001 to 2011, Magnus held various senior management positions at Diamond Bank Plc and played pivotal roles in risk management. He has also been involved in different risk management initiatives and process re-engineering projects at various banks. With over 25 years of experience in the banking sector, Magnus has gained expertise in areas such as Treasury, Branch Management/Operations, and enterprise risk management.

Magnus holds a bachelor's degree in Economics, a Master's degree in Risk Management, and an MBA in Marketing. He has attended executive strategy and leadership education/training programs at prominent institutions, including the Lagos Business School, Pan Atlantic University, Wharton Business School at the University of Pennsylvania, and the University of Wisconsin in the United States. Magnus is a Certified Risk Manager/Trainer and is affiliated with several professional bodies. He served as the immediate past President of the Risk Management Association of Nigeria

Mr. Ibrahim Bello
Chief Compliance Officer

B.Sc Accounting
Ahmadu Bello University Zaria

MBA
University of Warwick

FCA, ACAMS

In his role as the Chief Compliance Officer at Coronation Merchant Bank, Ibrahim is responsible for providing operational and advisory support in the development and implementation of compliance strategies. He also establishes strong compliance standards in line with industry and global best practices, and acts as a liaison between the bank and regulatory bodies. With over 18 years of experience in financial control, fund management, relationship management, compliance, and risk management, Ibrahim has a diverse background.

Ibrahim began his career in 2004 as an Accountant at Saro Agro Sciences Limited. He then progressed to the role of Financial Controller at Stanbic IBTC Pension Managers Ltd., where he gained extensive expertise in risk and compliance, stockbroking, and fund management. In 2009, he assumed the position of Head of the Relationship Management Desk for Foreign Stockbroking clients.

Prior to joining Coronation Merchant Bank, Ibrahim served as a Compliance Manager at Citibank Nigeria. He is an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN) and an Associate Certified Anti-Money Laundering Specialist (ACAMS).

Mr. Ademola Adekoya
Group Head, Corporate & Investment Banking

B..Sc Estate Management
University of Lagos

Master of Business Administration
Business School Netherlands

Mr. Adekoya is an experienced banker whose core banking experience has covered financial and business advisory, wealth management, corporate finance, and credit and marketing. As the Head of Corporate & Investment Banking at Coronation Merchant Bank, he is responsible for the development of marketing and sales strategies, as well as products and services for the Division, originating and managing the bank's relationships within the corporate market.

Mr. Adekoya began his banking career in August 2002 at Guaranty Trust Bank Plc (GTB) as an Executive Trainee in the Energy Unit of the Credit and Marketing Group. Prior to joining GTB, he worked as Head of Property Management at Leke Sanni & Associates. In May 2003, Mr. Adekoya joined Access Bank Plc in the Global Financial Markets Group, following which. he joined Coronation Merchant Bank Limited in August 2015 as Assistant General Manager of Corporate Banking.

Mr. Chukwukadibia Okoye
Chief Financial Officer

B.Eng. Materials and Metallurgical Engineering
Federal University of Technology, Owerri

MBA (Finance)
Edinburgh Business School

ACA, FCCA, ACMA, CGMA, ACTI

Chukwukadibia is a treasury and credit accounting expert, with expertise in financial and management reporting, risk assessments and controls, equity valuations and corporate finance, and financial assurance and analysis.

As the Group Head of Financial Control at Coronation Merchant Bank, his responsibilities include overseeing the fiscal functions of the bank, directing budget preparation and implementation, anticipating and controlling financial risks, and ensuring the development and implementation of accounting policies and procedures in line with leading practices and standards.

Chukwukadibia began his accounting career at PricewaterhouseCoopers (PwC) Nigeria, where he received training in Assurance and Advisory Services. He was involved in numerous IFRS Conversion Engagements for the firm's clients. Following his consulting experience, he joined United Bank for Africa as a Team Lead of Financial Control and Head of Financial and Technical Analysis, where he was responsible for IFRS compliance and financial reporting. In November 2015, he joined Coronation Merchant Bank as the Head of Financial Control. He is a member of the Nigeria Institute of Management, as well as a member of the Association of Chartered Certified Accountants UK and an Associate member of the Institute of Chartered Accountants of Nigeria.

Chukwukadibia has attended various international courses, including those at Harvard Business School and London Business School, focusing on finance, strategy, and risk management.

Mr. Stanley Ubani
Company Secretary/Legal Adviser

LLB
Abia State University

BL
Nigerian Law School

LLM
University of London

Mr. Stanley Ubani graduated with a Second-Class Upper in Law from Abia State University in 1996 and a Second-Class Upper from the Nigeria Law School in 1997. He was called to the Nigerian Bar in 1998. He is a Chartered Secretary and Administrator, a holder of a postgraduate Diploma in International Dispute Resolution and an LL.M Degree in International Commercial Law from the University of London. He is also an Alumni of Lagos Business School and a member of the Executive Committee of the Association of Banks Company Secretary and Legal Adviser (ABLACS).

Stanley has over 20 years of banking industry experience with core competencies in Legal Advisory, Dispute Management, Credit Documentation and Control, Insolvency Practice, Company Secretarial Services and Corporate Governance. He was the Head, Legal Services Division in Keystone Bank Limited for about seven years before his appointment as the Company Secretary/Legal Adviser of Coronation Merchant Bank Limited.

Mrs. Iyobosa Sorae
Group Head, Global Market and Treasury

BSc
University of Benin

MS Finance
IE Business School

MBA
Imperial College Business School

Iyobosa is a Fixed Income expert with experience in Fixed Income Trading, Portfolio Management, and Operational Management. As the Group Head of Securities Dealing at Coronation Merchant Bank since August 2015, Iyobosa is responsible for ensuring and managing the solvency of the bank, market and liquidity risks, profitable investments, and facilitating the development and implementation of activities to contribute to the business's market share, annual revenue, and growth targets.

She began her career after participating in the traineeship Programme at the Access Bank School of Banking Excellence in May 2006. Iyobosa became the Assistant Head of Branch Operations. In April 2007, she was appointed to lead the Fixed Income Department of the Bank and later transferred to the Corporate Finance Unit in January 2011. In March 2011, Iyobosa joined Dunn Loren Merrifield as the Head of Fixed Income Sales and Trading, where she was responsible for setting up the fixed income unit as it was a startup investment banking firm at the time.

She has participated in the Wharton Executive Education Programme, undertaking courses on Investment Strategies and Portfolio Management. One of her notable achievements includes generating net income of over USD 2.0 million within the first year of Dunn Loren Merrifield operations, despite operating with limited balance sheet support and relatively low name recognition. Iyobosa is also ACI certified (Association Cambiste Internationale)

Mr. Taiwo Olatunji
Group Head, Investment Banking

B.Eng, Electrical Engineering
University of Ilorin

M. Fin
London Business School

CFA

Taiwo Olatunji is an investment banking professional with over 16 years of experience in business and financial advisory services. He has been instrumental in several successful financial transactions, including the first and second triple tranche Eurobond offerings of US$2.87 billion and US$4.00 billion by the Federal Government of Nigeria, the bond issuance of N187.60 billion by Dangote Industries Limited, and the N127.00 billion Series 1 & 2 commercial paper issuance by MTN Nigeria Communications Plc.

He also advised Access Holdings Plc on the acquisition of a majority equity stake in First Guarantee Pension Limited, the acquisition of an indirect equity stake in Sigma Pensions Limited, and the subsequent formation of Access Pensions Limited through the merger of both entities. He began his investment banking career with FSDH Merchant Bank Limited in 2015 as Head of Capital Markets and moved to FSDH Capital Limited as Head of Investment Banking in 2019. Prior to his time at FSDH, Taiwo was a consultant and Manager in the Financial Services Unit at Accenture Nigeria.

Taiwo holds a master's in finance from the London Business School and a B.Eng. in Electrical Engineering from the University of Ilorin. He is also a CFA Charter holder and has passed the Certified PPP Professional (CP3P) preparation exam.

Mr. Akinyemi Oluwadare
Group Head, Operations

HND Banking and Finance
Federal Polytechnic Ede

M.Sc Finance
University of Lagos

MBA
Obafemi Awolowo University

FCIB, ACA, ACI, FFMDA, FIMC

Akinyemi has over 15 years of banking experience in Operations, Risk Management, Customer Experience Management, and Capital Market Operations.

He started his banking career at Access Bank Plc, where he went through the Access Bank School of Banking Excellence and graduated at the top of his class in 2006. He then moved to the Treasury Operations unit of the bank, where he eventually became the Team Lead of the Reconciliation Unit.

In 2013, Akinyemi joined Standard Chartered Bank (Nigeria) Ltd as the Operational Risk Manager of the Financial Market Operations Unit. During his time at Standard Chartered Bank, he took on additional responsibilities, including peer oversight for branches in West African countries such as Gambia, Cote-D'Ivoire, and Cameroon.

In 2015, Akinyemi joined Coronation Merchant Bank as the Head of Transaction Support, where he successfully established a functional operations department for the bank. Currently, he holds the position of Group Head of Operations, overseeing Treasury Operations, Credit Operations, Domestic Operations, E-channels Operations, Customer Service, and Customer Experience Management.

From 2018 to 2019, Akinyemi served on the Governing Council of the Financial Market Dealers Association (FMDA). Additionally, he currently represents Coronation Merchant Bank in his role.

Mrs. Adeola Awe
Chief Audit Executive

BSc., MBA, FCA, CRM

Adeola is the Chief Audit Executive with over 20 years of banking experience spanning Finance, Trade Services, Domestic Operations, Clearing, Internal Control, and Internal Audit. She provides independent assurance to the Board of Directors (through the Board Audit Committee) and Senior Management on the quality and effectiveness of the Bank's internal control, risk management, governance systems, and processes.

In September 2006, Adeola joined Guaranty Trust Bank (now GTCO) as a Banking Officer, where she worked for 12 years and rose to the level of Group Head, Internal Audit. She joined Coronation Merchant Bank as the Head of the Internal Control Department in 2018.

She obtained a bachelor's degree in Management and Accounting, and an MBA in Financial Management. Adeola is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN), a Chartered Risk Manager, and a member of the Institute of Internal Auditors.

Mrs. Chidinma Akanle
Group Head, Private Banking

BSc, Mass Communication
University of Nigeria Nsukka

Chidinma Akanle is the Group Head, Coronation Private Banking. She is responsible for the conceptualization and implementation of the Bank's client value proposition and priorities for Ultra High Net-Worth and High Net worth clients. In this role, she works closely with relevant stakeholders and partners to deliver unique value to clients through the delivery of a mix of Wealth Management, Investment Advisory and Lifestyle solutions to drive growth and profitability.

She is a seasoned Banker with over 16 years of experience in Private banking, Retail Banking and Business Development for strategic business units.

She started her debut into the banking sector in 2006 at Ecobank, Retail banking division and later moved to the Private banking group where she began her private banking journey, sharpening her skills in UHNI and HNI Relationship Management, Product Development and Management. Chidinma has had various roles across the banking industry working in various financial institutions: Diamond Bank PLC, United Bank of Africa PLC, Heritage Bank and Stanbic IBTC.

Prior to joining Coronation Merchant Bank, Chidinma held various roles at Stanbic IBTC PLC Nigeria notably Head, Executive Banking, Nigeria and Segment Head of Silver Banking, Nigeria.

Chidinma holds a bachelor's degree in mass communication from the University of Nigeria, Nsukka. She has participated in several local and international conferences and training courses.

Ms. Chinwe Egwim
Chief Economist and Head, Economic Research/ Intelligence

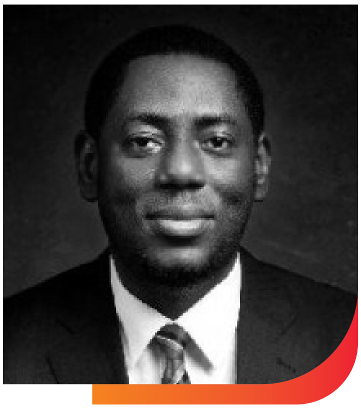
BA Economics
Kwame Nkrumah University, Kumasi Ghana

MA Financial Economics
Kingston University London

Chinwe Egwim is an Executive-level Economist with experience in macro, financial, development, gender and behavioral economics. She is currently the Chief Economist and Head, Economic Research/ Intelligence at Coronation Merchant Bank. Prior to joining Coronation Merchant Bank, she worked at FBNQuest Merchant Bank, FBN Capital, Fitch Ratings Milan and the Central Bank of Nigeria. She holds a master's degree in Financial Economics from Kingston University London, a BSc in Economics from Kwame Nkrumah University Kumasi Ghana and she is an alumna of the European School of Economics.

Her diverse corporate experience includes short and long-term forecasting, strategic planning, and market outlooks. Chinwe provides valuable perspectives for corporate boards and contributes to enhancing structures that produce optimal business results. She periodically develops evidence-based research for the benefit of decision-making, as well as to tackle operational and policy issues. Her contributions have also supported high-level projects driven by the World Bank, IMF, NESG and leading female empowerment NGOs. Chinwe has been appointed as a National Consultant by the United Nations Economic Commission for Africa and UNCTAD to lead the services trade project which focused on global and regional value chain analysis for the financial services sector.

She is frequently pulled in to give expert advice on economic trends across print and visual media. Chinwe has also been appointed as an Executive Council Member of Women in Management, Business and Public Service (WIMBIZ), she is currently the Vice-Chair of Advocacy at WIMBIZ and has published papers used for gender equality advocacy. Chinwe has received several reputable recognitions and awards for her work as an Economist and an Advocate for Women Empowerment.



Mr. Eshiovaze Mohmoh
Chief Technology Officer

BSc. Electronic and Electrical Engineering

TOGAF, PRINCE II

Eshiovaze Momoh is a certified enterprise IT architect and technology program manager with years of varied experience in Information technology advisory/ management consulting services. He has key competencies in solution delivery, IT governance and strategy design, operations technology transformation, business process optimization and solution architecture design.

Eshi was responsible for several enterprise projects in the financial services space under KPMG prior to joining Coronation Merchant Bank in 2018 as Chief Technology Officer. Upon joining the Bank, Eshi leveraged his experience in articulating the Bank's IT strategy which formed the basis for turnkey initiatives which have been implemented to date while ensuring proper oversight of the IT function and continuity of relevant projects.

Eshiovaze's role, in addition to ensuring smooth business operations and processing efficiency using technology, has been focused on creating business value and providing an enabling environment for the Bank to take advantage of new opportunities by embracing new digital channels and technologies. As a Solution Design specialist and technology strategist, he is currently co-facilitating the Bank's transformation journey towards achieving digital.

Whistle-Blowing Procedure

In line with the bank's Whistle Blowing Policy, Coronation Merchant Bank expects all its employees, Directors and stakeholders to observe the highest level of integrity and probity in their daily dealings with the Bank and all its stakeholders. The policy provides a clear framework and guidance for reporting suspected breaches of laws and regulations and the Bank's internal policies. KPMG Professional Services has been contracted by the Bank to provide consulting assistance in the implementation of the policy. The policy provides that suspected wrongdoing by an employee, vendor, supplier, or consultant may be reported through KPMG's Ethics reporting channels provided below.

Telephone KPMG lines:
Etisalat: 0809 993 6366
Globacom: 0705 889 0140
MTN: 0703 0000 026 | 0703 0000 027
Airtel: 0808 8228 888 | 0708 0601 222

KPMG E-Mail
kpmgethicsline@ng.kpmg.com

KPMG Web-link
https://apps.ng.kpmg.com/ethics

The Bank's Chief Audit Executive has the responsibility for monitoring and reporting on whistle-blowing issues. Quarterly reports are also rendered to the Board Audit Committee.

Individuals interested in whistleblowing may also do so to the CBN via:
Ethics & Anti-Corruption Helpline
+234 9 462 39246
+234 9 462 36000

E-Mail
ethicsoffice@cbn.gov.ng
anticorruptionunit@cbn.gov.ng

Sustainable Banking Report 2022

OVERVIEW

Sustainability is now increasingly recognized as central to the growth of emerging market economies. Financial institutions, as the providers of finance for businesses, have a pivotal role to play in promoting sustainability across industries, sectors, and communities. Sustainability also offers vast potential for financial institutions to improve their own products and services.

In a bid to secure the environment and social well-being of the economy amongst other objectives whilst carrying out its fiduciary function, Coronation MB sees sustainable banking as an important part of its processes. The Bank appreciates the need to ensure that its lending and investment decisions meet the tripod objectives of environmental responsibility, economic viability and social relevance. To this end, it adopts fully the principles and guidelines as released by the CBN and some international principles and practices to demonstrate its status as an institution with a vision of playing in the international banking space.

Coronation MB's Sustainability Framework articulates its strategic commitment to sustainable development, and it is an integral part of Bank's approach to risk management. Our Sustainability framework comprises the Bank's performance standards on Environmental and Social Sustainability. It is a hybrid of the principle and guideline of the Apex bank on the local front and a combination of the International Finance Corporation (IFC) on the international front.

The Bank uses the Sustainability Framework along with other strategies, policies, and initiatives to direct its business activities to achieve its overall objectives with the participation of all staff. This is achieved through the following:

- Obtaining and sustaining Senior Management buy-in
- Developing bank wide homogenous high awareness for E&S
- Incorporating sustainable banking into its Enterprise Risk Management practices
- Making sustainability banking a key part of decision making
- Evaluating on an annual basis the risk maturity and the sustainable banking maturity of the institution.

CORONATION MERCHANT BANK'S COMMITMENT TO SUSTAINABLE BANKING

The Bank's commitment to sustainable banking is underpinned under the following:

- Provision of loans and credit facilities to transactions only where the borrower can comply with our respective environmental and social policies and procedures.
- Promote work life practices that conform to its human right polices.
- Render advisory services only to businesses that are socially responsible and reflect sound environmental management practice. By doing so, negative impacts ecosystems and communities would be avoided.
- Contribute its quota regularly through Corporate Social Responsibility (CSR) and Sustainability in its strategy by:
    - Pledging to 'Do No Harm': The Bank commits to preventing and minimizing the environmentally and/or socially detrimental impacts of our portfolios and operations.
    - Commitment to Accountability: Coronation MB shall be accountable to its stakeholders, particularly those that are affected by the activities and side effects of companies we finance.

SCOPE OF APPLICATION

Application of ESG in CMB covers the entire spectrum of the Bank's Business Operations and Activities under the nine cardinals of Environmental and Social (E&S) sustainability as follows:

S/N	SCOPE
1	**Our Business Activities* - Environmental and Social Risk Management**
2	**Our Business Operations** - Environmental and Social Footprint**
3	**Human Rights**
4	**Women Economic Empowerment**
5	**Financial Inclusion**
6	**Environmental and Social Governance**
7	**Capacity Building**
8	**Collaborative Partnerships**
9	**Disclosure and Reporting**

*Business Activities refer to the provision of financial products and services to clients including, but not limited to: corporate finance, investment banking (corporate advisory, structured lending and capital, trading), equity investments, project finance, project finance advisory, structured commodity finance, trade and leasing, and other forms of direct lending.

**Business Operations refer to the undertakings of employees and the physical human capital, assets and infrastructure (e.g. offices, branches, equipment) that the bank engages in the course of facilitating its Business Activities. This would also include suppliers, contractors and third-party providers engaged by a bank in the course of facilitating its Business Operations and Business Activities.

APPLICABLE E & S STANDARDS

Coronation MB is committed to complying with national E&S laws and regulations and aims to be consistent with international standards and best practices for E&S risk management. These include:

a) Nigerian Sustainable Banking Principles (NSBPs);
b) National environmental, health & safety, and labour laws and regulations;
c) United Nations Declaration of Human Rights;
d) ILO Core Labour Conventions; and
e) IFC Performance Standards (IFC PS) and relevant World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines) for all applicable Category A transactions.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT (ESRM) GOVERNANCE STRUCTURE

The availability of a clearly defined governance structure for the effective implementation of the E&S risk management framework cannot be over emphasized. The Coronation MB's ESRM governance structures are aligned with the existing operating model for the management of other risk categories, particularly credit risk. The ESRM governance structure involves personnel across all segments of the bank's business
The Board of Directors has the ultimate responsibility of managing the Bank's exposure to ESG risk. This is supported by the recommendations from the Board Risk Management & Credit Committees. The Management committees, Managing Directors, Chief Risk Officer, Risk Management, Legal and Internal Control/ Audit departments and Strategic Business Units all have clearly defined roles and responsibilities towards achieving the Bank's ESG risk management objectives.

ESRM PROCEDURES

This is to implement a robust Environmental and Social Management System (ESMS) to enhance the predictability, transparency, and accountability of its actions and decision making. An ESMS is a systematic process to assess the E&S risks and opportunities arising from our clients' business activities, manage the Bank's exposure to them, and improve operating efficiency and effectiveness. The ESMS forms part of the Bank's overall Enterprise Risk Management system. It is embedded into the structure, planning activities, responsibilities, practices, procedures, processes, and resources for developing, and maintaining the system. The system offers a more strategic approach, with defined objectives to manage risk in a holistic manner.

1) Environmental and Social Risk Due Diligence:

E&S due diligence involves the systematic identification, quantification and assessment/evaluation of E&S risks associated with a proposed transaction. This process also helps identify the mitigation measures that are necessary to reduce any environmental and social risks that are identified. E&S due diligence typically includes the following key components:

a) Reviewing all available information, records, and documentation related to the E&S risks and impacts of the business activity;

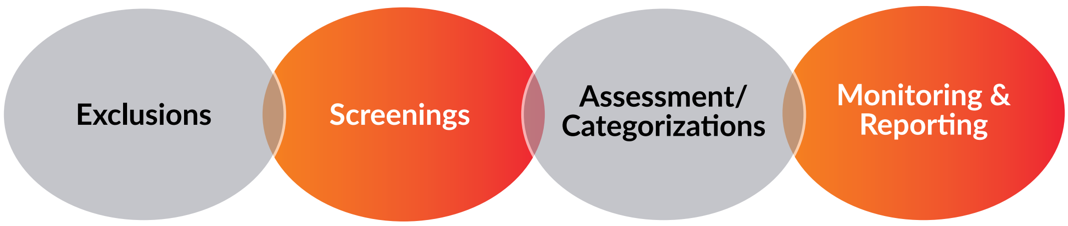
b) Conducting site inspections and interviews with client personnel and relevant stakeholders;

c) Analyzing the business activities, where appropriate in relation to the requirements of the IFC Performance Standards and provisions of the World Bank Group Environmental, Health and Safety Guidelines or other internationally recognized sources, as appropriate; and

a) Identifying any gaps therewith, and corresponding mitigation measures and actions beyond those identified by the client's management practices.

In lending/investment transactions where the use of proceeds is known and a clearly defined E&S footprint, the Bank's requirements regarding ESRM will apply to the specific activities being financed. Additionally, Coronation MB will also take into consideration its clients' ability to manage E&S risks consistently across all their operations through a Client Risk Assessment.

i) Environmental and Social Risk Screening: The Bank screens all credit facilities/investment against its exclusion list. Coronation MB also reviews each proposed advisory activity for environmental and social risk. The E&S risk screening and due diligence process is structured along the following lines:



Rapid E&S Screening includes:

- Confirming compliance with national laws and regulations;
- Identifying any activities on the Exclusion and Referral Lists;
- Screening the Business Activities for inherent sector-based E&S risk;
- Identifying any E&S risk 'red flags' at an early stage to tailor E&S due diligence.

The Bank's exclusion list outlines activities it will not support through the provision of financial products and services. This is a hybrid of IFC's Exclusion list and other items which the Bank shall not finance.
Coronation MB shall not finance the following projects:

- Production or trade in any product or activity deemed illegal under Nigerian laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine)[1]
- Production or trade in tobacco1[1]

- Gambling, casinos and equivalent enterprises[1]
- Production or trade in radioactive materials: This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced labour2 /harmful child labour[3]
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

Other Items which the Bank shall not finance:

- To support act/acts of terrorism
- To purchase illegal firearms
- To support illegal military activity
- To support production and distribution of illicit drugs
- Racist or anti-democratic media
- Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations
- Any business relating to pornography or prostitution
- Significant conversion or degradation of Critical Habitat; Production and distribution of racist and anti-democratic media
- Significant alteration, damage, or removal of any critical cultural heritage
- Relocation of Indigenous Peoples from traditional or customary lands

This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.
[2] Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.
[3] Harmful child labour means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

ii) Environmental and Social Risk Assessment: A more detailed assessment of client's commitment, capacity and track record in managing its E&S risk and impacts is conducted. The client risk assessment would result in a high, medium or low client E&S risk rating.

All clients and lending/investment transactions in inherently high E&S risk sector activities will require some level of further E&S due diligence and assessment.

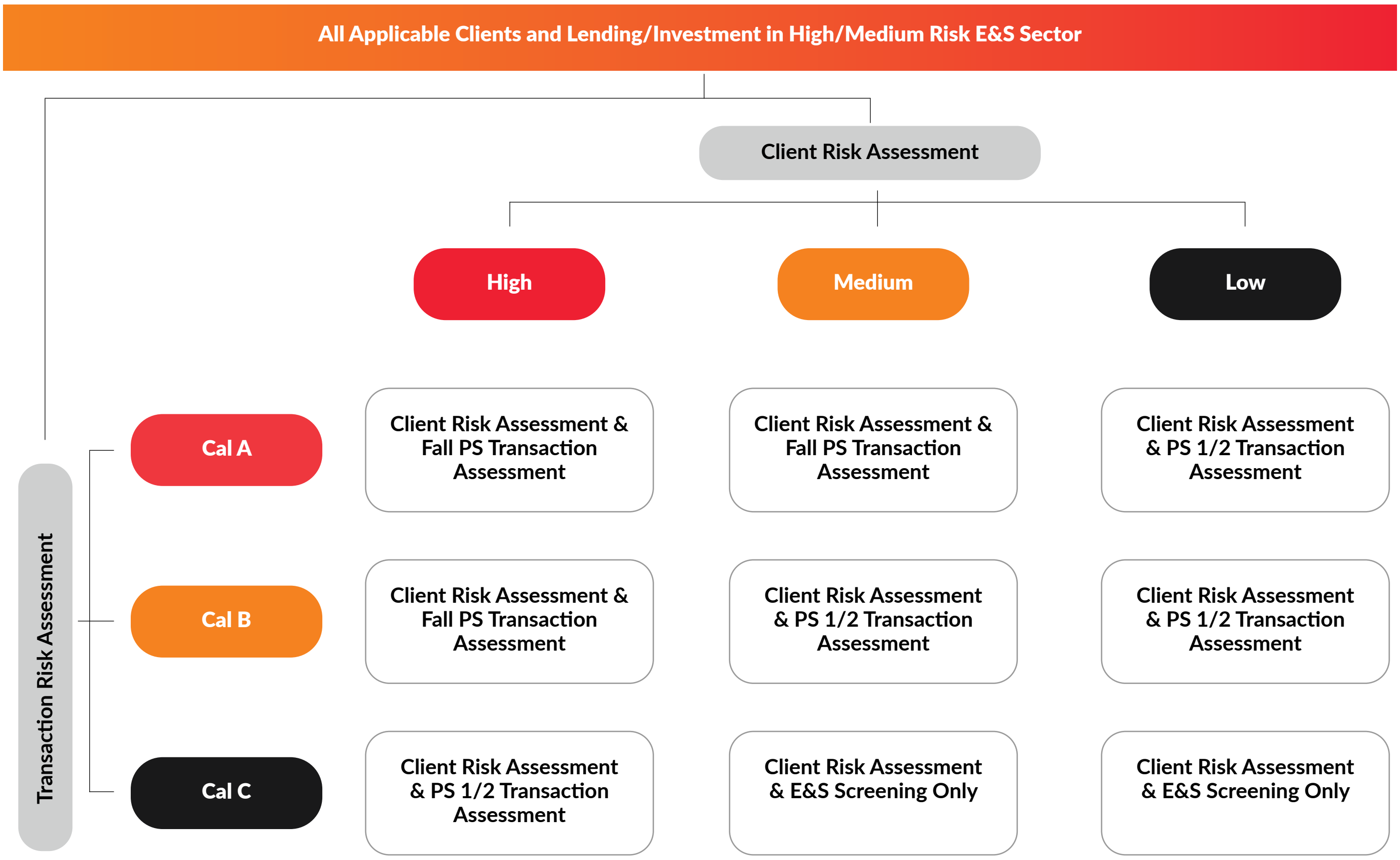
CLIENT E&S RISK RATINGS: The Bank adopts a Client Risk Assessment procedure to assign a Client E&S Risk Rating. This aims to assess the Client's Commitment, Capacity and Track Record for E&S risks and assign a High, Medium or Low client risk rating.

TRANSACTION E&S RISK CATEGORISATION: The final E&S risk categorization is given to transactions based on the World Bank Group methodology that is also contained in the IFC Performance Standards: Category A (High), Category B (Medium) and Category C (Low). The categories determine the further E&S assessment required.

RISK RATINGS	DEFINATION	INTERPRETATION	E & S TREATMENT
A	HIGH RISK	Major or Irreversible E & S Impact	Detailed
B	MEDIUM/MODERATE RISK	Material but reversible E & S Impact	Moderate
C	LOW RISK	Minor and reversible E & S Impact	Light

The combination of Client E&S rating and Lending/Transaction E&S rating drive the E&S due diligence requirements.

The following schematic shows the relationship between Client and Transaction E&S risk and how the E&S due diligence requirements are tailored to the overall risk profile.



ENVIRONMENTAL AND SOCIAL RISK ACTION PLANS:

The Bank documents all findings from the E&S due diligence, which are considered during the decision-making process before proceeding with a transaction. The scope of a corrective action plan to each client is tailored according to the specific risks identified during the E&S due diligence process or during subsequent transaction monitoring. Depending on the nature of E&S risks associated with a client's operations, bank staff may develop a corrective E&S Action Plan with a timeframe for the client to implement appropriate mitigation measures to comply with its E&S requirements.

The purpose of a corrective action plan is to mitigate potential E&S risks in the context of a transaction to an acceptable level for the bank. Corrective action plans range from simple mitigation measures to detailed management plans with actions that can be measured quantitatively or qualitatively. The corrective action plan may include a description of the specific mitigation actions to be taken by the client, a timeframe for implementation and a reporting requirement to inform the bank on the status of completion.

ENVIRONMENTAL & SOCIAL RISK MONITORING AND REPORTING

Coronation MB's approach to ESRM contains procedures to monitor and measure client compliance with, and progress in, meeting the Bank's E&S standards. Client and transaction E&S risks are recorded and documented to track performance and establish client progress over the life of the loan through regular relationship reviews. Such annual reviews ensure ongoing compliance with the Bank's ESRM policies. Strategic Business Units and Credit/ Investment Analysts document the progress of E&S results and, with the support of the E&S Officer, identify any necessary corrective and preventive actions for clients or the Bank.

Once a transaction has been approved, the Bank monitors the client's ongoing compliance with the E&S clauses stipulated in the legal agreement. E&S risks or compliance status may change from the time of transaction approval. E&S portfolio monitoring is done for all Category A and B transactions.

The monitoring process generally involves a review of periodic E&S performance reports submitted by the client and regular site visits of the client's operations.

CORONATION MB'S E&S FOOTPRINT MANAGEMENT PROGRAMME

BUSINESS OPERATIONS

The Bank seeks to avoid, minimize, or offset the negative impacts of its Business Operations on the environment and in the local communities where it operates, and where possible promote positive impacts.

To the above end, it strives to:

- Promote the efficient use of materials and resources such as energy and water
- Ensure compliance with applicable labour and social standards in its operations
- Incorporate national goals for economic and social development into the Bank's community investment programs.
- Encourage the application of sustainable principles by its vendors.

The Bank has a commitment to manage the footprint associated with its internal operations. This commitment includes implementing global best practices in environmental and social management with the objective of achieving carbon neutrality in its operations. This commitment shall be inculcated among staff through sustainability banking awareness and maturity evaluation. The progress in this regard will be tracked using the performance measurement metrics.

HUMAN RIGHTS:

The Bank recognizes its responsibility to humans within and outside of the institution and shall continuously seek to uphold and respect human rights as well as comply with national and internationally recognized human rights and labour standards and conventions in the conduct of its business operations.

The following actions underpin the achievement of its human rights responsibility:

- Development and implementation of an effective Human Rights Policy
- Development and implementation of a Sexual Harassment Policy
- Development and implementation of an effective mechanism for handling grievances and disputes
- Awareness communique to staff on the availability and applicability of this policies
- Integration of Human Rights due diligence into E&S Risk Management Procedures
- Investment in resources, and training of staff on Human Rights issues.

These help the Bank to avoid infringing on the human rights of others and to address adverse human rights impacts business may cause. Meeting this responsibility also means creating access to an effective grievance mechanism that can facilitate early indication of, and prompt remediation of various project-related and/or work-related grievances.

CAPACITY BUILDING

Coronation Merchant Bank ensures that members of staff are adequately educated about the bank's policy on social and environmental management. To this end, the bank conducts bank wide awareness and trainings on a regular basis. Coronation MB endeavors to train staff on a regular basis (e.g. through internal or third-party training, on-line or in-class) on E&S risk and opportunities management (including on human rights issues), and on how E&S considerations are integrated into the bank's decision-making activities.

The E&S Officer, with support from the Human Resources Department and where necessary from third-party training providers, provides training to relevant staff on E&S risk management. In the review year, the International Finance Corporation (IFC), Risk Management Association of Nigeria (RIMAN) and EBS Advisory all collaborated with the Bank to deliver virtual trainings to staff of the Bank.

The bank also participates actively in the quarterly Sustainability Champions meetings organized by the Central Bank of Nigeria where capacity is developed to address the Environmental and Social risks faced by individual banks and the banking sector as a whole.

WOMEN ECONOMIC EMPOWERMENT & GENDER EQUALITY CONSIDERATION

Generally, women are often prevented from realizing their economic potential because of gender inequity and it is in the light of this, that the Bank is open to creating opportunities for women through programs/activities against gender inequality. The Bank does not discriminate against women.

At Coronation MB, a fully operational gender inclusive workplace culture is practiced across its business Operations. The bank promotes women's economic empowerment by providing an enabling environment for women to work, thrive and grow in their careers. The bank strives to ensure that women are favorably represented at all levels of the bank's structure, from the board, to the management team and the whole workforce. The bank has a gender diversity policy which ensures all employees are treated fairly and equally regardless of their gender, sexual orientation, family status, race, color, nationality, ethnic or national origin, religious belief, age or physical challenge.

In the financial year, the following were recorded:

- percentage of female employees to total employees – 45%
- percentage of females in management positions– 32%
- percentage of females on the Board of Directors – 40%

The Bank recognizes that women are effective and efficient managers of resource. They are an essential part of private sector development thus the Bank expects its clients to minimize gender-related risks from business activities and unintended gender differentiated impacts.

CLIENTS COLLABORATION

The Bank strives to accomplish the overall goal of sustainability banking by collaborating with clients who identify and manage E&S risks and who pursue E&S opportunities and outcomes in their business activities with a view to continually improving their sustainability performance. Coronation MB recognizes the relationship between a strong culture of sustainability performance, culture, and programs to promote same.

The Bank already has an existing relationship with the Nigerian Sustainable Banking Principle steering committee leveraging on the experience of its members to drive the project in house.

In line with international best practices, the Bank shall jointly undertake with its clients being financed, measures to implement acceptable performance standard about E&S issues.

The drive for sustainability, environmental and social issues however starts with internal collaboration. To this end, Bank's management and Board of Directors play important roles in driving risk management and sustainable growth. This approach will help improve the financial, social, and environmental sustainability of investments, and enhances the public trust in its operations.

COLLABORATIVE PARTNERSHIPS

The Bank leverages on national and international partnerships to accelerate the implementation and growth of sustainable banking. The collaboration with international partners helps us gauge alignment with international standards and global best practices.

The Bank also on an ongoing basis invite subject matter experts and external sustainability banking consultants to examine the process in Coronation MB with a view of identifying gaps not previously noted and advising the Bank on how best to tackle such challenges. One of such reviews was conducted by Ellender Enterprises, a

The Bank is presently an active participant in the Nigerian Sustainable Banking Principles steering committee leveraging on the knowledge that abounds amongst the pioneers of sustainability in the banking industry. The Bank shall also work towards international affiliations and solicit both pro bono and paid services to experts for seminars and presentations on environmental and social risk management.

INFORMATION DISCLOSURE

The Bank considers disclosure and reporting as an integral part of its sustainability process. To this end, the Bank reports monthly to the CRO on progress of implementation of ESG. The Central Bank of Nigeria also receives a report from the Bank on a bi-annual basis in conformity to its template.

To promote transparency and accountability, the bank also provides accurate and timely information regarding its credit and operational processes and/or activities as well as more general institutional information.

At the end of every financial year, the sustainability banking report forms part of the Bank's annual financial reports. The Bank recognizes the importance of disclosure of information, both for itself and its clients, as a means of managing environmental, social, and governance risks. The Bank regularly reviews and reports on its progress in meeting the principles of disclosure at the individual, institution, and sector level.

- Coronation Merchant Bank relentlessly drives the implementation of fthe Nigeria Sustainable Banking Principles across all its units
- The bank's conscious effort to drive continous management of Environmment & Social Risk inherent in its business were demonstratedd in the NSBP report sent to the CBN ffor H2 2022. Key highlights are summarized below.

E&S Management System for Business Actions

- **100% of the 55 transactions approved amounting to N146,844,302 were screenedd for E&S Risks**
- **These transactions were all categorized as Low/Medium risk as all the customers operate in low impact areas**

Women's Economic Empowerment

- **The bank's female employees constituted 45% of fthe total workforce, up from 42% reported in H1 2022.**
- **6 of these female employees are currently in management positions. This corresponds to the number reported previously.**

E&S footprint Management System for Business Operations

MEASURE	H2 2022	H1 2022	TREND	COMMENT
Paper Use (Kg)	64.8	60.0	8% increase	Paper consumption increased marginally during the review period.
Air travel	72	46	57% increase in air travel	More travels were observed within the review period compared to the previous period due to the commencement of full resumption.
CO_2 Emmission (tons)	160.4	179.9	11% decrease	The decrease in total CO_2 emission is attributable to the decrease in disel consumption within the review period.

Capacity Building

- General awareness on Sustainable Banking was distributed quaterly
- The existing Bank Wide Knowledge sharing programme was also leveraged upon to deliver trainings.
- The Sustainability and Responsible Financing Webinar also held in H2 2022

Financial Inclusion

- There was no financial inclusion programme held during the period.

Human Rights

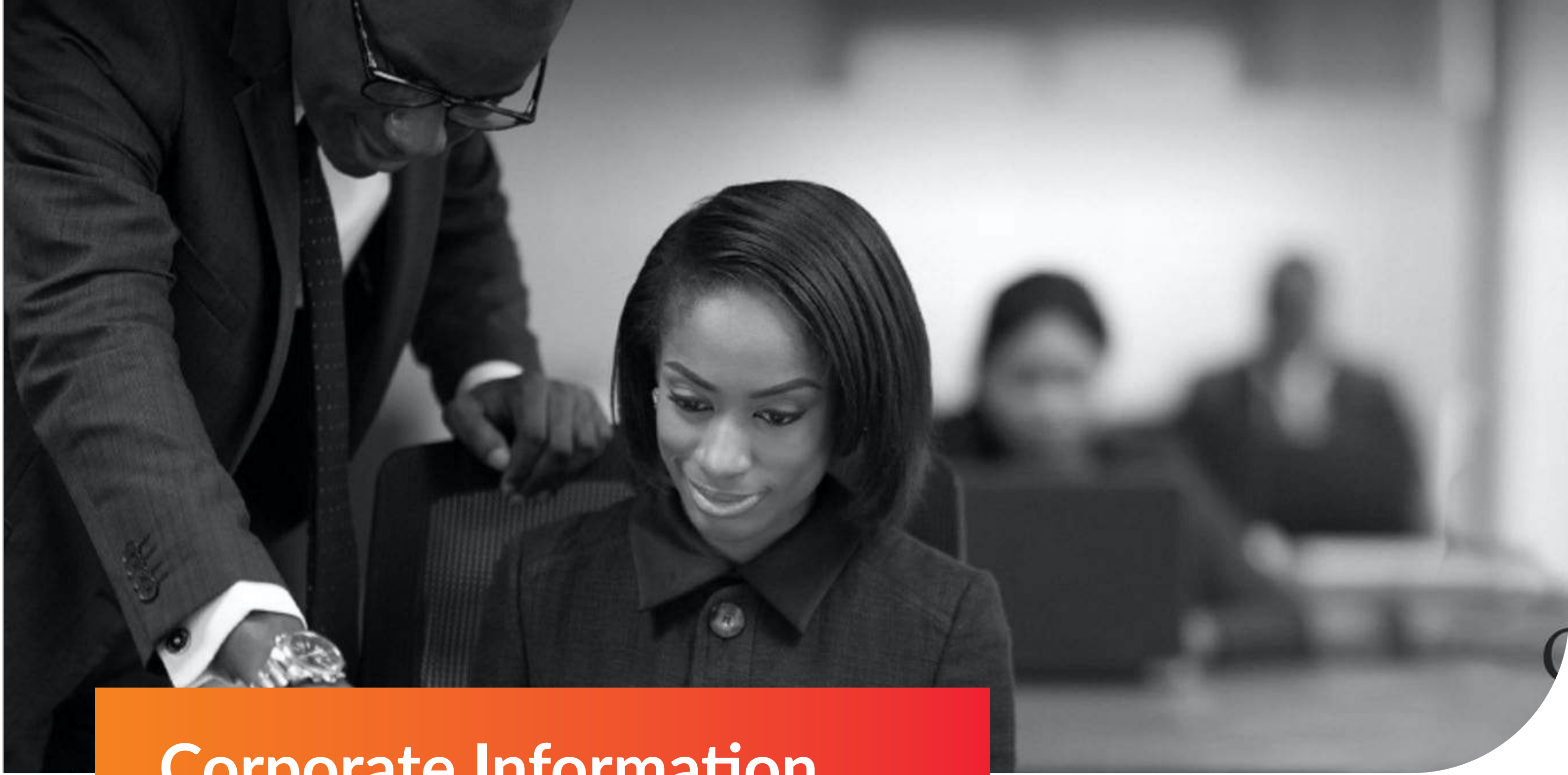
- All approved transactions were screened for Human Rights with no violations identified.
- The Diversity, Inclusion and Human Rights Policy exist to ensure and encourage equal and fair treatment of all employees.

Collaborative Partnerships

- The Bank is actively represented in the NSBP Steering Committee CSR Intiatives.
- The Bank hosted the NSBP committee meeting within the review period.
- The Bank continues to strenghten its partnership with IFC and other DFIs

Reporting

- The Bank regularly reviews and reports its progress in meeting the NSBP principles.
- Includes Sustainable Banking in the Annual reports which are approved by the Board of Directors and submitted to the regulators.



Corporate Information

As at 31 December 2022

Company Secretary
Mr. Stanley Ubani

Registered Office
Coronation House
10 Amodu Ojikutu Street
Victoria Island
Lagos, Nigeria
E: cmb@coronationmb.com
W: www.coronationmb.com

Auditors
PricewaterhouseCoopers
Landmark Towers
5B Water Corporation Drive
Victoria Island, Lagos
Tel: +234(0)1 271 1700
W: www.pwc.com/ng

RC No. 207138
FRC Registrar No.
FRC/2012/0000000000246

Directors' Report

The Directors have the pleasure in presenting their report on the affairs of Coronation Merchant Bank Limited ("the Bank") and the Bank's Audited Financial Statements with the External Auditors' Report for the financial year ended December 31, 2022.

1. LEGAL FORM

The Bank was incorporated in Nigeria as a Private Limited Liability Bank on October 22, 1992. It was granted license by the Central Bank of Nigeria on July 30, 1993 to operate as a discount house and commenced business on August 2, 1993. However, due to regulatory imperative, Associated Discounted House Limited sought for and obtained a Merchant Banking license on April 30, 2015 but commenced operation on 1st of July 2015.

2. STRATEGIC DIRECTION

The Bank was incorporated in Nigeria as a Private Limited Liability Bank on October 22, 1992. It was granted license by the Central Bank of Nigeria on July 30, 1993 to operate as a discount house and commenced business on August 2, 1993. However, due to regulatory imperative, Associated Discounted House Limited sought for and obtained a Merchant Banking license on April 30, 2015 but commenced operation on 1st of July 2015.

a) To be the most efficient and profitable bank in the merchant banking space with a lean and highly productive workforce.

b) To leverage technology to drive operational excellence.

c) To develop specialist capabilities required to become an investment bank of reference.

d) To maintain strong corporate governance and high ethical business practices.

3. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Bank is primarily engaged in the following activities:

- Corporate Banking
- Investment Banking
- Private Banking and Wealth Management
- Global Markets and Treasury

4. OWNERSHIP OF THE BANK

As at 31 December 2022, the shareholding structure of the Bank consisted of 14 institutional investors with the details and holdings shown below:

S/N	Shareholder	Holding as at December 2022	% Holding as at December 2022	Holding as at December 2021	% Holding as at December 2021
1	Coronation Insurance Plc	1,151,522,548	22.57	1,151,522,548	22.80
2	Marina Mars Proprietary Investments Limited	1,146,884,889	22.48	1,146,884,889	22.71
3	Coronation Capital (Mauritius) Limited	672,530,308	13.18	672,530,308	13.32
4	Coronation Registrars Limited	407,836,646	8.00	407,836,646	8.08
5	Coastal Properties Limited	377,358,491	7.40	377,358,491	7.47
6	Mikeade Investment Company Limited	283,018,868	5.55	283,018,868	5.60
7	Barracuda Capital Partners Limited	235,397,741	4.61	235,397,741	4.66
8	DTD Holdings Limited	226,415,094	4.44	226,415,094	4.48
9	Afdin Construction Limited	188,679,245	3.70	188,679,245	3.74
10	Cream Cowry Links Limited	169,811,321	3.33	169,811,321	3.36
11	Trustbanc Holdings Limited	103,773,585	2.03	103,773,585	2.05
12	Tropics Finance & Investment Limited	68,449,624	1.34	68,449,624	1.36
13	Tigrine Technologies Limited	50,505,462	0.99		
14	Tonibso Limited	18,867,925	0.37	18,867,925	0.37
	Total	**5,101,051,747**	**100**	**5,050,546,285**	**100**

NOTES

* Following the CBN's approval, the sales of 186,718,491 units of UNICO (CPFA) Limited's shares and 48,679,250 units of UNICO (CPFA) Gratuity Fund's shares to Barracuda Capital Partners Limited have been reflected in the Bank's books.

** Following shareholders' and regulatory approvals, the Bank allotted 50,505,462 units of its shares to Tigrine Technologies Limited. The impact of the allotment on the percentage holding of existing shareholders is reflected in the table above.

5. ANALYSIS OF THE SHAREHOLDING STRUCTURE

The shareholding pattern of the Bank as at 31 December 2022 was as follows:

Range	Number of Share holders	% of Share holders	Number of shares held	% of Shareholding
10,000,000 – 50,000,000	1	7.69	18,867,925	0.37
50,000,001 – 100,000,000	2	15.38	118,955,086	2.33
100,000,001 – 150,000,000	1	7.69	103,773,585	2.03
150,000,001 – 200,000,000	2	15.38	358,490,566	7.03
200,000,001 – 250,000,000	2	15.38	461,812,835	9.05
250,000,001 – 300,000,000	1	7.69	283,018,868	5.55
300,000,001-400,000,000	1	7.69	377,358,491	7.40
400,000,001 and above	4	30.77	3,378,774,391	66.23
	13	**100**	**5,050,546,285**	**100**

6. SUBSTANTIAL INTEREST IN SHARES

According to the register of members at 31 December 2021, the following shareholders held more than 5% of the issued share capital of the Bank:

Shareholder	Number of Share holders	% of Share holders	Number of shares held	% of Shareholders
	31-Dec-22		31-Dec-21	
Coronation Insurance Plc	1,151,522,548	22.57	1,151,522,548	22.80
Marina Mars Proprietary Investments Ltd	1,146,884,889	22.48	1,146,884,889	22.71
150,000,001 – 200,000,000	672,530,308	13.18	672,530,308	13.32
200,000,001 – 250,000,000	407,836,646	8.00	407,836,646	8.08
250,000,001 – 300,000,000	377,358,491	7.40	377,358,491	7.47
300,000,001-400,000,000	283,018,868	5.55	283,018,868	5.60

7 . DIRECTORS AND THEIR INTERESTS

The Directors who served during the year, together with their direct and indirect interests in the issued share capital of the Bank are recorded in the Register of Directors' Shareholding and as notified by the Directors for the purpose of Sections 277 of the Companies and Allied Matters Act 2020 is noted below:

Number of Ordinary Shares of N1.00 each held as at:				
	31-Dec-22		31-Dec-21	
Director	Direct	Indirect	Direct	Indirect
B. Folawiyo (Chairman)	–	226,415,094	–	226,415,094
I. Ogan (Non-ED)	–	–	–	–
L. Ettah (Non-ED)	–	235,397,741	–	235,397,741
A. Atta (Non-ED)	–	–	–	–
E. Oputu (Non-ED)	–	–	–	–

B. Dabiri (Independent)	_	_	_	_
S. Iroche (Independent)	_	_	_	_
O. Fayokun (Independent)	_	_	_	_
A. Adegbohungbe (GMD/CEO)	_	_	_	_
Feyisitan F. (ED)	_	_	_	_

8. DETAILS OF INDIRECT HOLDINGS OF DIRECTORS

The indirect holdings relate to the holdings of the under-listed companies:

S/N	Name	Company	Indirect Holdings	Total Indirect Holding
1	Babatunde Folawiyo	DTD Holdings Ltd	226,415,094	226,415,094
2	Larry Ettah	Barracuda Capital Partners Ltd	235,397,741	235,397,741

9. DIRECTORS' REMUNERATION

The Bank ensures that remuneration paid to its Directors complies with the provisions of the Code of Corporate Governance issued by its regulators. In compliance with S.5.3.6 and S.5.3.9 the CBN Code of Corporate Governance for Banks and Discount Houses, the Bank makes disclosure of the remuneration paid to its directors as follows:

Type of Remuneration	Description	Timing of Payment
Fixed Pay	The Executive Directors receive fixed pay which is made up of basic salary and other salary components that are part of the gross salary package for Executive Directors. The pay structure reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year.	Paid monthly during the financial year
Other Allowances and Benefits -in - Kind.	Part of gross salary package for Executive Directors only. It reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year.	Paid at periodic intervals during the financial year.
Productivity Bonus	Paid to executive directors only and tied to performance of the line report. It is also a function of the extent to which the Bank's objectives have been met for the financial year.	Paid annually in arrears.
Equity	Up to 1% issued equity at the net asset value approved by the Board. For 2022, this would represent percentage of the growth in net asset value for the period and is payable to the MD/CEO in line with his contract of employment.	This is to be treated in line with the Bank's Long-term Incentive Policy.
Directors' Fees	Paid to Non-Executive Directors only.	Paid Annually.
Sitting Allowances	Allowances paid to Non-Executive Directors only, for attending Board and Board Committee Meetings.	Paid after each Meeting.

10. RETIRING DIRECTORS

No director retired from the Bank during the 2022 financial year.

11. DIRECTORS RETIRING BY ROTATION

The Directors to retire every period shall be those who have been longest in office since their last appointment. In accordance with the provisions of Section 285 of the Companies and Allied Matters 2020 and the Memorandum and Articles of Association of the Company, Mr. Idaere Gogo Ogan, Ms. Olubunmi Fayokun and Mr. Adamu Atta shall retire by rotation and being eligible have offered themselves for re-election. The directors have continued to demonstrate commitment to their roles as Non-Executive Directors and the Board is convinced that they will continue to add value to the Bank.

12. DIRECTORS' INTERESTS IN CONTRACTS

For the purpose of Section 303 of the Companies and Allied Matters Act 2020, the Board did not receive, during the financial year, any declaration of interest from any Director in respect of any transaction or contract with the Bank.

13. PROPERTY AND EQUIPMENT

Information relating to changes in property and equipment is given in the notes to the Financial Statements. In the Directors' opinion, the net realizable value of the Bank's property and equipment are not less than the carrying value shown in the Financial Statements.

14. DONATIONS

The Bank identifies with the aspiration of the community and the environment in which it operates. To this end, the Bank made donations to the following charitable and non-charitable organizations during the year:

S/N	Purpose	Amount (2022 FY)
1	Office of the Head of the Civil Service of the Federation (OHCSF) of Nigeria	21,000,000.00
2	Sponsorship of the African Patrons cup polo tournament	10,000,000.00
3	ACA Annual Cashew Conference ACA Annual Cashew Conference	5,000,000.00
4	Sponsorship of Vibrant Africa	5,000,000.00
5	OVIE BRUME FOUNDATION	1,000,000
	Total	**42,000,000.00**

15. POST BALANCE SHEET EVENTS

There were no significant events after the balance sheet date.

16. HUMAN RESOURCES

i) Diversity in Employment

The Bank operates a non-discriminatory policy in the consideration of applications for employment. The Bank's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of applicant's state of origin, ethnicity, religion, gender or physical condition.

As part of our commitment to gender diversity, the Board approved Gender Diversity Policy targeted at addressing gender equality within the Bank and to actively facilitate a more diverse and representative workforce across management structure. As a result of a deliberate implementation of this Policy, the Bank has continued to maintain a commendable gender balance in its staff strength.

ii) Composition of Employees by Gender

Gender	Number
Female	57 (43%)
Male	76 (57%)
Total	**133 (100%)**

iii) Senior Management Composition by Gender

The Bank's senior management refers to employees in the positions of Assistant General Manager and above. As at 31 December 2021, the Bank had 8 top management employees broken down as follows:

Level	Female	Male	Total	% Female	% Male
AGM - GM	2	6	8	25	75
ED – MD/CEO	1	1	2	50	50
Total	**3**	**7**	**10**	**30**	**70**

iv) Composition of Board Members by Gender

Gender	Number	%
Female	4	40
Male	6	60
Total	**10**	**100**

The Bank achieved a 30% female representation at Senior Management level and 40% female representation on the Board.

v) Employment of Disabled Persons

In the event of any employee becoming disabled in the course of employment, the Bank will endeavour to arrange appropriate training to ensure the continuous employment of such a person without subjecting the employee to any disadvantage in career development.

As at 31 December 2021, the Bank had no physically disabled person in its employment.

vi) Health, Safety and Welfare of Employees

The Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank retains top-class hospitals for the provision of medical services for its employees and their immediate families under its Health Insurance Scheme.

Fire prevention and fire-fighting equipment are installed in strategic locations within the office premises. The Bank operates both a Group Personal Accident and the Workmen's Compensation Insurance for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2014 for its employees.

As at 31 December 2022, the Bank had no physically disabled person in its employment.

vii) Training of Employees

The Bank encourages the participation of employees in arriving at decisions in respect of matters affecting their wellbeing. The Bank places a high premium on the development of its manpower and sponsors its employees for various training courses. Our learning interventions are driven by the Competency Framework, Succession Plan and the Key Talent Management Framework. We also continue to develop subject matter experts internally who can drive internal learning. The internal trainings were administered through the Bank's Learning Management System.

viii) Statement of Commitment to Maintain Positive Work Environment

The Bank shall strive to maintain a positive work environment that is consistent with best practices to ensure that its business is conducted in a positive and professional manner as follows:

a) Equal opportunity is given to all qualified members of the Bank's operating environment.

b) The Bank maintains business premises designed to guarantee the safety and healthy living conditions of its employees and customers alike.

c) Employees are adequately insured against occupational and other hazards. In addition, the Bank retains top-class hospitals for provision of medical services for its employees and their immediate families under its Health Insurance Scheme. Employees are adequately insured against occupational and other hazards. In addition, the Bank retains top-class hospitals for provision of medical services for its employees and their immediate families under its Health Insurance Scheme.

d) Fire prevention and fire-fighting equipment are installed in strategic locations within the office premises.

e) The Bank operates both a Group Personal Accident and the Workmen's Compensation Insurance for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2014 for its employees – contributing 50% more than the statutory requirement.

ix) Staff Remuneration Policy

The Bank has established a remuneration policy that seeks to attract and retain the best talent in the industry. To achieve this, the Bank seeks to position itself among the best performing and best employee rewarding companies in its industry. The objective of the policy is to ensure that salary structures, including short and long-term incentives, motivate sustained high performance and are linked to corporate performance.

x) Managers' Remuneration

S.238 and S.257 of CAMA 2020 requires the Bank to disclose the remuneration of Managers to members at Annual General Meeting as an ordinary business. For the purpose of this disclosure, Managers includes employees on the grade of Assistant General Managers and above. In compliance with the above provisions, the Bank's Managers were paid a total of N338,388,369.84 in 2022 excluding other benefits, bonuses and allowances. The entire package was a reflection of the banking industry's competitive salary package and the extent to which the Bank's objectives have been met for the financial year.

17. CREDIT RATINGS

The prudential guidelines, as released by the CBN, require that banks should have themselves rated by a credit rating agency on a regular basis. It is also require that the credit rating should be updated on a continuous basis from year to year. Furthermore, it is required that banks should disclose this credit rating prominently in their published annual reports periodically.

In assessment of the Company's compliance with Corporate Governance Best Practice, Agusto & Co, Nigeria's foremost rating agency rated Coronation MB an 'A+'. This rating connotes the existence of strong corporate governance processes, a strong ability to meet financial obligation and stakeholder expectations and a strong governance process for risk management.

In the 2022 rating by Fitch Ratings Inc, the Bank retained its previous rating of a Long-Term Issuer Default Rating (IDR) of B- with a Stable Outlook, a Viability Rating (VR) of B- and a Long-Term Rating of 'BBB+' (nga).

18. DISCLOSURE OF CUSTOMER COMPLAINTS IN FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

In line with the Central Bank of Nigeria (CBN) circular referenced FPR/DIR/CIR/GEN/01/020, the Bank received, processed and resolved a total of 156 customer complaints during the period. The details of the Complaints, including the underlying triggers are provided in the report on customers' complaints.

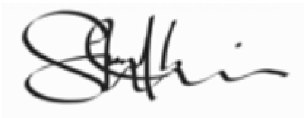
19. DIVIDENDS

Against the background of the Bank's performance in 2022, the Board of Directors will not be proposing any dividend to shareholders. The Board is however confident that the strategies approved for implementation in 2023 will culminate the Bank to profitability.

20. AUDITORS

At the Bank's Annual General Meeting on April 9, 2021, KPMG Professionals was appointed the Bank's Auditors in place of PricewaterhouseCoopers, whose tenure ended in 2020 in line with the requirement of S. 5.2.1.2 of the CBN's Code of Corporate Governance 2014. At the Bank's Annual General Meeting on April 25, 2022, KPMG Professionals was re-appointed the Bank's Auditors until the end of the next Annual General Meeting. Having indicated their willingness to continue in office and pursuant to section 401 of the Companies and Allied Matters Act 2020, a resolution will be passed at the coming Annual General Meeting to authorize the Directors to fix the remuneration of the Auditors.

BY ODER OF THE BOARD



Stanley Ubani
Company Secretary

FRC/2021/002/00000025010

Corporate Governance Report

Coronation Merchant Bank Ltd ("Coronation MB" or "the Bank") recognizes that good corporate governance is fundamental to earning and retaining the confidence and trust of its stakeholders. It provides the structure on which the objectives of the Company are set and the means of attaining those objectives.

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 an on-going compliance with the Codes of Corporate Governance for Banks in Nigeria issued by the Central Bank of Nigeria, other relevant CBN Circulars, the Securities and Exchange Commission's Codes of Best Practice and the Nigerian Code of Corporate Governance 2018 ("the NCCG") which have all been incorporated as part of Coronation Merchant Bank Limited's corporate governance practices. These collectively provide the basis for promoting sound corporate governance in the Company.

The Bank's corporate governance structures have sufficiently been aligned with the requirements of the NCCG. Guided by our core values of excellence, innovation, leadership, passion for customers, professionalism and empowered employees, we strive to demonstrate transparency, accountability, high ethical standards, and discipline in our dealings with our various stakeholders. These values continually define our corporate behavior.

The practice of international rating continued in 2022 with another rating exercise by Fitch Ratings Inc, which retained the Bank's previous year rating of B- with stable outlook for Long-Term Issuer Default Rating (IDR) and B- for Viability Rating (VR).

In assessing the Bank's compliance with Corporate Governance Best Practice, Nigeria's foremost rating firm, Agusto & Co, retained Coronation MB's rating of 'A+ with a stable outlook', a confirmation of the Bank's strong corporate governance processes, the existence of effective risk management structure and an affirmation of its ability to meet the financial obligations and stakeholder expectations.

Coronation MB is committed to best practice in all other areas of corporate governance which include strict performance monitoring, the careful appointment of experienced and capable directors, outlining the roles of Board Committees and engagement with key stakeholders on issues that require wider consultations.

The Bank is governed under a framework that enables the Board to discharge its oversight functions while providing strategic direction to the Bank in a manner that complies with applicable regulations.

The Directors have the pleasure in presenting their report on the affairs of CoronationMB and the Audited Financial Statements with the external Auditors' Report for the financial year ended 31 December 2022.

DEVELOPMENTS ON THE BOARD IN 2022

The effectiveness of any board is made possible by directors with appropriate skills, qualifications, and experience who are guided by integrity in their private and public behavior. In recognition of this imperative, the Board has established a formal process for the selection of new directors to ensure the transparency of the nomination process. The appointment process for directors is done by the Board Governance and Nomination Committee in line with the Bank's Framework for Appointment of Directors.

The Committee identifies candidates for appointment as directors in consultation with key stakeholders amongst the shareholders, the Chairman, the Managing Director, other directors and the engagement of such methods as the Committee deems necessary. Once candidates have been identified, the Committee will confirm that they meet the criteria contained in the policy and relevant statutes and regulations. The Committee may gather information about the candidates through interviews, questionnaires, enhanced due diligence checks or any other means that the Committee deems necessary. The Committee meets to discuss and evaluate the qualities and skills of each candidate, considering the overall composition and needs of the Board.

Based on the outcome of the evaluation, the Committee recommends candidates to the Board for appointment as directors subject to the approval of shareholders and the Central Bank of Nigeria.

Other than the directors that will retire by rotation as required by the Companies and Allied Matters Acts 2020 and the Bank's Article of Association and who will, being eligible, present themselves for re-election, there was no resignation or retirement from the Board in 2022.

However, it is worthy of note that two of the Bank's independent non-executive directors, Mr. Babatude Dabiri and Mrs. Suzanne Iroche, will retire from the Board of the Bank in April 2023, after the completion of their regulatory tenor in line with the requirement of the applicable CBN regulation.

Both Mr. Dabiri and Mrs. Iroche served on the Board of the legacy Associated Discount House Limited, which metamorphosed into Coronation MB in 2015. They were both appointed into the Board of the Bank in April 2015 and served meritoriously as Chairmen of two of its Committees. While Mr. Dabiri served as the Chairman of the Board's Credit and Investment Committee, Mrs. Iroche served as the Chairman of the Board's Audit Committee. The Board is grateful to the duo for their immense contributions to the growth of the Bank and the institution of governance structures that have ensured its continuous development.

In accordance with Coronation MB's Board Succession Policy, the Board commenced the process of appointing capable replacements for the retiring directors in 2022. This process has culminated in the appointment of Mr. Olukayode Akindele as an independent Non-Executive Director of the Bank in December and the subsequent approval of his appointment by the Central Bank of Nigeria.

Mr. Akindele was born on November 25, 1979 (43 years). He obtained a BA Hons Degree in Philosophy, Politics and Economics from the University of Oxford in 2001 and an FSA Certificate – CF 22 Investment Advisor (Derivatives) in 2004. He worked as an Audit & Assurance Associate at the Banking & Capital Market Division of PriceWaterCoopers, London and later a Manager/Associate Director, Risk Solutions Team in the Financial Markets Division of Lloyds Banking Group. He was a Vice President/Assistant General Manager and Head, Debt Capital Markets in the M&A and Structured Markets Group of UBA Capital & Trust Limited and a Partner at 46 Parallels. Between May to June 2015, he served as a Technical Assistant/Subject Matter Expert for the Presidential Transition Committee of Mr. Muhammadu Buhari and is a Co-Founder/Partner at TIA Capital.

In compliance with Section 5.7 of the CBN's Revised Fit & Proper Persons Regime 2015, Mr. Akindele does not have any direct relationship with the Bank or any of its officers, major shareholders, subsidiaries and affiliates which may impair his ability to make independent judgments or compromise his objectivity. It was based on this fact that the Board designated him an independent Non-Executive Director, a judgment which has received the approval of the Central Bank of Nigeria.

The Board is strongly persuaded that Mr. Akindele's appointment will go a long way in filling the vacuum that would be created by the retirement of the two independent Non-Executive Directors of the Bank and that his knowledge, experience, character and personality will be of immense benefit to the Board.

Mr. Akindele will be presented by the Board to members for election as an independent Non-Executive Director of the Bank.

Also, during the 2022 Financial Year, Mrs. Cornelia Utuk resigned her appointment as the Company Secretary/ Legal Adviser of the Bank to pursue other personal interest. In line with the Bank's Senior Management Succession Plan, the Board approved the appointment of Mr. Stanley Ubani as the Company Secretary/Legal Adviser of the Bank and following the approval of the Central Bank of Nigeria, Mr. Ubani assumed office in January 2022.

RETIREMENT AND RE-ELECTION OF DIRECTORS

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 election.

In line with the above requirement, Mr. Idaere Gogo Ogan, Olubunmi Fayokun and Adamu Atta shall retire by rotation and being eligible for re-election will submit themselves for re-election. The Board is convinced that the directors standing for re-election will continue to add value to the Bank as they are required to maintain the balance of skill, knowledge, and experience on the Board. The biographical details of the directors standing for re-election are contained in this Report.

BOARD EFFECTIVENESS

The evolving expectations for governance accountability and effectiveness have necessitated that deliberate actions be institutionalized to refresh Board positions in ways that promote diversity of skills, relevant knowledge, experience and background. Consequently, succession planning has become a key imperative for building a Board with the right complements for effectiveness in executing its core mandates.

BOARD COMPOSITION – GUIDING PRINCIPLES

The Bank's Framework for Appointment of Directors is designed to ensure that the Bank is managed and overseen by competent, capable and trustworthy individuals. The Governance and Nominations Committee is responsible for both Executive and Non-Executive Director succession planning and recommends new appointments to the Board. In this regard, the Committee takes cognizance of the existing range of skills, experience, background, and diversity on the Board in the context of the strategic direction of the Bank in the articulation of specifications relevant for every appointment. The Committee also considers the need for appropriate demographic and gender balance in recommending candidates for Board appointments. Candidates who meet the criteria set by the Committee are subjected to enhanced due diligence inquiries and rigorous evaluation process.

We are comfortable that the Board is sufficiently diversified to optimize its performance and deliver sustainable value to stakeholders. The Board's composition is aligned with both the applicable Governance Codes and global best practice on the parity of Non-Executive Directors to Executive Directors. In 2022, the Board had more Non-Executive Directors than Executive Directors, with three of the Non-Executive Directors being Independent as against two required by the CBN Code. Non-Executive Directors are appointed to the Board to bring independent, specialist knowledge and impartiality to strategy development and execution monitoring.

TRAINING AND INDUCTION

The Board ensures the regular domestic and international training of its members to improve their decision-making capacity, thereby contributing to the effectiveness of the Board and overall performance of the Bank. Based on the recommendation of the Governance and Nomination Committee, the Board approves the Annual Training Plan and budget for directors while the Company Secretary ensures the implementation of the Plan with regular reports to the Board.

Individual Training

During the period under review, 3 directors attended the training programmes shown below:

S/N	Name of Director	Name of Training	Venue & Date	Organizer
1	Mr. Babatunde Dabiri	Team Dynamic for Board Members	Lausanne, Switzerland June 13-16, 2022	International Institute for Management
2	Mrs. Suzanne Iroche	Exploiting Disruption in a Digital World	London, UK May 8-13, 2022	London Business School
3	Mr. Idaere Gogo Ogan	Value Creation through Effective Board	Barcelona, Spain May 23-26, 2022	IESE Business School

General Training

All directors attended the following trainings in 2022:

S/N	Name of Training	Venue & Date	Organizer
1	Navigating the Evolving Threat Landscape in the Digital Ecosystem	Coronation House – 10, Amodu Ojikutu Street, Victoria Island, Lagos October 2022	KPMG Professionals
2	AML/CFT Compliance – The Role of the Board	Coronation House – 10, Amodu Ojikutu Street, Victoria Island, Lagos October 2022	Nigeria Capital Market Institute

PERFORMANCE MONITORING AND EVALUATION

The Board, in the discharge of its oversight function, continuously engages with Management and contributes ideas to the planning and execution of the Bank's strategy. Consequently, the Board held its annual retreat on January 24, 2023, where the strategy for 2023 was rigorously debated and agreed between Management and the Board.

As part of its oversight function, the Board receives quarterly updates on implementation of the strategy, affording its members the opportunity to monitor and assess progress, review significant issues, risks or challenges encountered in strategy implementation. Deliberation on the updates also provides a common platform for the Board and Management to jointly work for the mitigation of the risks and management of the challenges encountered in the implementation of the strategy. Also, Management's report on the Bank's actual financial performance is presented relative to the planned budget to enable the Board to assess the level of achievement and proffer suggestions/directives for enhanced results. Peer comparison is also a crucial component of Management reporting to the Board to benchmark performance against those of competition.

The Bank's performance on Corporate Governance is continuously being monitored and reported. We carry out quarterly and annual reviews of our compliance with the CBN and the SEC Codes respectively and render reports to the regulators.

The Board has also established a system of independent annual evaluation of its performance, that of its Committees and individual Directors. The evaluation for the 2022 financial year was undertaken by Ernst and Young Professional Services. The exercise covered the Directors' self-assessment and peer assessment in addition to the assessment of the Board Standing Committees.

The choice of an independent consultant encouraged openness in discussions during the review sessions as the independent consultant was not connected with the Bank or any of its Directors. It also enhanced the objectivity and transparency of the evaluation process.

The evaluation was a 360-degree online survey covering Directors' self-assessment, peer assessment and evaluation of the Board and its Committees. It also covered the Board's structure and composition, processes, relationships, competencies, roles, and responsibilities. The effectiveness of the Independent Directors vis-à-vis the CBN Guidelines on Independent Directors of Banks was also evaluated. The result confirmed that the individual directors and the Board continue to operate at a high level of effectiveness and efficiency. The result showed that the Bank's corporate governance practices followed the provisions of the CBN Code of Corporate Governance for Banks. The summary result of the independent evaluation will be presented by Ernst & Young at this meeting.

To further deepen the Bank's culture of governance, the Board Charter was amended in 2022 to enable the meeting of independent non-executive directors, when necessary, to deliberate on significant issues concerning the Bank. An amendment was also made to allow individual directors access to independent external expert advice, at the expense of the Bank, on issues arising from meetings of the Board or any of its Committees. With this amendment, both the Board as a body or an individual director can access external professional/expert advice at the Bank's expense.

SHAREHOLDERS AND REGULATORY ENGAGEMENT

The Board is committed to maintaining high standards of corporate disclosure to existing/ potential shareholders and regulators for the making of informed decisions about the operations of the Bank.

Shareholders meetings are held as required by the Bank's Articles of Association and extant laws and regulations, to deliberate on issues affecting the Bank. Notices of such general meetings are sent to all shareholders of the Bank. The Annual General Meeting continues to be a medium for promoting interaction between the Board, Management, and Shareholders. Attendance at the Annual General Meeting is open to shareholders or their proxies, while representatives of the Central Bank of Nigeria, the Securities and Exchange Commission and other Regulators are usually in attendance. Members of the press are also admitted to monitor the proceedings.

An Extraordinary General Meeting may also be convened at the request of the Board or shareholders holding not less than 10% of the Bank's paid-up Capital. No Extraordinary General meeting took place in 2022.

The implementation of our robust investors and regulatory engagement strategies enables us to understand stakeholders' views about the Bank for appropriate and effective response. The Bank's Investors Engagement Policy requires the Board and Management to ensure that communication with shareholders is timely, factual, broadly disseminated and accurate in line with applicable legal and regulatory requirements. The Bank's reports and communications to shareholders and other stakeholders are in plain, readable and understandable formats. Also, the Bank updates its website www.coronationmb.com with both financial and non-financial information regularly.

The Board ensures that shareholders' statutory and general rights are protected always, particularly their right to vote at general meetings. The Board also ensures that all shareholders are treated equally regardless of the size of their shareholding and social conditions. Our shareholders are encouraged to share in the responsibility of sustaining the Bank's corporate values by exercising their rights as protected by law.

To further ensure the rights of its stakeholders, the Board has approved a Human Rights Policy which seeks, amongst other things, to install zero tolerance for all manner of human rights infringements including but not limited all forms of discrimination, harassment and intimidation within the Bank and in the operation of its business. The Policy, which is a testament to the Bank's determination to protect the rights of its employees, vendors, customers, shareholders and communities also encourages the Bank's partners to uphold the principles embedded in the Policy in their respective operations.

ACCESS TO INFORMATION AND RESOURCES

Management recognizes the importance of free flow of complete, adequate and timely information to the Directors for the effective discharge of their responsibilities. The Heads of Strategic Business Units are invited to make presentations and provide clarifications, where necessary, to the Board. The Bank's External Auditors also make presentations on the Bank's audited Financial Statements to the Board Audit Committee. Directors have unrestricted access to Management and company information in addition to the necessary resources to carry out their responsibilities.

BOARD RESPONSIBILITIES

The primary responsibility of the Board is to provide effective leadership and direction, within the applicable regulatory and legal framework, for the enhancement of the long-term value of the Bank to its shareholders and other stakeholders. It has the overall responsibility for reviewing the strategic plan and performance objectives, financial plans and annual budget, vital operational initiatives, significant funding and investment proposals, financial performance, and corporate governance practices. The Board is the Bank's decision-making body primarily responsible for governance. It operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustainable growth.

DIRECTORS' REMUNERATION POLICY

OBJECTIVES

This Policy reflects Coronation MB's desire to sustain long-term value creation for shareholders and aims to:

a) Promote excellence and balance between short and long-term performance such that Coronation MB's financial goals and shareholders' expected returns are met and sustained.

b) Enable Coronation MB to attract, motivate and retain people of proven ability, experience and skills in the market in which it competes for talent and impact the Bank's present and future goals.

c) Align the compensation for Directors with the volume of work, risks associated with decisions taken by the Board and the complexity of the merchant banking business.

d) Boost the level of commitment expected of the directors and enhance the quality of Board decisions, effectiveness and accountability.

e) Ensure that both internally and externally, remuneration policies and programs are transparent, well communicated, easily understood and aligned with the interest of shareholders and leading corporate governance practices.

REMUNERATION STRUCTURE

The Board Governance and Nominations Committee made up of only Non-Executive Directors recommends the remuneration for the Board and the remuneration packages of Executive Directors in all its forms. Executive Directors play no part in deciding their remuneration.

The compensation of the Managing Director (MD) and the Executive Directors includes incentive schemes to encourage continued improvement in performance against the criteria set and agreed by the Board.

The remuneration of the Managing Director and other Executive Directors consist of both fixed and variable remuneration components as may be contained in their contracts of employment.

The Board Governance and Nominations Committee sets operational targets including Key Performance Indicators (KPI's) covering both financial and non-financial measures for the executives at the beginning of each year. The performances of the Executives Directors are measured against these criteria at the end of the financial year and their evaluation results are used in determining the variable element of their remuneration.

Executive Directors are not entitled to sitting allowances for attendance at meetings of the Board and its Committees.

COMPONENTS OF NON-EXECUTIVE DIRECTORS REMUNERATION

Non-Executive Directors' fees reflect the extent of the Director's responsibilities, expected contributions and liabilities. The remuneration of the Non-Executive Directors consists of sitting allowances (payable for each Board and Board Committee meetings attended) and Directors' fees as may be reviewed and approved by members in Annual General Meeting from time to time.

Non-Executive Directors will be reimbursed expenses necessarily and reasonably incurred in the course of their roles as Board members. Reimbursable expenses include travel expenses, hotel expenses, meals, communication costs e.g. telephone, internet subscription, etc.

ROLES AND RESPONSIBILITIES

The Board Governance and Nominations Committee shall be responsible for:

1) **Ensuring that the compensation package for the Managing Director and other Executive Officers serves to:**
    a) Attract, retain and motivate outstanding management staff who add value to the Bank.
    b) Ensure that remuneration to Executive Directors is performance driven.
    c) Provide a highly competitive base salary structure for Executive Directors.
    d) Link annual variable pay opportunities to attainment of pre-defined performance measures.

2) **Making recommendations to the Board:**
    a) On the remuneration packages of Executive Directors and Non-Executive Directors;
    b) On the salary and service conditions of senior management staff;
    c) On the remuneration policy.

3) **Ensuring proper disclosure of Directors' remuneration to stakeholders.**

COMPENSATION REVIEW

To ensure that the Bank's compensation structure remains competitive, this Policy shall be reviewed periodically to reflect changing realities. The Committee's review should consider the Board's performance and Coronation MB's remuneration vis-à-vis the industry's peer group. The peers should be selected based on Coronation MB's business lines, size, scope, geographic coverage and any other criteria as may be set by the Committee.

In determining the level and make-up of the remuneration for Directors, the Committee may obtain independent advice and or engage the services of an external consultant on the appropriateness of the remuneration package based on agreed compensation benchmarks.

APPROVAL

Directors' remuneration should be recommended by the Board Governance and Nominations Committee to the full Board for approval and presented to the shareholders at the Annual General Meeting for ratification.

DISCLOSURE

Coronation MB will make appropriate disclosures on the details of its Remuneration Policy in its Annual Reports and to shareholders as may be required.

REVIEW OF THIS POLICY

The Board shall, through the Committee, review this Policy once every two (2) years or as may be deemed necessary. The Policy was last reviewed in April 2021 and would be due for review in April 2023.

REVIEW OF NON-EXECUTIVE DIRECTORS REMUNERATION

In December 2022, the Board Governance & Nomination Committee considered a report of the Non-Executive Directors (NEDs) Remuneration Survey 2022 conducted by Ernst & Young (EY). The report covered information obtained on comparator companies (which included all the 5 other merchant banks and 8 commercial banks), industry practice, and recommendations for consideration by the Board.

The Report revealed that while the Bank's Directors' Annual Fees was between the 35th - 40th percentile of the comparator companies, the Sitting Allowance was between the 0th – 5th percentile. EY opined that that compensation would be considered fair and competitive when anchored at or above the 50th percentile against the background of affordability, business/economic realities, regulatory requirements, and industry practices. While the report would justify a review of both the Directors' Annual Fees and Sitting Allowance, the 2022 financial performance of the Bank could not support a simultaneous review of both components of the directors' emolument.

Accordingly, against the background that the sitting allowance of directors have not been reviewed since the inception of the Bank in 2015, the Committee recommended the review of the sitting allowance of directors to bring it up to the 50th percentile, which is N350,000.00 per sitting. The recommendation was eventually approved by the Board in January 2023 and would be presented to the shareholders at the next AGM for ratification.

GOVERNANCE STRUCTURE

The Board is made up of a Non-Executive Chairman, seven (7) Non-Executive Directors and two (2) Executive Directors including the MD/CEO. Three (3) of the Non-Executive Directors are Independent Directors, appointed in compliance with the Central Bank of Nigeria (CBN) circular on Appointment of Independent Directors by Banks.

The Bank is committed to upholding the tenets of good governance as enshrined in the various Regulators' Codes. The Board confirms that it has effectively and efficiently discharged its responsibility of ensuring that the Bank complies materially, with its internal Board Charter, Board Committee Charters, and the above Codes during the 2022 financial year.

In line with best practice and to ensure a balance of power and authority, the Chairman and Chief Executive Officer's roles are separated and assumed by different individuals. The Chairman is primarily responsible for the working of the Board while the Chief Executive Officer is responsible for the running of the business and implementation of Board strategies and policies. The Chief Executive Officer is assisted in managing the business of the Bank on a day-to-day basis by the Executive Management Committee, which he chairs and comprises of an Executive Director and Group Heads from Assistant General Managers level. The Board can reach impartial decisions as its Non-Executive Directors are a blend of Independent and Non-Independent Directors with no Shadow or Alternate Directors.

The principal responsibility of the Board is to promote the long-term success of the Bank by creating and delivering sustainable shareholder value. The Board leads and provides direction for the Management by setting policy directions and strategy, and by overseeing their implementation. The Board ensures that Management delivers on both its long-term growth and short-term objectives, striking the right balance between both goals. In setting and monitoring the execution of strategies, the Board considers the impact of its decisions on the company's obligations to various stakeholders such as shareholders, employees, suppliers and the community in which the Bank operates.

The Board is responsible for the maintenance of a robust system of internal controls and effective risk management oversight across the Bank for sustainable growth. Also, the Board is responsible for determining and promoting the collective vision of the Bank's purpose, values, culture, and behaviors.

In carrying out its oversight functions, matters reserved for the Board include but are not limited to:

1) Setting annual Board goals/plans.

2) Defining the Bank's annual strategies/objectives and monitoring delivery of the strategies and performance against approved plans.

3) Overseeing the Bank's capacity to identify and respond to changes in its economic and operating environment.

4) Approval of significant projects including corporate restructuring/re-organizations, major capital expenditure, capital management, acquisitions, and divestitures.

5) Performance evaluation and compensation of Board members and Senior Executives.

6) Attending to matters of succession planning, appointments, remunerations, retirement and disengagement of board members, senior executive members including the Company Secretary and the Chief Audit Executive.

7) Ensuring the maintenance of a culture of responsibility, transparency, and accountability through good corporate governance and adherence to high ethical values.

8) Definition of the Bank's risk appetite, approval and oversight over the operation and effectiveness of the Bank's risk management framework.

9) Oversee, review and monitor the operation, adequacy, and effectiveness of the Bank's reporting systems and the overall framework of internal controls including operational, accounting and financial reporting controls.

10) Ensuring effective communication with shareholders and other stakeholders on the financial performance and other significant developments of the Bank.

11) Approval of internal ratios and target rates of return on capital and assets and adopting appropriate accounting policies to ensure accurate assessment of the financial health of the Bank.

12) Approval of quarterly, half-yearly and full year financial statements of the Bank.

13) Review, approve and monitor implementation, compliance with, and effectiveness of all Policies, Guidelines and Operational and Procedural Manuals in the Bank.

The Board has an approved Charter which regulates its operations. The approved Charter and every subsequent renewals are forwarded to the Central Bank of Nigeria in line with the CBN Code of Corporate Governance.

THE ROLE OF THE CHAIRMAN

The principal role of the Chairman is to provide leadership and direction to the Board. The Chairman is accountable to the Board and shareholders and liaises directly with the directors and the Management of the Bank, through the Managing Director/Chief Executive Officer ('MD/CEO'). The duties and responsibilities of the Chairman are as follows:

1) Primarily responsible for the effective operation of the Board and ensures that the Board works towards achieving the Bank's strategic objectives.

2) Setting the agenda for board meetings in conjunction with the MD/CEO and the Company Secretary.

3) Approval of the Annual Board Activities Calendar.

4) Playing an integral role in ensuring that the Board and its Committees have the relevant skills, competencies for the achievement of their objectives.

5) Ensuring proper conduct of Board meetings and achievement of efficiency and cohesiveness in the Board.

6) Ensuring that the Directors receive accurate and clear information about the affairs of the Bank timeously for sound decisions.

7) Acting as the main link between the Board and the MD/CEO as well as advising the MD/CEO on the effective discharge of his duties.

8) Ensuring that all directors focus on their key responsibilities and play constructive roles in the affairs of the Bank.

9) Organizing induction programmes for new directors and ensuring that continuing education programmes are in place for all directors.

10) Ensuring effective communication with the Bank's institutional shareholders and strategic stakeholders.

11) Taking a leading role in the assessment, improvement, and development of the Board.

12) Presiding over General Meetings of shareholders.

THE ROLE OF MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

The (MD/CEO) has the overall responsibility for leading the development and execution of the Bank's long-term strategy, with a view to creating sustainable shareholder value. He manages the day-to-day operations of the Bank and ensures that operations are consistent with the policies approved by the Board. Specifically, the duties and responsibilities of the MD/CEO include the following:

1) Acts as Head of the Management Team and is answerable to the Board.

2) Responsible for ensuring that a culture of integrity and legal compliance is imbibed by personnel at all levels of the Bank.

3) Responsible for consistent achievement of the Bank's financial objectives and goals.

4) Ensures that the Bank's philosophy, vision, mission, and values are disseminated and practiced throughout the Bank.

5) Ensures that the allocation of capital reflects the Bank's risk management philosophy.

6) Ensures that the Bank's risks are controlled and managed effectively, optimally and in line with the Bank's strategies and objectives.

7) Supervision of the Executive Director.

8) Ensures that the Directors are provided with sufficient information to support their decision making.

THE ROLE OF THE COMPANY SECRETARY

The Company Secretary supports the overall effectiveness of the Board by, amongst other things, assisting in the development of good corporate governance practices and culture within the Bank. The role of the Company Secretary is central to the achievement of the objectives of the Board and includes the following:

1) Ensuring the observance of Board procedures, the Company's Memorandum and Articles of Association, relevant rules, and regulations. He also assists the Chairman and the Board Members in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

2) Assisting the Chairman in ensuring good information flow within the Board and its Committees and between Management and Non-Executive Directors.

3) Facilitates the orientation of new directors and coordinating their professional development.

4) Attending and preparing the minutes for all Board meetings and ensuring efficient and effective coordination between the Board, the Board Committees and Management.

5) The Company Secretary also assists in the development of the agenda for the meeting of the Board and its Committees.

The Company Secretary is properly empowered by the Board to discharge his duties and all Directors have independent access to the Company Secretary. The appointment and the removal of the Company Secretary are subject to the approval of the Board.

DELEGATION OF AUTHORITY

The ultimate responsibility for the Bank's operations rests with the Board. The Board retains effective control through a well-developed Committee structure that provides in-depth focus on the Board's responsibilities. Each Board Committee has written terms of reference and presents regular reports to the Board on its activities. The Board delegates authority to the MD/CEO to manage the affairs of the Bank within the parameters established by the Board from time to time.

BOARD MEETINGS

The Board confirms that it has effectively and efficiently discharged its responsibility of ensuring that the Bank complies materially, with its internal Board Charter, Board Committees' Charters, and the relevant Codes during the 2022 financial year. The Board was able to achieve this due to the existence of the following Governance structures:

- Shareholders' Meeting.
- Board of Directors.
- Board Committees.
- Executive Management Committees.

The Board meets every quarter but can convene emergency meetings as may be required. The Annual Board Calendar is approved in advance during the last quarter of the preceding year. Material decisions may be taken between meetings through circulated or written resolutions in line with the Bank's Articles of Association. The Board holds an annual retreat to consider strategic matters and review the opportunities and challenges facing the institution.

All directors are provided with notices, agenda and meeting papers in advance of each meeting to prepare them adequately for the meeting. A director who is unable to attend a meeting is still entitled to Board papers for the meeting. Such a director reserves the right to discuss with the Chairman any matter he/she may wish to raise at the meeting. Management also provides the directors with regular updates on developments in the regulatory and business environment.

The Board operates a secure electronic portal, BoardEffect, for the circulation of board papers to members. The use of an electronic portal underscores the Board's commitment to environmental sustainability by reducing paper usage.

The Board devoted considerable time and efforts on the following issues in 2022 amongst others:

- Review of Board Committee Charters/Policies.
- Consideration and approval of the 2023 budget.
- Approval of credit facilities.
- Consideration of top management appointments.
- Consideration of updates on the implementation of Board Retreat outcomes.
- Approval of the funding plan and asset plan.
- Approval of capital projects.
- Approval of interim and full-year audited financial statements.

The attendance at the Board meetings by members was as indicated in the table below:

S/N	Name of Directors	Name of Training	Board Meeting	Strategy
1	Babatunde Folawiyo (Chairman)	1	4	1
2	Suzanne Iroche	1	4	1
3	Evelyn Oputu	1	4	1
4	Babatunde Dabiri	1	4	1
5	Adamu Atta	1	4	1
6	Larry Ettah	1	4	1
7	Olubunmi Fayokun	1	4	1
8	Idaere Gogo Ogan	1	4	1
9	Adebanjo Adegbohungbe	1	4	1
10	Funke Feyisitan Ladimeji	1	4	1

MEETINGS OF THE BOARD AND BOARD COMMITTEES IN 2022

The Board and its Committees held the following meetings in the period ended 31 December 2022:

TYPE OF MEETING	DAY / DATE
Board Credit & Investment Committee	Monday, January 17, 2022
Board Credit & Investment Committee	Monday, March 7, 2022
Board Credit & Investment Committee	Thursday, April 21, 2022
Board Credit & Investment Committee	Monday, June 6, 2022
Board Credit & Investment Committee	Monday, July 18, 2022
Board Credit & Investment Committee	Monday, September 5, 2022
Board Credit & Investment Committee	Monday, October 17, 2022
Board Credit & Investment Committee	Monday, December 5, 2022
Board Risk Management	Wednesday, January 19, 2022
Board Risk Management	Wednesday, April 20, 2022
Board Risk Management	Wednesday, July 20, 2022
Board Risk Management	Wednesday, October 19, 2022
Board Governance & Nominations	Tuesday, January 18, 2022
Board Governance & Nominations	Tuesday, March 8, 2022
Board Governance & Nominations	Tuesday, April 19, 2022
Board Governance & Nominations	Tuesday, June 7, 2022
Board Governance & Nominations	Tuesday, July 19, 2022
Board Governance & Nominations	Tuesday, September 06, 2022
Board Governance & Nominations	Tuesday, October 18, 2022
Board Governance & Nominations	Tuesday, December 06, 2022
Board Audit Committee	Wednesday, January 19, 2022
Board Audit Committee	Tuesday, March 08, 2022
Board Audit Committee	Wednesday, April 20, 2022
Board Audit Committee	Wednesday, July 20, 2022
Board Audit Committee	Wednesday, October 19, 2022
Board Meeting	Monday, January 24, 2022
Board and Annual General Meeting	Monday, April 25, 2022
Board Meeting	Monday, July 25, 2022
Board Meeting	Monday, October 24, 2022

BOARD STANDING COMMITTEES

The Board of Directors carries out its oversight function through its Standing Committees each of which has a Charter that clearly defines its purpose, composition, and structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board does not sit on any of the Committees.

The Board's four (4) Standing Committees are:

A) Board Risk Management Committee

The responsibilities of the Committee include the review and recommendation of risk management strategies, policies and risk tolerance for the Board's approval; review of reports on risk exposure, risk portfolio composition and risk management activities.

All members of the Board, apart from the Chairman, are members of the Board Risk Management Committee. Meetings of the Committee are held at least once a quarter. Members' attendance at the Committee's meetings held in 2022 is indicated in the table below:

S/N	Members	Capacity	No. of Meetings Held	No. of Meetings Attended
1	Babatunde Folawiyo (Chairman)	Chairman	4	4
2	Suzanne Iroche	Member	4	4
3	Larry Ettah	Member	4	4
4	Babatunde Dabiri	Member	4	3
5	Adamu Atta	Member	4	4
6	Olubunmi Fayokun	Member	4	4
7	Idaere Ogan	Member	4	4
8	Adebanjo Adegbohungbe	Member	4	4
9	Funke Feyisitan Ladimeji	Member	4	4

B) Board Credit and Investment Committee

The Board Credit and Investment Committee provides strategic guidance for the development and achievement of the Bank's lending and investment objectives. It advises the Board on the Bank's credit exposure, investment portfolio, lending and investment practices. The Committee also reviews the process for determining provision for credit losses and the adequacy of the provisions made, the effectiveness and administration of credit-related policies and ensuring the implementation of the CBN Risk-based Supervision Framework.

The Committee is made up of all executive and non-executive directors except the Chairman who is not a member of any Committee. The Committee meets Quarterly and as the need arises. Members' attendance at the Committee's meetings held in 2022 is indicated in the table below:

S/N	Members	Capacity	No. of Meetings Held	No. of Meetings Attended
1	Babatunde Folawiyo (Chairman)	Chairman	8	8
2	Suzanne Iroche	Member	8	8
3	Larry Ettah	Member	8	8
4	Babatunde Dabiri	Member	8	8

5	Adamu Atta	Member	8	8
6	Olubunmi Fayokun	Member	8	8
7	Idaere Ogan	Member	8	8
8	Adebanjo Adegbohungbe	Member	8	8
9	Funke Feyisitan Ladimeji	Member	8	8

C) Board Governance and Nominations Committee

The Board Governance & Nomination Committee reviews matters relating to general purpose, corporate governance, sustainability, remunerations and nominations affecting the Bank. The Committee is primarily responsible for performance management, succession planning for the board, management and employees matters, amongst several others.

Membership of the Committee consisted of 5 Non-Executive Directors, 3 of whom are independent directors. The Committee sits quarterly and as need arises. Members' attendance at the Committee's meetings held in 2022 is indicated in the table below:

S/N	Members	Capacity	No. of Meetings Held	No. of Meetings Attended
1	Larry Ettah	Chairman	8	8
2	Suzanne Iroche	Member	8	8
3	Babatunde Dabiri	Member	8	8
4	Adamu Atta	Member	8	8
5	Olubunmi Fayokun	Member	8	8

D) Board Audit Committee

The Board Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities to the shareholders, regulators and all stakeholders by ensuring the following amongst others:

a) The integrity of the Bank's consolidated financial statements, financial reporting process and systems of internal accounting and financial controls.

b) The effectiveness of the internal audit function.

c) The annual independent audit of the Bank's consolidated financial statements and effectiveness of the Bank's internal control over financial reporting.

d) The engagement of the Independent Auditors and the evaluation of the Independent Auditors' qualifications, independence, and performance.

The Committee has as its members, 5 Non-Executive Directors, three of whom are independent directors. The Committee meets at least once a quarter. The number of meetings held in 2022 and attendance of members at those meeting is as follows:

S/N	Members	Capacity	No. of Meetings Held	No. of Meetings Attended
1	Suzanne Iroche	Chairperson	5	5
2	Babatunde Dabiri	Member	5	5
3	Evelyn Oputu	Member	5	5
4	Olubunmi Fayokun	Member	5	5
5	Idaere Ogan	Member	5	5

ROLE AND FOCUS OF THE BOARD AUDIT COMMITTEE

The duties of the Board Audit Committee are as enshrined in Section 404(7) of CAMA 2020 and the Codes of Corporate Governance issued by the CBN and SEC and include:

1) Ascertaining whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

2) Reviewing the scope and planning of audit requirements.

3) Reviewing the findings on management matters in conjunction with the external auditor and management's responses thereon.

4) Keeping under review the effectiveness of the Company's system of accounting and internal control.

5) Making recommendations to the Board about the appointment, removal and remuneration of the external auditors of the Company, ensuring the independence and objectivity of the external auditors and that there is no conflict of interest which could impair their independent judgement.

6) Authorizing the internal auditor to carry out investigations into any activity of the Company which may be of interest or concern to the Committee.

7) Assisting in the oversight of the integrity of the company's financial statements and establish and develop the internal audit function.

These are Committees comprising of senior management of the Bank. The committees are also risk driven as they are set up to identify, analyze, synthesize and make recommendations on risks arising from day-to-day activities of the Bank. They also ensure compliance with the risk limits contained in the Board and Regulatory policies. They provide inputs for the respective Board Committees and ensure the implementation of the recommendations of the Board Committees. They meet to immediately take actions and decisions within the confines of their powers. Some of these Executive Management Committees include the following:

- Executive Management Committee.
- The Asset and Liability Committee.
- Management Credit and Investment Committee.
- IT Steering Committee.
- The Enterprise Risk Management Committee.

GOING CONCERN

The Directors confirm that after making appropriate inquiries adequate resources exist in the Bank to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

EXTERNAL AUDITORS

KPMG Professional Services (KPMG) acted as our external auditors for the 2022 financial year. The Board confirms that the Bank has complied with the regulatory requirement as enshrined in the CBN and SEC Codes of Corporate Governance on the rotation of audit firm and audit partners. The tenure of Bank's previous Auditor, Messrs PricewaterhouseCoopers (PwC) ended on 31 December 2020 and in accordance with S.5.2.12 of the CBN Code of Corporate Governance, KPMG Professional was appointed in its place.

CODE OF ETHICS

The Bank's Code of Conduct specifies the expected behaviors of its employees and directors. The code is designed to empower employees and directors and enable effective decision-making at all levels of the business according to defined ethical principles. New employees are required to read and sign an attestation that they have understood the content of the Bank's Code of Conduct. There is a Compliance Manual that provides guidelines for addressing violations/ breaches and ensuring enforcement of discipline amongst staff. The Bank also has a Disciplinary Guide that provides sample violations and prescribes disciplinary measures to be adopted in various cases. The Head of Human Resources is responsible for the design and implementation of the Code of Conduct, while the Chief Compliance Officer is responsible for monitoring compliance.

The Chief Compliance Officer issues messages to all employees on Ethics and Compliance. The message reiterates the Bank's policy of total compliance with all applicable laws, regulations, corporate ethical standards and policies in the conduct of the Bank's business. It enjoins staff to promote sustainable growth of the franchise while ensuring compliance with relevant policies, laws, and regulations.

CONSUMER PROTECTION AND CUSTOMER COMPLAINTS MANAGEMENT

In compliance with the Central Bank of Nigeria circular (Ref: OD/DIR/CIR/2009/GEN/10) dated December 18, 2009, Coronation MB has put in place an appropriate and effective mechanism to address customer's grievances and complaints. The objective is to reduce the spate of customer complaints, enhance public confidence and customer satisfaction. The mechanism includes a dedicated e-mail address, customercomplaints@coronationmb.com, which automatically sends alert to designated officers. The contact details of the Bank's Help Desk are on investment letters to customers and counterparties. There is a billboard at the reception area in the Bank's Head Office and both branch offices in Port-Harcourt and Abuja.

ADOPTION OF THE GENDER DIVERSITY POLICY

This policy seeks to achieve a minimum of 30% female representation both at Board levels and at Senior Management levels subject to identification of candidates with appropriate skills. In line with this commitment, our policy is to value the differences that a diverse workforce brings to the Company and to provide a workplace where:

- Structures, policies and procedures are in place to assist employees to balance their work, family and other responsibilities effectively.
- Decision-making processes in recruitment take account of diversity.
- Employees have access to opportunities based on merit.
- The culture is free from discrimination, harassment, and bullying; and
- Employment decisions are transparent, equitable and procedurally fair.

In line with this policy, Coronation MB shall continually strive to treat all employees, prospective employees and customers fairly and equally regardless of their gender, sexual orientation, family status, race, color, nationality, ethnic or national origin, religious belief, age or physical challenge. Accordingly, in compliance with this requirement, the Bank currently has 4 women on its Board, namely, Ms Evelyn Oputu, Mrs. Suzanne Iroche, Ms. Olubunmi Fayokun and Mrs. Funke Feyisitan-Ladimeji.

ANALYSIS OF FRAUD AND FORGERIES RETURNS

The Bank had no case of fraud and forgery in the year under review.

CORPORATE GOVERNANCE

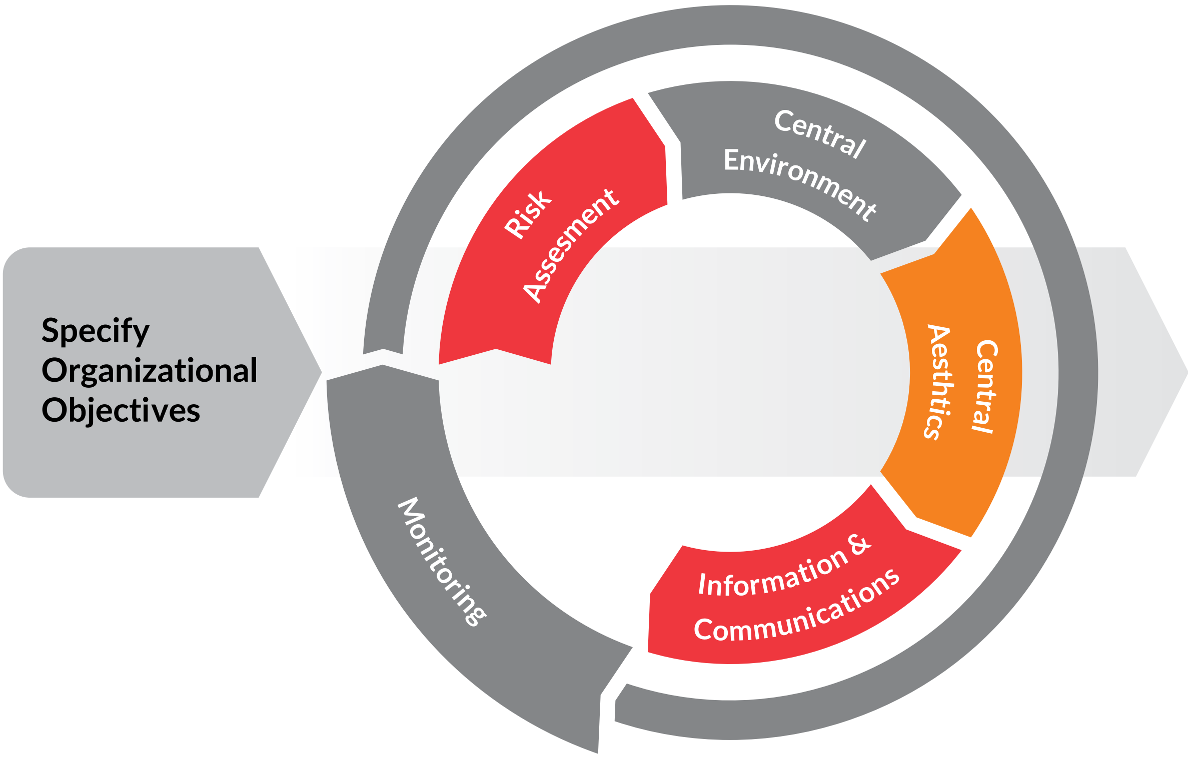
Coronation Merchant Bank (Coronation MB) Limited recognizes that good corporate governance is fundamental to earning and retaining the confidence and trust of its stakeholders. It provides the structure on which the objectives of the Company are set and the means of attaining those objectives. The Codes of Corporate Governance for Banks in Nigeria issued by the Central Bank of Nigeria, other relevant CBN Circulars (Ref: BSD/GCA/CON/CMB/02/071 dated 15 October 2014 on "Re- Code of Corporate Governance for Banks and Discount Houses in Nigeria", the Securities and Exchange Commission's Codes of Best Practice and the most recently enacted Nigerian Code of Corporate Governance 2019 (""the NCCG"") which have all been incorporated as part of Coronation Merchant Bank Limited's corporate governance practices. These collectively provide the basis for promoting sound corporate governance in the Company.

The Bank conducted a gap analysis of the corporate governance structures applicable in the Bank against the requirements of the NCCG and the areas requiring remediation were collated and responsibilities for remediating them were assigned to the respective responsible officers. The gaps are being regularized by the Bank.

METHODOLOGY AND APPROACH

The methodology and approach is in accordance with the COSO Internal Control Governance Framework. The COSO Internal Control Integrated Framework is the product of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and is recognized as a leading framework to apply for assessing the effectiveness of internal control. The COSO framework is designed to support Coronation MB as an organization in its efforts to achieve corporate objectives through five (5) Components and seventeen (17) Principles of internal control which are relevant to all entities, its individual operating units and functions.

Accordingly, in Coronation MB, the monitoring process (depicted below) illustrates the comprehensive nature of monitoring and illustrates how effective monitoring considers the collective effectiveness of all five components of internal control.



CONTROL ENVIRONMENT

The Internal organizational environment driven by the management operating philosophy, risk appetite, integrity, and ethical values.

RISK ASSESSMENT

Risks are identified and the likely impacts on the organization are assessed.

CONTROL ACTIVITIES

Policies and procedures are implemented to ensure organizational objectives and risk mitigation activities are effectively executed.

INFORMATION AND COMMUNICATION

Relevant information is communicated in an acceptable format and timely fashion to enable the organization meet its objectives.

MONITORING

The internal control process is continually monitored and required modifications are made to improve internal control activities as a result of the monitoring process. When monitoring is designed and implemented appropriately, it is intended to benefit Coronation MB as an organizations as it will continually ensure the following:-

- Identification and correction of internal control problems on a timely basis,
- Production of more accurate and reliable information for use in decision-making,
- Preparation of accurate and timely financial statements, and
- Be in a position to provide periodic certifications or assertions on the effectiveness of internal control.

The above will facilitate effective monitoring that lead to organizational efficiencies and reduced costs associated with public reporting on internal control since problems are identified and addressed in a proactive, rather than reactive manner.

Consequently, in Compliance with all relevant legislation, regulations, standards and codes is an essential characteristic of the Company's culture. The Board monitors compliance with these by means of management reports, which include information on any significant interaction with key stakeholders.

SHAREHOLDERS' MEETING:

Shareholders meeting are duly convened and held in line with the Company's Articles of Association and existing statutory and regulatory regimes in an open manner, for the purpose of deliberating on issues affecting the Company's strategic direction. Attendance to AGM is open to shareholders or their proxies while proceedings at such meetings are usually monitored by members of the press, representatives of regulatory authorities such as the Central Bank of Nigeria, Nigerian Stock Exchange and Securities and Exchange Commission.

BOARD: COMPOSITION AND ROLE:

The Board is comprised of ten (10) members, which include the Chairman, eight (8) non-Executive Director, two (2) Executive Directors inclusive of the Managing Director/Chief Executive Officer. The Board is able to reach impartial decisions as it is comprised of a blend of Independent and Non-Independent Directors with no shadow or alternate Directors, which ensure that independent thought, is brought to bear on decisions of the Board. The Board meets quarterly and emergency meetings are convened as may be required by circumstances.

S/N	Name	Designation
1	Mr Babatunde Folawiyo	Chairman
2	Mr. Larry Ettah	Non-Executive Director
3	Mr. Babatunde Dabiri	Independent Non-Executive Director
4	Mrs. Suzanne Iroche	Independent Non-Executive Director
5	Ms. Evelyn Oputu	Non-Executive Director
6	Mr. Adamu Atta	Non-Executive Director
7	Mr Idaere Gogo Ogan	Non-Executive Director
8	Ms. Olubunmi Fayokun	Independent Non-Executive Director
9	Mrs. Funke Ladimeji Feyisitan	Executive Director/COO
10	Mr. Banjo Adegbohungbe	Managing Director/Chief Executive

THE STANDING COMMITTEES:

The Board carries out its oversight function through its Standing Committees each of which has a charter that clearly defines its purpose, composition, and structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board does not sit on any of the Committees.

The Board's four (4) Standing Committees are:

- The Board Risk Management Committee;
- The Board Audit Committee;
- The Board Governance and Nominations Committee; and
- The Board Credit & Investment Committee.

In assessment of the Company's compliance with Corporate Governance Best Practice, which is complementary to its financial performance in 2021. Agusto & Co, Nigeria's foremost rating agency rated Coronation MB' 'A+'. The achievement of commendable corporate governance standard connotes the existence of strong corporate governance processes, a strong ability to meet financial obligation and stakeholder expectation, with a strong governance process for risk management.

The Bank completed an international rating exercise with Fitch, becoming the first merchant bank to be rated by an international rating agency in Nigeria in 2020.

The Bank was assigned a Long Term Issuer Default Rating (IDR) of 'B-' with a stable outlook, a Viability Rating (VR) of ('b-') and a Long-Term Rating of 'BBB+' (nga) as at 31 December 2022.

PERFORMANCE MONITORING AND EVALUATION:

In its discharge of oversight functions, the Board of Directors engages the Management in the definition of a clear strategy, planning and execution of the defined strategy. Management on the other hand provides regular update to the Board on the execution of the defined strategy via Management reports at Board meetings. Consequently, the Board is able to assess the effectiveness of the strategic objectives defined. The Bank continues to monitor its performance on Corporate Governance and periodic reports sent to the regulator. In a bid to ensure the effectiveness of the Board, an independent consultant is engaged annually to review and evaluate the performance and effectiveness of the Board, its standing Committees and individual Directors. The choice of an independent consultant is to encourage the Directors to be open in the discussions during the review since the independent consultant does not have any connection with the Bank or any of its directors. For 2022 financial period, the Bank engaged the services of Ernst and Young Professional Services to review and evaluate the performance of the Board. The exercise covered Directors' self–assessment and peer assessment in addition to assessment of Board Standing Committees. An assessment was also done against the CBN Guidelines on Independent Directors of Banks and the result confirmed that the Board maintains a high level of effectiveness.

STRATEGIC DIRECTION

- To be the most efficient and profitable company in the Merchant Banking space
- To operate a lean and high quality organization
- To leverage technology to Drive Operational Excellence
- To develop specialist capabilities required to become an investment bank of reference
- To maintain strong corporate governance and high ethical business practices

CONSUMER PROTECTION & CUSTOMER COMPLAINTS MANAGEMENT

In compliance with Central Bank of Nigeria (CBN) circular (Ref: BOD/DIR/CIR/2009/GEN/10) dated December 18, 2009, Coronation MB has put in place appropriate and effective mechanism to address customer's grievances and complaints. The objective is to reduce the spate of customer complaints, enhance public confidence and customer satisfaction. The mechanism includes a dedicated e-mail address: customercomplaints@coronatiomb.com which automatically sends alert to designated officers. There is also an established help desk which address is stated on all our contract and investment letters to customers and counterparties. There is also a bill board at the reception area in our head office and both branch offices in Port-Harcourt and Abuja.

ADOPTION OF THE GENDER DIVERSITY POLICY

In compliance with the Bankers' Committee directives at its meeting of April 10 2012, Coronation MB has adopted the Gender Diversity Policy which is targeted at addressing gender equality within the organization through Women's Economic Empowerment. This policy provides a guide to entrenching a corporate culture that promotes gender equality and facilitates a more diverse and representative workforce and management structure within the organization.

This policy seeks to achieve a minimum of 30% female representation both at Board levels and at Senior Management levels subject to identification of candidates with appropriate skills.

In line with this commitment, our policy is to value the differences that a diverse workforce brings to the Company and to provide a workplace where:

- Everyone is valued and respected for their distinctive skills, experiences and perspectives;
- Structures, policies and procedures are in place to assist employees to balance their work, family and other responsibilities effectively;
- Decision making processes in recruitment takes account of diversity;
- Employees have access to opportunities based on merit;
- The culture is free from discrimination, harassment and bullying; and
- Employment decisions are transparent, equitable and procedurally fair.

In line with this policy, Coronation MB shall continually strive to treat all employees, prospective employees and customers fairly and equally regardless of their gender, sexual orientation, family status, race, color, nationality, ethnic or national origin, religious belief, age, physical or mental disability, or any other irrelevant factor. Accordingly, the Bank Currently has four women, Mrs Funke Ladimeji Feyisitan, Mrs. Suzanne Iroche, Ms Evelyn Oputu and Ms Olubunmi Fayokun as Directors to sustain compliance with this policy.

DIRECTORS' REPORT

The Directors have the pleasure in presenting their report on the affairs of Coronation Merchant Bank Limited (the Bank) and the Audited Financial Statements with the external Auditors' Report for the financial year ended 31 December 2022.

1. Legal form

The Bank was incorporated in Nigeria under the Companies and Allied Matters Act, CAP C20, Laws of the Federation, 2004 as a Private Limited Liability Bank on October 22, 1992. It was granted license by the Central Bank of Nigeria on July 30, 1993 to operate as a discount house and commenced business on the next working day, August 2, 1993. However, due to regulatory imperative, Associated Discounted House Limited sought for and obtained a Merchant Banking license on the 30th of April 2015 but commenced operation on 1st of July, 2015.

2. Strategic Direction

a. To be the most efficient and profitable bank in the merchant banking space with a lean and highly productive workforce

b. To leverage technology to drive operational excellence

c. To develop specialist capabilities required to become an investment bank of reference

d. To maintain strong corporate governance and high ethical business practices.

3. Principal activity and business review

The Bank is primarily engaged in the following activities:

- Corporate Banking
- Investment Banking
- Private Banking and Wealth Management
- Global Markets and Treasury

4. Operating Results

The loss before tax recorded by the Bank for the year ended 31 December 2022 was N8.282 billion (31 December 2021: N2.796 billion profit before tax)

Highlights of the Bank's operating results for the year are as follows:

	31-Dec-2022 N'000	31-Dec-2021 N'000
Net operating income	122,555	10,339,202
Operating expenses	(8,404,470)	(7,543,204)
(Loss)/profit before tax	**(8,281,915)**	**2,795,998**
Taxation	(509,328)	(788,886)
(Loss)/profit after tax	**(8,791,243)**	**2,007,112**
Other comprehensive income/(loss)	1,375,490	(650,650)
Total comprehensive (loss)/income	(7,415,753)	1,356,462
Basic and diluted (loss)/earnings per share (kobo)	(173)	40

5. Ownership of the Bank

As at 31 December 2022, the shareholding structure of the Bank consisted of 14 institutional investors as shown below:

		31 Dec 2022		31 Dec 2021	
S/N	Shareholder	Current Holding	% Holding	Capacity	Capacity
1	Coronation Insurance Plc	1,151,522,548	22.57	1,151,522,548	22.80
2	Marina Mars Proprietary Investments Limited	1,146,884,889	22.48	1,146,884,889	22.71
3	Coronation Capital (Mauritius) Limited	672,530,308	13.18	672,530,308	13.32
4	Coronation Registrars Limited	407,836,646	8.00	407,836,646	8.08
5	Coastal Properties Limited	377,358,491	7.40	377,358,491	7.47
6	Mikeade Investment Company Limited	283,018,868	5.55	283,018,868	5.60
7	Barracuda Capital Partners Limited	235,397,741	4.61	235,397,741	4.66
8	DTD Holdings Limited	226,415,094	4.44	226,415,094	4.48
9	Afdin Construction Limited	188,679,245	3.70	188,679,245	3.74
10	Cream Cowry Links Limited	169,811,321	3.33	169,811,321	3.36
11	Trustbanc Holdings Limited	103,773,585	2.03	103,773,585	2.05
12	Tigrine Technologies Limited	50,505,715	0.99	NIL	NIL
13	Tropics Finance & Investment Limited	68,449,624	1.34	68,449,624	1.36
14	Tonibso Limited	18,867,925	0.37	18,867,925	0.37
	Total	**5,101,052,000**	**100**	**5,050,546,285**	**100**

*Following the CBN's approval, a new shareholder Tigrine Technologies Limited was alloted 50,505,715 shares during the year.

6. Analysis of the Shareholding Structure

The shareholding pattern of the Bank as at 31 December 2022 was as follows:

Shareholder	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholding
10,000,000 – 50,000,000	1	7.14	18,867,925	0.37
50,000,001 – 100,000,000	2	14.29	118,955,339	2.33
100,000,001 – 150,000,000	1	7.14	103,773,585	2.03
150,000,001 – 200,000,000	2	14.29	358,490,566	7.03
200,000,001 – 250,000,000	2	14.29	461,812,835	9.05
250,000,001 – 300,000,000	1	7.14	283,018,868	5.55
300,000,001-400,000,000	1	7.14	377,358,491	7.40
400,000,001 and above	4	28.57	3,378,774,391	66.24
	14	**4.44**	**5,101,052,000**	**100**

7. Substantial Interest in Shares

According to the register of members at 31 December 2022, the following shareholders held more than 5% of the issued share capital of the Bank:

Shareholder	Number of shares held	% of Shareholding	Number of shares held	% of Shareholding
	31 Dec 2022		31 Dec 2022	
Coronation Insurance Plc	1,151,522,548	23.00	1,151,522,548	23.00
Marina Mars Proprietary Investments Limited	1,146,884,889	23.00	1,146,884,889	23.00
Coronation Capital (Mauritius) Ltd	672,530,308	13.00	672,530,308	13.00
Coronation Registrars Limited	407,836,646	8.00	407,836,646	8.00
Coastal Propertiess Limited	377,358,491	7.00	377,358,491	7.00
Mikeade Investment Co. Ltd	283,018,868	6.00	283,018,868	6.00

8. Directors and Their Interests

The Directors who served during the year, together with their direct and indirect interests in the issued share capital of the Bank are recorded in the Register of Directors' Shareholding and as notified by the Directors for the purpose of Sections 277 of the Companies and Allied Matters 2020 is noted below:

Number of Ordinary Shares of N1.00 each held as at:

Directors	Date of Appointment	31 Dec 2022		31 Dec 2022	
		Direct	Indirect	Direct	Indirect
B. Folawiyo (Chairman)	22nd April 2015	-	226,415,094	-	226,415,094
L. Ettah (Non-ED)	30th April 2015	-	235,397,741	-	235,397,741
I Ogan (Non-ED)	1st November 2017				
A Atta (Non-ED)	22nd April 2015				
E Oputu (Non-ED)	22nd April 2015				
B Dabiri (Independent)	30th April 2015				
S Iroche (Independent)	30th April 2015				
O Fayokun (Independent)	1st November 2017				

9. Details of Indirect Holdings

The indirect holdings relate to the holdings of the under-listed companies:

S/N	Name	Companies	Indirect Holdings	Total Indirect Holdings
1	Babatunde Folawiyo	DTD Holdings Ltd	226,415,094	226,415,094
2	Larry Ettah	Barracuda Capital Partners Ltd	235,397,741	235,397,741

10. Directors' Remuneration

The Bank ensures that remuneration paid to its Directors complies with the provisions of the Code of Corporate Governance issued by its regulators. In compliance with S.5.1.2 of the CBN Code of Corporate Governance for Banks and Discount Houses, the Bank makes disclosure of the remuneration paid to its directors as follows:

Types of Remuneration	Description	Total Indirect Holdings
Fixed Pay	The Executive Directors receive fixed pay which is made up of basic salary and other salary components that are part of the gross salary package for Executive Directors. The pay structure reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year.	Paid monthly during the financial year
Other allowances and benefits-in-kind	Part of gross salary package for Executive Directors only. It reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year.	Paid at periodic intervals during the financial year

Productivity bonus	Paid to executive directors only and tied to performance of the line report. It is also a function of the extent to which the Bank's objectives have been met for the financial year.	Cash payment for 2021. On approval of the Bank's Long-term Incentive Policy (LTI), subsequent treatment will be in line with the LTI.
Equity	Up to 1% issued equity at the net asset value approved by the Board. For 2020, this would represent % of the growth in net asset value for the period May 1, to December 2020. This would be payable to the MD/CEO in line with his contract of employment.	
Directors Fees	Paid to Non-Executive Directors only.	Paid Annually
Sitting Allowances	Allowances paid to Non-Executive Directors only, for attending Board and Board Committee Meetings.	Paid after each meeting

11. Retiring Directors

No member of the board retired during the year

12. Directors Retiring by Rotation

The Directors to retire every period shall be those who have been longest in office since their last appointment. In accordance with the provisions of Section 285 of the Companies and Allied Matters Act 2020 and the Memorandum and Articles of Association of the Company, Mr. Babatunde Dabiri and Mrs. Suzanne Iroche shall retire by April 2023.

13. Directors Interests in Contracts

For the purpose of Section 303 of the Companies and Allied Matters Act 2020, the Board did not receive a declaration of interest from any Director in respect of any contractor to the Bank.

14. Property and Equipment

Information relating to changes in property and equipment is given in note 29 of the Financial Statements. In the Directors' opinion, the net realizable value of the Bank's property and equipment is not less than the carrying value shown in the Financial Statements.

15. Donations

The Bank identifies with the aspiration of the community and the environment in which it operates. To this end, the Bank made the following donations to many charitable and non-charitable organizations during the period:

Shareholder	AMOUNT (N'000)	
	2022	2022
Police Trust Fund	-	
Office of the Head of the Civil Service of the Federation (OHCSF) of Nigeria	62,000	
Sponsorship of the African Patrons cup polo tournament	10,000	
ACA Annual Cashew Conference	5,000	
Sponsorship of Vibrant Africa	5,000	
Covid 19 Contribution	-	79,828
Sponsorship of Annual Banker Conference	5,000	5,000
Sponsorship of Bankers committee financial literacy awareness	5,000	8.00
Annual Bankers Dinner	3,600	5,500

Donation to Ovie Brume Foundation	1,000	2,315
	91,600	345,643

16. Event after the reporting period

There were no subsequent events which could have a material effect on the financial position of the Bank as at 31 December 2022 or the loss for the year then ended on that date, that have not been adequately provided for or disclosed in note 42 of the financial statements

17. Human Resources

i. Diversity in Employment

The Bank operates a non-discriminatory policy in the consideration of applications for employment. The Bank's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of applicant's state of origin, ethnicity, religion, gender or physical condition.

As part of our commitment to gender diversity, the Board has approved Gender Diversity Policy which is targeted at addressing gender equality within the Bank and to actively facilitate a more diverse and representative workforce across management structure.

ii. Composition of Employees by Gender

	2022	2021
Female	57	57
Male	76	73
Total	133	130

iii. Senior Management's Composition by Gender

	2022	2021
Female	5	3
Male	8	5
Total	13	8

iv. Composition of Board Members by Gender

2022	Board	Rate %
Female	4	40%
Male	6	60%
Total	10	100

2021	Board	Rate %
Female	4	40%
Male	6	60%
Total	10	100

v. Employment of Disabled Persons

"In the event of any employee becoming disabled in the course of employment, the Bank will endeavour to arrange appropriate training to ensure the continuous employment of such a person without subjecting the employee to any disadvantage in career development.

As at 31 December 2022, the Bank had no physically disabled person in its employment.

vi. Health, Safety and Welfare of Employees

The Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank retains top-class hospitals where medical facilities are provided for its employees and their immediate families at its expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises. The Bank operates both a Bank Personal Accident and the Workmen's Compensation Insurance for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act for its employees.

vii. Employee Involvement and Training

The Bank encourages participation of employees in arriving at decisions in respect of matters affecting their wellbeing. Towards this end, the Bank provides opportunities where employees deliberate on issues affecting the Bank and employee interests, with a view to making inputs to decisions thereon.

The Bank places a high premium on the development of its manpower. Consequently, the Bank sponsors its employees for various training courses, both locally and overseas.

viii. Statement of Commitment to Maintain Positive Work Environment

The Bank shall strive to maintain a positive work environment that is consistent with best practice to ensure that business is conducted in a positive and professional manner and that equal opportunity is given to all qualified members of the Bank's operating environment. Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises.

ix. Staff Remuneration Policy

The Bank has established a remuneration policy that seeks to attract and retain the best talent in the industry. To achieve this, the Bank seeks to position itself among the best performing and best employee rewarding companies in its industry. The objective of the policy is to ensure that salary structures, including short and long-term incentives, motivate sustained high performance and are linked to corporate performance.

18. Credit Ratings

The prudential guidelines, as released by the CBN, requires that banks should have themselves credit rated by a credit rating agency on a regular basis. It is also required that the credit rating be updated on a continuous basis from period to period. Furthermore, it is required that banks should disclose this credit rating prominently in their published annual reports periodically.

Below are the credit ratings that Coronation Merchant Bank has been assigned by the various credit rating agencies that have rated the Bank, in no particular order:

Rating Agency	Board	Rate %	Board	Rate %
Fitch	B- (Viability Rating (VR)) BBB+ (nga) (Long-Term Rating (LTR))	Stable	3-Aug-22	B- (VR) BBB+ (nga) (LTR)
Agusto & Co	A+	Stable	17-Jun-22	A+ (stable outlook)
GCR	A-	Stable	28-Jul-22	A- (negative outlook)

19. Disclosure of customer complaints in financial statements for the year ended 31 December 2022

In line with Central Bank of Nigeria (CBN) circular referenced FPR/DIR/CIR/GEN/01/020, the Bank received, processed and resolved 42 (2021: 156) customer complaints during the year. Refer to the report on customer complaints.

20. Dividends

No dividend has been proposed by the board of directors (2021:12kobo)

21. Auditors

"The Auditors, KPMG Professional Services was appointed at the annual general meeting of the Bank on April 9, 2021, and have indicated their willingness to continue in office and will so do in pursuant to section 401(2) of the Companies and Allied Matters Act, 2020.

BY ORDER OF THE BOARD

Stanley Ubani
Company Secretary & Legal Adviser
FRC/2021/002/00000025010
26 March 2023

Directors' Responsibilities

Financial Statement for The Year Ended 31 December 2022

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2022.

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act, require the directors to prepare financial statements for each financial period that gives a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

i. Keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;

ii. Establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. Prepare financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

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

- IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards)
- Prudential guidelines for licensed banks in Nigeria;
- Relevant circulars issued by the Central Bank of Nigeria;
- The requirements of the Banks and Other Financial Institutions Act 2020 and
- The requirements of the Companies and Allied Matters Act 2020; and
- The Financial Reporting Council of Nigeria Act 2011

The directors are of the opinion that the consolidated financial statements give a true and fair view of the state of the financial affairs of the Bank and Bank and of the financial performance and cash-flows for the period. 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.

Nothing has come to the directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Babatunde Folawiyo	**Mr. Adebanjo Adegbohungbe**
Chairman	Managing Director/CEO
FRC/2014/NBA/00000006371	FRC/2019/CIBN/00000019814
26 March 2023	26 March 2023

Corporate Responsibilty For Financial Statements

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/CEO and Chief Financial Officer, hereby certify the financial statements of Coronation Merchant Bank Limited for the year ended 31 December 2022 as follows:

a). That we have reviewed the audited consolidated and separate financial statements of the Bank for the year ended 31 December 2022.

b). That 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, in the light of the circumstances under which such statement was made.

c). That 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 Bank as of and for, the year ended 31 December 2022.

d). That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Bank is made known to the officer by other officers of the Bank, particularly during the year ended 31 December 2022.

e). That we have evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of the audited financial statements, and certify that the Bank's internal controls are effective as of that date.

f). That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.

g). That we have disclosed the following information to the Bank's Auditors and Audit Committee:

(i). there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarise and report financial data, and have identified for the Bank's auditors any material weaknesses in internal controls, and

(ii). there is no fraud that involves management or other employees who have a significant role in the Bank's internal control.

SIGNED BY:

Banjo Adegbohungbe	**Chukwukadibia Okoye**
Managing Director/CEO	Chief Financial Officer
FRC/2019/CIBN/00000019814	FRC/2016/ICAN/00000014293
26 March 2023	26 March 2023

Report Of The Board Audit Committee

To the members of Coronation Merchant Bank Limited:

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Coronation Merchant Bank Ltd hereby report on the financial statements for the year ended 31 December 2022 as follows:

We have exercised our statutory functions under section 404(7) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the Bank are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2022 were satisfactory and re-inforce the Bank's internal control systems.

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 disclosed in the financial statements.

We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from management in the course of their interim audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

Suzanne Iroche (Mrs)
Chairperson, Audit Committee
FRC/2019/CIBN/00000019186
26 March 2023

Members of the Audit Committee are:

Suzanne IROCHE (Mrs)	Chairperson
Babatunde DABIRI (Mr)	Member
Evelyn OPUTU (Ms)	Member
Idaere OGAN (Mr)	Member
Olubunmi FAYOKUN (Ms)	Member

Directors' Responsibility

Financial Statement for The Year Ended 31 December 2022

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2022.

The Companies and Allied Matters Act 2020 and the Banks and Other Financial Institutions Act 2020, require the directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs and the profit and loss of the Bank. The responsibilities include ensuring that the Bank:

1) Keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;

2) Establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

3) Prepare financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

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

- International Financial Reporting Standards.
- Prudential Guidelines for Licensed Banks in Nigeria.
- Relevant Circulars issued by the Central Bank of Nigeria.
- The requirements of the Banks and Other Financial Institutional Act.
- The requirements of the Companies and Allied Matters Act, and
- 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 Bank, its financial performance, and cash-flows for the period. 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.

Nothing has come to the knowledge of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Babatunde Folawiyo **Chairman**	**Mr. Adebanjo Adegbohungbe** **Managing Director/CEO**
FRC/2014/NBA/00000006371	***FRC/2019/CIBN/00000019814***

Report Of The Board Audit Committee

To the Members of Coronation Merchant Bank Limited:

In accordance with the provisions of Section 404 of the Companies and Allied Matters Act 2020, the members of the Audit Committee of Coronation Merchant Bank Ltd hereby report on the financial statements for the year ended 31 December 2022 as follows:

- We have exercised our statutory functions under section 404(7) of the Companies and Allied Matters Act 2020 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Bank and Bank are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2021 were satisfactory and reinforce the Bank's internal control systems.
- As required by the provisions of the CBN circular BSD/1/20014 dated February 18, 2004 on "Disclosure of Insider-Related Credits in Financial in Financial Statements" we reviewed the insider-related credits of the Bank and found them to be as disclosed in the financial statements.
- We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from Management in the course of their audit and we are satisfied with Management's responses thereon and with the effectiveness of the accounting and internal control system of the Bank.

SUZANNE IROCHE (MRS)
Chairperson
Audit Committee

Members of the Audit Committee are:

Mrs. Suzanne Iroche	Chairperson
Mr. Babatunde Dabiri	Member
Ms Evelyn Oputu	Member
Mr. Idaere Gogo Ogan	Member
Ms. Olubunmi Fayokun	Member

Report on Customer's Complaints and Feedback

Coronation Merchant Bank recognizes her customer's experience is pivotal to achieving its vision to be Africa's premier investment Bank. While journeying to its destination, delivering high quality services and maintaining responsiveness to the needs and concerns of its clients cannot be over emphasized. To accomplish this, the Bank has provided various touchpoints through which its customers can reach out. These include:

- Contact Centre
- Social media
- Contact through the Bank's website
- Contact through the Bank's online platforms

Complaints Handling

At Coronation Merchant Bank, we ensure our customers complaints are treated with the sensitivity and empathy it deserves. Our strategy is to ensure our customer's feedback affects the way we will conduct our business with them in the future. Resources are put in place to resolve complaints at the first level. All complaints are logged and tracked with a service level promise to our customers and ourselves to provide adequate resolution and feedback leaving them happy and content.

Complaints Tracking and Reporting

Customer complaints are critical to measure how well our products and services are meeting our customers' expectations of fit, finish, durability, and function. All complaints are gathered, logged, graded and tracked for resolution. Our eyes are constantly on how we are performing as this enables us to feel the pulse of the situation and quickly react to ensure things never get worse. The complaints are analyzed and reports shared with the Executive Management and the Operational Risk Management Committee. Complaints are also sent to the Central Bank of Nigeria (CBN) in line with the CBN's regulation on complaints reporting.

S/N	Currency	Description	Number		Amount Claimed (N'000)		Amount Refunded (N'000)	
			2022	2021	2022	2021	2022	2021
1	NGN	Transaction Alert complaints	1	1	-	-	-	-
2	NGN	Non payment of tenured funds	-	-	-	-	-	-
3	NGN	Discrepancy and re-imbursement of accrued interest	1	1	370	39,533	370	39,533
4	NGN	Delay in processing/service delivery	2	25	-	-	-	-
5	NGN	Failed Funds Transfer	1	-	310	-	310	-
6	NGN	International trade complaints	5	-	-	-	-	-
7	NGN	Internet banking usage/token complaint	26	110	-	-	-	-
8	NGN	Excess charges/fees	1	1	1,275	8,856	1,275	8,856

9	NGN	Erroneous debit from account	5	6	13,302	3,180	13,302	3,419
10	NGN	Discrepancy with account balance	-	12	-	-	-	-

Solicited Customer Feedback

In line with our commitment to provide fast and efficient services to our clients, the Bank engages the services of independent consultants to conduct customer satisfaction surveys on behalf of the Bank. Other means through which the Bank solicits for feedback are via;

- Customer forums
- Customer interviews

All feedbacks are reviewed and used to better the products and services offered to our clients.

Financial Statements

Report of the Independent Auditor

Notes to the financial statement

Other National Disclosures

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

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet home.kpmg/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Coronation Merchant Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Coronation Merchant Bank Limited (the Bank), which comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011 "the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars".

Basis for Opinion

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

Key Audit Matters

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

Expected Credit Loss (ECL) allowance on loans and advances

We focused on this area because of the significant judgments required in determining the impairment allowance on loans and advances in line with the expected credit loss methodology as prescribed by IFRS 9. We have considered this as a key audit matter due to the significance of the judgement used in estimating the impairment amounts.

Key areas of judgment include:

- the Bank's definition of default considering qualitative and quantitative criteria for assessment of significant increase in credit risk (SICR);
- determination of appropriateness of macro-economic variables to be used in ECL estimation
- assignment of probability weightings for multiple macroeconomic scenarios;
- determination of the key inputs used in determining the lifetime exposure at default (EAD);
- methodologies adopted by the bank in modelling the 12-month probability of default (PD) used in the ECL model;
- estimation of Loss Given Default (LGD) by considering collateral values and the haircut adjustments as well as estimation of recoveries on unsecured exposures

We performed the following procedures in response to the identified key audit matter:

- checked that the Bank's definition of default is consistent with the requirements of IFRS 9, also considering the Bank's business model
- assessed the reasonableness of the Bank's definition of significant increase in credit risk
- we evaluated appropriateness of the Bank's classification of its loan portfolio into stages
- we evaluated the reasonableness of collateral values adopted by the Bank
- we checked the accuracy of underlying data used by the Bank in computing the ECL allowance
- using our financial risk management specialists,
  - We assessed the reasonableness of the Bank's methodology for determninig probability of default
  - We checked the reasonableness of the forward looking information incorporated into the impairment calculations
  - We challenged the multiple economic scenarios adopted by management as well as their probability weights
  - We assessed the reasonableness of cost of recovery applied on collateral values for the purpose of estimating secured LGD
  - We assessed the reasonableness of time to realization adopted by the Bank in estimating secured LGD
  - We assessed the reasonableness of the Bank's estimation of recoveries on unsecured exposures.
  - Assessed the reasonableness of credit conversion factors used in determining the exposure at default for off-balance sheet exposures
  - We reperformed the ECL calculation to determine the accuracy of the ECL allowance

Other Information

The Directors are responsible for the other information. The other information comprises the corporate information, Directors'report, corporate governance report, statement of Directors' responsibilities, corporate responsibility for financial statement, report of the Board Audit Committee, report on customers' complaints and feedback, enterprise risk management report, sustainability banking report and whistle blowing policy.

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

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank'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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii. In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.

iii. The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Compliance with Section 26 (3) of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circular BSD/1/2004

i. The Bank did not pay penalty in respect of contravention of the BOFIA and CBN guidelines during the year ended 31 December 2022.

ii. Related party transactions and balances are disclosed in note 37 to the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Nneka

Nneka Eluma, FCA
FRC/2013/ICAN/00000000785
For: KPMG Professional Services
Chartered Accountants
20 April 2023
Lagos, Nigeria

Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of Naira

	Notes	Dec-22	Dec-21
Interest income	7	33,531,351	34,107,042
Interest expense	8	(37,963,641)	(33,107,688)
Net interest (expense)/income		**(4,432,290)**	**999,354**
Impairment writeback/(charge) on financial instruments	9	164,369	(503,923)
Net interest (expense)/income after impairment charges		**(4,267,921)**	**495,431**
Fee and commission income	10	2,588,953	1,982,983
Net income from other financial instruments at FVTPL	11	1,056,225	1,813,122
Net trading income	12	234,785	5,643,437
Other operating income	13	510,513	404,229
Personnel expenses	14	(2,147,849)	(2,138,720)
Other operating expenses	15	(6,256,621)	(5,404,484)
(Loss)/profit before tax		**(8,281,915)**	**2,795,998**
Income tax expense	16	(509,328)	(788,886)
(Loss)/profit for the year		**(8,791,243)**	**2,007,112**
Other comprehensive income (OCI) net of income tax :			
Items that will not be subsequently reclassified to the income statement:			
- Fair value changes on equity investments	17	258,042	1,914,319
Items that may be subsequently reclassified to the income statement:			
- Fair value changes on debt investments during the year	17	1,117,448	(2,564,969)
Other comprehensive profit, net of related tax effects		**1,375,490**	**(650,650)**
Total comprehensive (loss)/profit for the year		**(7,415,753)**	**1,356,462**
(Loss)/profit for the year attributable to owners of the parent include:			
Continuing operations		(8,791,243)	2,007,112
		(8,791,243)	2,007,112
Total comprehensive (loss)/profit for the year attributable to owners of the parent include:			
Continuing operations		(7,415,753)	1,356,462
		(7,415,753)	1,356,462
Earnings per share attributable to ordinary shareholders			
-continuing operations			
Basic/Diluted (kobo)		(173)	40

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

STATEMENT OF FINANCIAL POSITION

In thousands of Naira		Bank	Bank
Assets	Notes	Dec-22	Dec-21
Cash and balances with banks	19	38,385,132	13,003,129
Due from financial institutions	20	6,255,393	11,588,361
Non pledged trading assets	21	8,909,633	16,579,573
Derivative financial assets	22	1,320,540	3,381,961
Investment securities	23	149,501,685	64,046,328
Pledged assets	24	21,640,509	69,892,088
Loans and advances to customers	25	186,105,656	151,223,003
Other assets	26	107,637,125	131,520,125
Right of use assets	27	250,808	35,948
Intangible assets	28	1,589,047	1,417,354
Property and equipment	29	6,709,812	6,788,859
Deferred tax assets	30	4,310,358	4,489,196
Total assets		**532,615,698**	**473,965,925**
Liabilities			
Due to financial institutions	31	105,959,982	44,795,696
Due to customers	32	211,726,915	177,359,031
Non-pledged trading liabilities	21	11,074,950	27,828
Commercial paper liabilities	33(a)	8,257,130	55,355,146
Surbodinated liabilities	33(b)	24,918,279	24,860,099
Other borrowings	33(c)	9,037,329	8,405,291
Derivative financial liabilities	22	980,424	3,332,522
Current tax liabilities	16	286,434	246,453
Other liabilities	34	128,386,776	119,782,644
Total liabilities		**500,628,219**	**434,164,710**
Equity			
Share capital	35	5,101,052	5,050,546
Share premium	35	3,812,925	3,655,348
Retained earnings	35	6,378,807	16,479,948
Statutory reserve	35	8,665,909	8,665,909
Fair value reserve	35	3,775,869	2,400,379
Regulatory risk reserve	35	4,252,917	3,549,085
Total equity attributable to owners of the Bank		**31,987,479**	**39,801,215**
Total liabilities and equity		**532,615,698**	**473,965,925**

The accompanying notes form an integral part of the financial statements. The financial statements were approved by the Board of Directors on 26 March 2023 and signed on its behalf by:

Babatunde Folawiyo
Chairman
FRC/2015/NBA/00000006371

Banjo Adegbohungbe
Managing Director/CEO
FRC/2019/CIBN/00000019814

Additional certification by:

Chukwukadibia Okoye
Chief Financial Officer
FRC/2016/ICAN/00000014293

STATEMENT OF CHANGES IN EQUITY

In thousands of Naira

	Share Capital	Share Premium	Retained Earnings	Statutory Reserves	Regulatory Risk Reserve	Fair value reserve	Total
Balance at 1 January 2022	5,050,546	3,655,348	16,479,948	8,665,909	3,549,085	2,400,379	39,801,215
Loss for the year	-	-	(8,791,243)	-	-	-	(8,791,243)
Other comprehensive income, net of tax							
Fair value changes during the year	-	-	-	-	-	1,375,490	1,375,490
Total comprehensive income			(8,791,243)			1,375,490	(7,415,753)
Transfer between reserves	-	-	(703,832)	-	703,832	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-
Transactions with equity holders, recorded directly in equity			(703,832)		703,832		
Contributions and distributions							
Final dividend paid to shareholders	-	-	(606,066)	-	-	-	(606,066)
Additional capital through private placement	50,506	157,577	-	-	-	-	208,083
Transactions with equity holders, recorded directly in equity	50,506	157,577	(606,066)				(397,983)
Balance at 31 December 2022	5,101,052	3,812,925	6,378,807	8,665,909	4,252,917	3,775,869	31,987,479

BANK	Share Capital	Share Premium	Retained Earnings	Statutory Reserves	Regulatory Risk Reserve	Fair value reserve	Total
Balance at 1 January 2021	5,050,546	3,655,348	16,412,575	8,364,842	3,577,093	3,051,029	40,111,433
Profit for the year	-	-	2,007,112	-	-	-	2,007,112
Other comprehensive income, net of tax:							
Net changes in allowance on FVOCI financial instruments							
Realized changes in fair value of OCI Equity	-	-	-	-	-		
Fair value changes during the year	-	-	-	-	-	(650,650)	(650,650)
Total comprehensive income			2,007,112			(650,650)	1,356,462
Transfer between reserves	-	-	28,008	-	(28,008)	-	-
Transfer to statutory reserve	-	-	(301,067)	301,067	-	-	-
Transactions with equity holders, recorded directly in equity			(273,059)	301,067	(28,008)		
Contributions and distributions							
Final dividend paid to shareholders	-	-	(1,666,680)	-	-	-	(1,666,680)
Transactions with equity holders, recorded directly in equity	-	-	(1,666,680)	-	-	-	(1,666,680)
Balance at 31 December 2021	5,050,546	3,655,348	16,479,948	8,665,909	3,549,085	2,400,379	41,467,895

STATEMENT OF CASH FLOWS

In thousands of Naira

Cash flows from operating activities	Notes	Dec-22	Dec-21
(Loss)/profit before income tax from continuing operations		(8,281,915)	2,795,998
Adjustments for non-cash items:			
Depreciation charge on property and equipment	29	593,720	583,016
Depreciation charge on right of use assets	27	22,742	28,567
Amortisation of intangible assets	28	473,044	382,148
Loss on disposal of property and equipment	15	4,419	12,597
Impairment charge on loans and advances	9	(159,346)	43,639
Impairment charge on placements	9	21,493	3,589
Impairment charge on investment securities at FVOCI	9	(100,318)	223,822
Impairment charge on investment securities at Amortised cost	9	22,988	4,416
Impairment charge on cash	9	(22,681)	2,995
Impairment charge on off balance sheet items	9	(73,398)	117,955
Impairment charge on other asset	9	146,893	107,507
Write off of unquoted equity	15	-	22,707
Net income from financial instruments designated as at FVTPL	11b	(781,381)	(1,790,668)
Unrealised foreign exchange loss on revaluation	12	342,602	301,459
Interest income	7	(33,531,351)	(34,107,042)
Interest expense	8	37,963,641	33,107,688
Dividend income	13	(317,529)	(264,260)
		(3,676,378)	**1,576,133**
Cash flows from operating activities			
Non-pledged trading assets	45(ii)	8,500,734	(4,150,239)
Due from financial institutions	45(v)	692,693	10,090,399
Derivative financial instruments	45(vi)	(290,677)	21,783
Restricted deposit with CBN	45(vii)	22,515,625	(49,523,698)
Loans and advances to customers	45(viii)	(25,504,097)	(26,467,042)
Pledged assets	45(ix)	48,251,579	(53,787,781)
Other assets	45(x)	1,220,482	5,848,841
Due to customers	45(xi)	32,797,242	(19,373,076)
Deposits from financial institutions	45(xiii)	60,546,202	(8,352,706)
Non-pledged trading liabilities	45(xii)	11,047,122	23,185
Other liabilities	45(xv)	6,660,628	35,183,474
Cash generated from/(used in) operations		**162,761,155**	**(108,910,728)**
Interest received	45(xvi)	25,549,678	32,852,464
Interest paid	45(xvii)	(37,048,915)	(28,807,269)
Income taxes paid	16	(290,507)	(147,852)
Net cashflows generated from/(used in) operating activities		**150,971,411**	**(105,013,384)**
Cash flows from investing activities			
Dividend received	13	317,529	264,260
Sale of FVTOCI investment securities	45(iii)	63,715,101	82,406,152
Purchase of FVTOCI investment securities	45(iii)	(77,085,443)	(46,998,547)
Purchase of property and equipment	29	(580,604)	(799,677)
Addition to right of use assets	27	(237,602)	(10,521)
Purchase of intangible assets	28	(644,736)	(682,920)
Sale of amortised cost investment securities	45(iv)	10,816,330	11,001,065
Purchase of amortised cost investment securities	45(iv)	(77,267,198)	(2,207,900)
Proceeds from sale of property and equipment	45(i)	61,513	1,802
Net cash (used in)/generated from investing activities		**(80,905,111)**	**42,973,713**

Cash flows from financing activities	Notes	Dec-22	Dec-21
Proceed from issuance of commercial paper liabilities	33(a)	61,138,441	71,291,624
Principal repayment on commercial paper liabilities	33(a)	(109,449,558)	(28,306,479)
Net proceeds from other borrowings	33(c)	-	8,391,723
Net proceeds from shares issued	35(b)	50,506	-
Dividend paid to equity holders	41	(606,066)	(1,666,680)
Net cash (used in)/generated from financing activities		(48,866,677)	49,710,188
Increase/(Decrease) in cash and cash equivalents		21,199,623	(12,329,483)
Analysis of changes in cash and cash equivalents			
At start of year		22,596,390	34,925,873
Effect of exchange rate changes on cash and bank balances		26,992	16,957
At end of year		43,769,020	22,579,433
increase/(Decrease) in cash and cash equivalents		21,199,623	(12,329,483)
Cash and cash equivalents comprise:			
Balances with banks	20.1	32,115,777	11,555,654
Unrestricted balances with central banks	20.1	5,424,842	102,503
Placement with other financial institutions with maturity of less than 90 days	20.1	6,255,393	10,938,233
		43,796,012	22,596,390

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

NOTES TO THE FINANCIAL STATEMENTS

1. General information
Reporting Entity

These are the financial statements of Coronation Merchant Bank Limited (formerly known as Associated Discount House Limited), a Bank incorporated in Nigeria on 22nd October, 1992 as a discount house. The address of the Bank's registered office is Coronation House, 10 Amodu Ojikutu Street, Victoria Island, Lagos.

The Bank obtained its merchant banking license on 30 April 2015 and commenced operations as a merchant Bank on 1 July 2015.

"The principal activities of the Bank as a discount house comprised trading in treasury bills, Federal Government of Nigeria bonds, bankers acceptance and commercial papers. It also provided short-term liquidity management services to financial and non-financial institutions.
The principal activities of the Bank as a Merchant Bank include the provision of finance and credit facilities, dealing in foreign exchange services, acting as issuing house, underwriting services, treasury management services, financial services, consultancy services, advisory services, asset management services and proprietary trading. "

2. Statement of compliance with International Financial Reporting Standards

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and interpretations issued by IFRS Interpretations Committee (IFRIC) applicable to entities reporting under IFRS. Additional information required by national regulations is included where appropriate.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statements of changes in equity, the cash flows statement and the notes.

(a) Functional and presentation currency

These financial statements are presented in Naira, which is the presentation currency; except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(b) Basis of measurement

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

- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- financial assets measured at fair value through profit or loss.
- financial assets measured at fair value through other comprhensive incomes.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4.

3.1 Changes in accounting policy and disclosures

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statements of changes in equity, the cash flows statement and the notes.

(a) New and amended standards

The accounting policies adopted are consistent with those of the previous financial period. Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2020 that are relevant to the Bank.

None of these standards were early adopted in the prior year by the Bank as early adoption is not permitted by the Financial Reporting Council of Nigeria (FRCN).

The following standard is effective for the financial year beginning on or after 1 January 2021 which has been considered by the Bank in the preparation of its financial statements.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform - Phase 2

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform - Phase 2

"Following the financial crisis, the replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs') has become a priority for global regulators. Many uncertainties remain but the roadmap to replacement is becoming clearer. Given the pervasive nature of IBOR-based contracts among both financial institutions and corporates, there are significant potential impacts of these changes on financial reporting under IFRS.

The IASB has a two-phase project it considered what, if any, reliefs to give from the effects of IBOR reform. Phase 1, which considers reliefs to hedge accounting in the period before the reform, has led to these amendments.

Phase 2 of the IASB's project addresses issues that arise once the existing interest rate is replaced with an alternative interest rate.

The bank has undertaken preliminary exposure analysis of LIBOR-linked instruments on its statement of financial position and is currently in the
process of determining the pricing methodology to adopt upon LIBOR discontinuation. The Bank has considered the amendment and concluded that the prescribed approach is not likely to have a material impact on the Bank.

(b) New and amended standards issued but not effective

(i) New standards and interpretations effective during the year

"A number of new standards, amendments to standards and interpretations, are effective for the year ended 31 December 2021.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform
- Amendment to IFRS 16 - COVID-19-Related Rent Concessions beyond 30 June 2021

These standards do not have any impact on the December 2021 financial statements of Coronation Merchant Bank"

(ii) New standards and interpretations not yet adopted

"A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new and amended standards in preparing these financial statements. The standards will be adopted in the period that they become mandatory unless otherwise indicated:

The following new and amended standards are not expected to have a significant impact on the Company's financial statements."

Standard/Interpretation		**Date Issued by ISAB**	**Effective date Periods beginning on or after**	**Summary of the requirements and impact assessment**
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	May 2020	1 January 2022	The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets clarify that costs of fulfilling a contract comprise both: • the incremental costs – e.g. direct labour and materials; and • an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification is applicable for companies that apply the 'incremental cost' approach and they will need to recognise bigger and potentially more provisions. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 to contracts at the date when the amendments are first applied. This standard has no impact on the Company.
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual improvements 2018- 2020	May 2020	1 January 2022	* IFRS 1 First Time Adoption of International Financial Reporting Standards - The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

				• IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the ''10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. • IFRS 16 Leases – The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.
				• IAS 41 Agriculture - The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. This standard has no impact on the Company.
Amendments to IAS 16	Property Plant and Equipment: Proceeds before Intended Use	May 2020	1 January 2022	The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before its intended use by management. As such, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs. Companies will therefore need to distinguish between: • Costs associated with producing and selling items before the item of property, plant and equipment is available for use; and • Costs associated with making the item of property, plant and equipment available for its intended use. Making this allocation of costs may require significant estimation and judgement. The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

Amendments to IFRS 3	Reference to the Conceptual Framework	May 2020	1 January 2022	The amendment has: • updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; • added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and • added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier. This standard has no impact on the Company.
IFRS 17 including amendments Initial application of IFRS 17 and IFRS 9 – Comparative Information	Insurance contracts	'May 2017, June 2020 and December 2021 for the amendments	1 January 2023	IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insuranc contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as: • Reinsurance contracts held; • Direct participating contracts; and • Investment contracts with discretionary participation features. Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements. The standard is effective for annual periods beginning on or after 1 January 2023. This standard has no impact on the Company.

Amendments to IAS 1	Classification of liabilities as current or non-current	January 2020	1 January 2023	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted.
Amendments to IAS 1 and IFRS Practice	Disclosure Initiative: Accounting Policies	February 2021	1 January 2023	The amendments were issued to assist companies provide useful accounting policy disclosures. The key amendments to IAS 1 include: • requiring companies to disclose their material accounting policies rather than their significant accounting policies; • clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and • clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements; The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make has no impact on the Company.

Amendments to IAS 8	Definition of Accounting Estimates	February 2021	1 January 2023	This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarifies the following: • an entity develops an accounting estimate to achieve the objective set out by an accounting policy. • developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. • a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. • a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in thos future periods. The definition of accounting policies remains unchanged. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	May 2021	1 January 2023	The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition arising from these transactions. The standard is effective for annual periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on these transactions using the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.
Amendments to IAS 10 and IFRS 28	Sale or Contribution of Asset between an Investor and its Associate or Joint Venture	September 2014	The effective date of this amendment has been deferred indefinitely by the IASB	The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired. The IASB has decided to defer the effective date for these amendments indefinitely. This standard is not expected to have any impact on the Company.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Naira, which is the Bank's presentation currency.

The Bank in the normal course of business sets up Structured Entries (SEs) for the sole purpose of raising finance in foreign jurisdictions. The SEs raises finance in the currency of their jurisdictions and passes the proceeds to the Bank entity that set them up. All costs and interest on the borrowing are borne by the sponsoring Bank entity. These SEs are deemed to be extensions of the sponsoring entity, and hence, their functional currency is the same as that of the sponsoring entity.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

3.4 Operating income

(a) Interest income and expense

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Naira, which is the Bank's presentation currency.

The Bank in the normal course of business sets up Structured Entries (SEs) for the sole purpose of raising finance in foreign jurisdictions. The SEs raises finance in the currency of their jurisdictions and passes the proceeds to the Bank entity that set them up. All costs and interest on the borrowing are borne by the sponsoring Bank entity. These SEs are deemed to be extensions of the sponsoring entity, and hence, their functional currency is the same as that of the sponsoring entity.

(i) Effective interest rate

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

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

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

(ii) Amortised cost and gross carrying amount

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

(iii) Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

(b) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including 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 (over time). When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment year (over-time).

(c) Net income from other financial instruments at FVTPL

Net income from other financial instruments at FVTPL relates to trading and non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated as at FVTPL and also non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, and interest.

(d) Net trading income

Net trading income include the following:
- all income from trading
- foreign exchange trading gains,
- unrealised foreign exchange gains on revaluation,

(e) Dividends

Dividend income is recognised when the right to receive payment is established. Dividends are reflected as a component of other operating income.

3.5 Leases - IFRS 16

(a) Single lease accounting model

All leases are accounted for by recognising a right-of-use asset and a lease liability except for: leases of low value assets and leases with a duration of twelve months or less. All leases that meet the criteria as either a lease of a low value asset or a short term lease are accounted for on a straight-line basis over the lease term.

(b) Lease liabilities

Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the Bank) this is not readily determinable, in which case the Bank's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:

Net trading income include the following:
- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Bank, should it be reasonably certain that this option will be exercised;
- Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. The incremental borrowing rate applied on lease liabilities represents the average prime lending rate.

(c) Right-of-use assets

Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Bank is contractually required to dismantle, remove or restore the leased asset.

The Bank applies the cost model subsequent to the initial measurement of the right-of-use assets.

(d) Interest expense on lease liabilities

Interest expense on lease liabilities, determined with reference to the interest rate implicit in the lease or the Bank's incremental borrowing rate, is recognised within interest expense over the lease period.

(e) Depreciation on right-of-use assets

Subsequent to initial measurement, the right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the Bank at the end of the lease term. This depreciation is recognised as part of operating expenses.

(f) Separation of lease and non-lease components

Contracts may contain both lease and non-lease components. The Bank has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

(g) Extension and Termination of leases

"When the Bank terminates or cancels a lease, the right-of-use asset and lease liability are derecognised. On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancelation costs in profit or loss. Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.

Extension and termination options are included in the Bank's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Bank's operations. Most of the extension options are subject to mutual agreement by the Bank and some of the termination options held are exercisable only by the Bank. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated)."

(h) Reassessment of lease terms and lease modifications that are not accounted for as a separate lease

When the Bank reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.

For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability, is recognised in profit or loss.

3.6 Income tax

The tax expense for the period comprises current tax (company income tax, tertiary education tax, National Information Technology Development Agency levy, Nigeria Police Trust Fund levy, National Agency for Science and Engineering Infrastructure) and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

(a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the Nigeria where the Bank and its subsidiaries operate and generate taxable income. Management yearically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Bank and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.7 Financial assets and liabilities

The tax expense for the period comprises current tax (company income tax, tertiary education tax, National Information Technology Development Agency levy, Nigeria Police Trust Fund levy, National Agency for Science and Engineering Infrastructure) and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

(a) Recognition

“Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement-date, the date on which the Bank receives value for purchase or sales of assets.“

(b) Classification

The Bank classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Bank has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).
The Bank reclassifies debt investments when and only when its business model for managing those assets changes.

(c) Measurement

"At initial recognition, the Bank measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest."

(d) Debt instruments

Subsequent measurement of debt instruments depends on the Bank's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Bank classifies its debt instruments:

The Bank only measures cash and balances with banks, loans and advances to banks and customers and other financial investments at amortised cost if both of the following conditions are met:

  - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Impairment losses are presented as separate line item in the statement of profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in Net gains on investment securities.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating income. Interest income from these financial assets is included in interest income using the effective interest rate method. Impairment expenses are presented as separate line item in net impairment charge on financial assets.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within net gains/(loss) on investment securities in the year in which it arises.

(e) Equity instruments

The Bank initially measured all equity investments at fair value through profit or loss. Where the Bank's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Bank's right to receive payments is established.
Changes in the fair value of financial assets at FVPL are recognised in net gains/(loss) on investment securities in the statement of profit or loss as applicable.

(e) Business model assessment

The Bank determines its business model at the level that best reflects how it manages Bank's of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

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 realised 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.

(f) The SPPI test

"As a second step of its classification process, the Bank assesses the contractual terms of financial instruments 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 amortisation of the premium/discount).

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 judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the year for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis 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 solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL."

(g) Financial Liabilities

"Financial liabilities that are not classified as at fair value through profit or loss are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date. Interest expense is included in 'Interest expense' in the Statement of comprehensive income.

(h) Cash and balances with banks

Cash and balances with banks include cash on hand, balances held with central bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

In the statement of cash flows, cash and cash equivalents includes cash in hand, unrestricted balances with foreign and central bank, money market placements and other short-term highly liquid investments with original maturities of three months or less.

(i) Pledged assets

"Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial assets held for trading or investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.

Initial recognition of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are either held for trading, Fair value through other comprehensive income or Amortized cost. Where the assets pledged as collateral are held for trading, subsequent measurement is at fair value through profit and loss, whilst assets pledged as collateral classified as fair value through other comprehensive income are measured at fair-value through equity. Assets pledged as collateral classified as amortized cost are measured at amortized cost."

(j) Derivative financial instruments

"Derivatives are initially recognised 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 (for example, for exchange-traded options), including recent market transactions, and valuation techniques (for example for swaps and currency transactions), including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Where applicable, the Bank mitigates the credit risk of derivatives by holding collateral in the form of cash. The Bank's derivatives are held for risk management purpose and do not form part of qualify hedging relationship. Changes in fair value are recognised immediately in the statement of profit of loss"

(k) Reclassification of financial assets

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which Bank changes its business model for managing a financial assets, the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.
The following are not changes in business model;

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

(l) Reclassification date

All reclassifications are applied prospectively from the reclassification date.
When the Bank reclassifies a financial asset between the amortised cost measurement category and the fair value through other comprehensive income measurement category, the recognition of interest income is not changed and it continues to use the same effective interest rate.
However, when the Bank reclassifies a financial asset out of the fair value through profit or loss measurement category, the effective interest rate is determined on the basis of the fair value of the asset at the reclassification date.

(m) Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions
The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated Credit Impairment (POCI).
When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(n) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Bank of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. They also derecognise the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the year between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if 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

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises 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.

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 the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(o) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where 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. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(p) Modification of financial assets and liabilities

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value and recalculates a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes.

If the terms are not substantially different for financial assets or financial liabilities, the Bank recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new carrying gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or gains and losses on financial instruments within non-interest revenue (for all other modifications).

(q) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank has a legal enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

(r) Sale and repurchase agreements

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

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in net gains/(loss) on investment securities.

(r) Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument, or determined using valuation models that utilise nonobservable market data as inputs.

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable parameters is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed.

3.8 Impairment of financial assets

(a) Overview of the ECL principles

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Provision on other assets are computed using the simplified approach as stipulated by IFRS 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates which is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

(b) Staging Assessment

"The Bank has established a policy to perform an assessment, at the end of each reporting year, 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 categorises its financial instruments into Stage 1, Stage 2,Stage 3 and POCI, as described subsequently:"

- Stage 1: On origination, a financial asset (provided that it is not a purchased or originated credit impaired asset) will be in stage 1 of the general model for expected credit losses. Financial assets that have not had a significant increase in credit risk since initial recognition or that (upon assessment and option selected by the Bank) have low credit risk at the reporting date remain in stage 1. For these assets, 12-month expected credit losses ('ECL') are recognised. 12-month ECLs are the ECLs that result from default events that are possible within 12 months after the reporting date.

- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the Bank) but that do not have objective evidence of impairment. For these assets, lifetime ECLs are recognised. Lifetime ECLs are the ECLs that result from all possible default events over the maximum contractual year during which the Bank is exposed to credit risk. ECLs are the weighted average credit losses, with the respective risks of a default occurring as the weights.

- Stage 3: This includes financial assets that have objective evidence of impairment at the reporting date. The Bank records an allowance for the Lifetime ECLs.
- POCI: Purchased 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.

Stage 1	**Stage 2**	**Stage 3**
(Initial Recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(c) Measuring the Expected Credit Loss

The ECL calculations are based on the Probabilities of Default (PDs), Loss Given Default (LGD), as well as Exposure at Default (EAD). These components are outlined in details below:

1. Probability of Default (PD): 12-month PD estimates are required to calculate 12-month ECLs for accounts classified as Stage 1. These PD estimates also form the basis of the lifetime PD curves, which are required to calculate lifetime ECLs for accounts classified as Stage 2. Due to the Bank's largely zero default experience, the Bank has employed Fitch's probability of default rates as it deems it to be a reliable and suitable data for the Bank's current portfolio. In addition, macro-economic adjustment is applied to account for differences in the current economic conditions and those underlying the PDs.

   Incorporation of forward looking information and macroeconomic factors
   In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs. The macroeconomic variables considered for the adjustment of the probabilities of default are listed below:
   - Crude oil prices,
   - Inflation rate,
   - GDP growth rate
   - FX Exchange rates (USD/NGN)

   As a proxy for default rates, the Bank relied on non-performing loans (NPL) information issued by CBN as there are currently no experiences of non-performing loans. Incorporation of macro-economic adjustments to the Lifetime PDs results in forward-looking best-estimate, optimistic and downturn lifetime PD curves, which are used in the ECL calculations.

2. Loss Given Default (LGD): Lifetime LGDs are required to calculate lifetime ECLs. The Bank has currently determined its LGDs for its Loan book and off-balance sheet items on a facility level by considering the amounts recoverable from assigned collaterals. Other considerations include: Collateral haircut, time to disposal and cost of recovery. Where the same collateral is used by a customer on more than one facility, the model split the collateral on a pro-rata basis based on the outstanding value of all the facilities (for both collateral FSV and OMV where applicable). For Investment Securities, the LGD estimate was determined using the Moody's recovery rate, which is calculated as (1 - Recovery rate). The average recovery rate for unsecured bonds and the non-crisis rate was used in obtaining the best estimate and optimistic LGDs respectively. In other to obtain the downturn LGD, an average of the crisis and recession market recovery rates was used.

3. Exposure at Default (EAD): The EAD reflects the expected changes in the outstanding balance of the facilities over the lifetime of the facilities. For all loans, the assumed contractual payments, based on the original loan amount, interest rate and repayment term, were calculated and applied. For Commercial Overdrafts, the credit conversion factor ("CCF") was assumed to be 50% in line with the CBN guideline, which was then applied to determine the expected future drawdowns. For Off-balance sheet exposures, the EAD is set equal to the contract's current commitment as at the reporting date and the credit conversion factor ("CCF") was assumed to be 20% in line with the CBN guideline, these were applied to determine the expected future drawdowns. For Investment securities, the assumed contractual payments, based on the original carrying amount, interest rate and term, were calculated and applied.

3. When estimating the ECLs, the Bank considers three scenarios (optimistic, best-estimate and downturn) and each of these is associated with different PDs, EADs and LGDs. Three ECL figures were therefore calculated for each account (optimistic, best-estimate and downturn ECLs) and probability-weighted to arrive at a single ECL impairment for each account. The likelihood of the best-estimate, downturn and optimistic scenarios were assumed to be 75%, 12.5% and 12.5% respectively based on professional judgement. The EIR is used to discount all ECLs to the reporting date.

   The mechanics of the ECL method are summarised below:

- Stage 1: The 12m ECL is calculated as the portion of Lifetime ECLs (LTECLs) 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 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month macro-adjusted 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 a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. 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 loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%. The final ECL impairment is calculated as the probability-weighted average of the ECLs produced under the three macro-economic scenarios.

- POCI: Purchase or Originated Credit Impaired (POCI) assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit adjusted EIR.

- Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.

- Financial guarantee contracts: The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

(d) Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:
The stage classification of each account in the portfolio is categorized based on the number of payments missed, classification status, forbearance states and credit risk ratings as at the valuation date compared with the credit ratings as at the origination date.

1. Number of payments missed
The Bank categorises accounts with nil missed payment under Stage 1. In addition, accounts with 1 to 2 missed payments are classified as Stage 2, as these accounts are assumed to have experienced a significant increase in credit risk since initial recognition. The Bank considers 1 missed payment to be equivalent to the 30 days past due rebuttable presumption for Stage 2 classification. Finally, accounts with 3 or more missed payments are classified as defaulted accounts under Stage 3.

2. Classification status
Accounts classified as "Performing" are Stage 1 accounts, while accounts classified as either "Substandard", "Doubtful" or "Loss" are, for the purposes of this project, classified as defaulted accounts (and classified as Stage 3). Accounts classified as "Watchlist" are classified as Stage 2.

3. Forbearance states
In addition to this, and in line with CBN expectations, all loans that have been restructured e.g. the term extended, are assumed to have significantly increased credit risk since origination and are thus classified as Stage 2, if not already classified as Stage 2 or Stage 3. Thus, all accounts flagged as forbearance are classified as Stage 2. However, if there is an evidence that there actually has not been a significant increase in credit risk since initial recognition, then this accounts can be re-classified as Stage 1.

4. Credit ratings
The Bank generates credit ratings for each obligor using the internal credit rating system for its customers. Both objective and subjective factors are taken into consideration in assessing the credit worthiness of a borrower. The internal credit rating system is a twenty-two level rating grid, ranging from AAA (lowest risk) to D (highest risk), with D indicating default as this accounts are all classified as "Doubtful" and "Lost".
Depending on the rating bucket (i.e. low, medium or high risk), an account whose probability of default has dropped by a significant threshold from the time of origination of the loan contract is classified as Stage 2 as these accounts are assumed to have experienced a significant increase in credit risk since initial recognition. In addition, any account whose credit rating has dropped from one rating bucket to the next rating bucket is also classified as Stage 2. The bank has a maximum threshold of B- and any customer with a rating below this is considered a very high risk and non investment

(e) Qualitative criteria:

In line with paragraph B.5.5.17 of the IFRS 9 standard, the Bank will assess changes in significant risk given the relevant qualitative factors, these could include:

- Expectation of forbearance or restructuring due to financial difficulties;
- An actual or expected significant change in the financial instrument's external credit rating;
- An actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally;
- Evidence that full repayment of interest and principal without realisation of collateral is unlikely, regardless of the number of days past due;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;

Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations. The bank has deemed government issued securities (treasury bills and bonds) to be of low credit risk.

(f) Backstop Indicator

A backstop indicator is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

(g) Definition of default and credit-impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria
The borrower is more than 90 days past due on its contractual payments for both principal and interest.

Qualitative criteria
The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance.
- The borrower is deceased.
- The borrower is insolvent.
- The borrower is in breach of financial covenant(s).
- An active market for that financial asset has disappeared because of financial difficulties.
- Concessions have been made by the lender relating to the borrower's financial difficulty.
- It is becoming probable that the borrower will enter bankruptcy.
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria listed have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Bank's expected loss calculations.

Backward transitions, i.e. from Stage 3 to Stage 2 or from Stage 2 to Stage 1, uses an assumed probation year of 90 days. Accounts only transition to Stage 1 from Stage 2 or to Stage 2 from Stage 3 if they were last classified as impaired, i.e. 30+ days past due, or default, i.e. 90+ days past due, respectively, more than 90 days ago.

(h) Collateral valuation

"To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a yearly basis.
To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as external valuers. "

(i) Collateral repossessed

The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

(j) Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. 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 credit loss expense.

3.9 Property and equipment

The tax expense for the period comprises current tax (company income tax, tertiary education tax, National Information Technology Development Agency levy, Nigeria Police Trust Fund levy, National Agency for Science and Engineering Infrastructure) and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

(b) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Bank and its cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The costs of the day-to-day repairs and maintenance of property and equipment are recognised in income statement as incurred.

(c) Depreciation

Depreciation is recognised in the income statement on a straight-line basis to write down the cost of items of property and equipment, to their residual values over the estimated useful lives. Leased assets under finance lease 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. A non-current asset or disposal Bank is not depreciated while it is classified as held for sale.

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

Leasehold improvements	**Over the shorter of the useful life of the item or lease term**
Land	Not depreciated
Buildings	50 years
IT equipment	4 years
Furniture and fittings	3 -5 years
Office Equipment	3 -5 years
Motor vehicles	4-5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position. Assets are reviewed for impairment whenever events or changed in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Asset not available for use (including capital work in progress) are not depreciated. Upon completion capital work in progress assets are transferred to the relevant asset category. Depreciation methods are reassessed at each reporting date and adjusted if appropriate.

(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 income statement in the year the asset is derecognised.

3.10 Intangible assets

(a) De-recognition

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its technical feasibility to complete the software, 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 from the point at which the asset is available for use. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

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

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. Software has a finite useful life, the estimated useful life of software is between three and five years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.11 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of goodwill is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds 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.

For the purpose of impairment testing, assets that cannot be tested individually are Banked together into the smallest Bank of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or Banks of assets (the "cash-generating unit" or CGU). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the Banks of CGUs that are expected to benefit from the synergies of the combination.

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

3.12 Provisions

A provision is recognised if, as a result of a past event, the Bank 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. The increase in the provision due to passage of time is recognised as interest expenses.

(a) Restructuring

A provision for restructuring is recognised when the Bank 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.

3.13 Financial guarantees

Financial guarantees are contracts that require the Bank 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 terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 (and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Liabilities arising from financial guarantees and loan commitments are included within provisions.

3.14 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due in respect of service rendered before the end of the reporting year. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting year in which the employees render the service are discounted to their present value at the reporting date.

The Bank operates a funded, defined contribution pension scheme for employees. Employees and the Bank contribute 8% and 15% respectively of the qualifying staff salary in line with the provisions of the Pension Reforms Act.

(b) Termination benefits

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due in respect of service rendered before the end of the reporting year. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting year in which the employees render the service are discounted to their present value at the reporting date.

(c) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank 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.

3.15 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 the Bank's ordinary shares

Dividends on ordinary shares are recognised in equity in the year when approved by the Bank's shareholders. Dividends for the year that are declared after the end of the reporting year are dealt with in the subsequent events note.

(c) Treasury shares

Where the Bank or any member of the Bank purchases the Bank's share capital, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled or disposed. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(d) Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. 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.

(e) Regulatory risk reserves

In compliance with the Prudential Guidelines for Licensed banks, the Bank assesses qualifying financial assets using the guidance under the Prudential Guidelines. The guidelines apply objective and subjective criteria towards providing losses in risk assets. Assets are classified as performing or non-performing. Non performing assets are further classed as substandard, doubtful or lost with attendant provisions per the table below based on objective criteria.

Classification	%	Basis
Substandard	10%	Interest and/or principal overdue by 90 days but less than 180 days
Doubtful	50%	Interest and/or principal overdue by 180 days but less than 365 days
Lost	100%	Interest and/or principal overdue by more than 365 days

A more accelerated provision may be done using the subjective criteria. A 2% provision is taken on all risk assets that are not specifically provisioned.

The results of the application of Prudential Guidelines and the impairment determined for these assets under IFRS 9 are compared. The IFRS 9 determined impairment charge is always included in the income statement.

Where the Prudential Guidelines provision is greater, the difference is appropriated from retained earnings and included in a non - distributable 'regulatory risk reserve'. Where the IFRS 9 impairment is greater, no appropriation is made and the amount of IFRS 9 impairment is recognised in income statement.

Following an examination, the regulator may also require more amounts to be set aside on risk and other assets. Such additional amounts are recognised as an appropriation from retained earnings to the regulatory risk reserve.

3.16 Segment Reporting

The Bank is a private company that has no debt or equity traded in a public market therefore there is no disclosure required for segment reporting.

4.0 Use of estimates and judgements

These disclosures supplement the commentary on financial risk management (see note 5). Estimates where management has applied judgements are:
(i) Allowances for credit losses
(ii) Valuation of financial instruments
(iii) Assessment of recoverability of deferred tax assets

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

4.1 Allowances for credit losses

Loans and advances to banks and customers are accounted for at amortised cost and are evaluated for impairment on a basis described in accounting policy (see note 3.8)

"The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as exchange rates, crude oil prices, GDP and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The Bank reviews its loan portfolios to assess impairment at least on a half yearly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a bank, or national or local economic conditions that correlate with defaults on assets in the Bank.

The Bank makes use of estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The specific component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently reviewed by the Credit Risk Management Department (CRMD).

Statement of prudential adjustments

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

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

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

- Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a “regulatory risk reserve”.
- Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account

b) “The non-distributable reserve should be classified under Tier 1 as part of the core capital.“

The Bank has complied with the requirements of the guidelines as follows:

STATEMENT OF PRUDENTIAL ADJUSTMENTS

In thousands of Naira	Notes	Dec 2022	Dec 2021
Bank			
Loans & advances:			
Expected Credit Loss (ECL) on loans and advances to customers			
- Loans to individuals	25(b)	589	10,481
- Loans to corporates	25(b)	116,693	266,147
- Impairment on contingents	34(iii)	74,452	147,850
Total impairment allowances on loans per IFRS		**191,734**	**424,478**
Regulatory credit impairment based on prudential guidelines		4,444,650	3,895,129
Other known losses		273,798	78,434
Total regulatory impairment based on prudential guidelines		4,718,448	3,973,563
Required Regulatory Risk Reserve		**4,526,714**	**3,549,085**
Movement in Regulatory Risk Reserve			
Balance, beginning of the year		3,549,085	3,577,093
Transfers (from)/to regulatory risk reserve		703,832	(28,008)
Balance, end of the year		**4,252,917**	**3,549,085**

4.2 Assessment of recoverability of deferred tax assets

The deferred tax assets include an amount of N4.310bn (2021: N4.489bn) which relates to mainly carried forward tax losses of the bank. These losses arise due to tax-exempt nature of the Bank's income from government securities."
Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.
The estimate of future taxable profits requires forecasts and projections which are based on estimates. 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 realized.

4.3 Valuation of financial instruments

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

4.3.1 Recurring fair value measurements

In thousands of Naira

Bank

December 2022

In thousands of Naira

	Notes	Level 1	Level 2	Level 3	Total
Assets					
Non pledged trading assets					
Treasury bills	21	4,927,920	1,106,350	-	6,034,271
Unquoted securities - FVTPL	21	-	-	3,127,783	3,127,783
Corporate Eurobond	21	37,226	-	-	37,226
Government bonds	21	5,064,429	-	-	5,064,429
Derivative financial assets	22	-	1,320,540	-	6,747,078
Pledged assets					
Treasury bills-FVOCI	24	11,817,169	1,259,865	-	13,077,034
Treasury bills-FVTPL	24	-	-	-	-
Special bills	24	42,517,139	4,598,754	-	47,115,893
Pledged assets					
- Financial Instruments at FVOCI					
Treasury bills	23(a)	700,068	200,832	-	900,901
Special bills	23(a)	-	17,090,802	-	17,090,802
Promissory notes	23(a)	4,032,658	2,937,897	-	6,970,555
Bonds	23(a)	13,775,675	1,067,987	-	14,843,663
Equity securities	23(a)	-	-	15,724,490	15,724,490
		82,872,285	29,583,027	18,852,273	131,307,586
Liabilities					
Derivative financial liabilities	22	-	980,424	-	6,555,393
Non pledged trading liabilities:					
Treasury bills	21(b)	4,117,869	-	-	4,117,869
Government bonds	21(b)	3,038,368	-	-	3,038,3683
		7,156,2768	980,424	-	8,136,661

Bank

December 2021

In thousands of Naira

	Notes	Level 1	Level 2	Level 3	Total
Assets					
Non pledged trading assets					
Treasury bills	21	4,927,920	1,106,350	-	6,034,271
Unquoted securities - FVTPL	21	-	-	1,852,512	1,852,512
Corporate Eurobond	21	1,510,145	-	-	1,510,145
Government bonds	21	7,182,645	-	-	7,182,645
Derivative financial assets	22	3,381,961	-	-	3,381,961
Pledged assets					
Treasury bills-FVOCI	24	11,817,169	1,259,865	-	13,077,034
Treasury bills-FVTPL	24	3,366,563	-	-	3,366,563
Special bills	24	42,517,139	4,579,307	-	47,096,446
Pledged assets - Financial Instruments at FVOCI					
Treasury bills	23(a)	700,068	200,832	-	900,901
Special bills	23(a)	11,832,236	11,046,135	-	22,878,371
Promissory notes	23(a)	4,032,658	2,937,897	-	6,970,555
Bonds	23(a)	13,775,675	1,067,987	-	14,843,663
Equity securities	23(a)	-	-	15,466,448	15,466,448
		101,662,219	25,580,335	17,318,960	144,561,514
Liabilities					
Derivative financial liabilities	22	-	3,332,522	-	3,332,522
Non pledged trading liabilities:	21(b)	27,828	-	-	27,828
Government bonds	21(b)	-	-	-	-
		27,828	3,332,522	-	3,360,350

4.2.2 Financial instruments not measured at fair value

Bank

December 2022

In thousands of Naira

	Notes	Level 1	Level 2	Level 3	Total
Assets					
Cash and balances with banks	19	-	38,385,179	-	38,385,179
Due from financial institutions	20	-	6,262,972	-	6,262,972
Loans and advances to customers	25	-	-	186,222,938	186,222,938
Pledged assets					
Bonds	24	5,785,767	-	-	5,785,767

Investment securities					
- Financial assets at amortised cost					
Bonds	23(b)	2,779,032	-	-	2,779,032
Other assets	26	-	-	105,714,725	105,714,725
		8,564,799	**44,648,151**	**291,937,663**	**345,150,613**
Liabilities					
Deposits from financial institutions	31	-	-	105,959,982	105,959,982
Treasury bills	32	-	-	211,726,915	211,726,915
Commercial paper liabilities	33(a)	-	-	8,257,130	8,257,130
Surbodinated liabilities	33(b)	-	-	24,918,279	24,918,279
Other Borrowings	33(c)	-	-	9,037,329	9,037,329
Commercial paper liabilities	34	-	-	126,282,354	126,282,354
				486,181,989	**486,181,989**

December 2021

In thousands of Naira

	Notes	Level 1	Level 2	Level 3	Total
Assets					
Cash and balances with banks	19	-	13,006,124	-	13,006,124
Due from financial institutions	20	-	11,594,180	-	11,594,180
Loans and advances to customers	25	-	-	151,499,631	151,499,631
Pledged assets					
Bonds	24	5,785,767	-	-	5,785,767
Investment securities					
- Financial assets at amortised cost					
Bonds	23(b)	2,779,032	-	-	2,779,032
Other assets	26	-	-	130,985,421	130,985,421
		8,564,799	**24,600,304**	**282,485,052**	**315,650,155**
Liabilities					
Deposits from financial institutions	31	-	-	44,795,696	44,795,696
Treasury bills	32	-	-	177,359,031	177,359,031
Commercial paper liabilities	33(a)	-	-	55,355,146	55,355,146
Surbodinated liabilities	33(b)	-	-	24,860,099	24,860,099
Other Borrowings	33(c)	-	-	8,405,291	8,405,291
Commercial paper liabilities	34	-	-	118,393,019	118,393,019
				429,168,282	**429,168,282**

a) The fair value for financial assets and liabilities that are not carried at fair value were determined respectively as follows:

(i) Cash

The carrying amount of Cash and balances with banks is a reasonable approximation of fair value.

(ii) Due from financial institutions

The carrying amount of Due from financial institutions is a reasonable approximation of fair value as they constitute more of current assets.

(iii) Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iv) Investment securities, pledged and non-pledged trading assets

The fair value for investment securities is based on market prices from financial market dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

(v) Other assets

The bulk of these financial assets are acount receivables expected to be realised/settled in less than one year. The carrying value of these financial assets is a reasonable approximation of fair value.

(vi) Due to customers

The estimated fair value of due to customer balances is the amount repayable on demand or maturity of the underlying instruments.

(vii) Deposits to financial institutions

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(viii) Other liabilities

The carrying amount of financial assets in other liabilities is a reasonable approximation of fair value.

(ix) Commercial Paper

The estimated fair value of commmercial papers represents the discounted amount of estimated future cash flows expected to be paid. Expected cash flows are discounted at effective interest rates to determine fair value.

(x) Subordinated Bond

Estimated fair value of subordinated bond coupon payable as at end of year and amount payable at maturity of the bond at effective interest rate.

(xi) Other borrowings

The estimated fair value of other borrowings is the amount repayable at maturity of the debt which also includes the associated cost incurred in sourcing the debt.

(xii) Unobservable inputs used in measuring fair value

"The information below describes the significant unobservable inputs used at year end in measuring financial instruments categorised as level 3 in the fair value hierarchy."

"Type of financial instrument"	"Fair value as at 31-Dec-2022 (N'b)"	"Valuation technique"	Significant unobservable input	Fair value measurement sensitivity to unobservable input
Unquoted equities carried at FVOCI	N15.7b (2021: N 15.5b)	Average of price to book value, price to earnings (P/E) and recent transaction price	Illiquidity discount	Significant increase in the spread above the risk free rate would result in a lower fair value
Unquoted equities at FVTPL	N3.13b (2021: N 1.85b)	Average of price to book value, price to earnings (P/E)	Illiquidity discount	Significant increase in the spread above the risk free rate would result in a lower fair value

The effect of unobservable inputs on fair value measurement (sensitivity analysis)

The table below indicates the valuation techniques and main assumptions used in the determination of the fair value of the level 3 assets and liabilities measured at fair value on a recurring basis. The table further indicates the effect that a significant change in one or more of the inputs to a reasonably possible alternative assumption would have on profit or loss at the reporting date.

"Type of financial instrument"	Valuation technique	Significant unobservable input	Variance in fair value measurement	Effect on OCI	
				Favourable Nbillion	Unfavourable Nbillion
Unquoted equities	Average of price to book value, price to earnings (P/E) and recent transaction price was used	Illiquidity discount	From (5%) to 5%	1.90 (2021: 1.90)	0.35 (2021: 0.35)
Unquoted equities at FVTPL	Average of price to book value, price to earnings (P/E)	Illiquidity discount	From (5%) to 5%	0.80 (2021: 1.36)	0.25 (2021: 1.18)

4.2.3 Recognised fair value measurements

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

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Bank, 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 Bank is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily government bonds, corporate bonds, treasury bills and equity investments classified as fair value through other comprehensive income.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise 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.

For level 2 assets, fair value was obtained using a recent market transaction during the year under review. Fair values of unquoted debt securities were derived by interpolating prices of quoted debt secuirties with similar maturity profile and characteristics. There were no transfer between levels 1 and 2 during the year. Instruments included in Level 2 are derivatives financial instruments and corporate bonds.

(c) Financial instruments in level 3

"The Bank uses widely recognised valuation models for determining the fair value of its financial assets. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value 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."

"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:
(i) Quoted market prices or dealer quotes for similar instruments;
(ii) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
(iii) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments."

4.3 Assessment of recoverability of deferred tax assets

The deferred tax assets include an amount of N3.928bn (2021: N4.489bn) which relates to mainly carried forward tax losses of the bank. These losses arise due to tax-exempt nature of the Bank's income from government securities.

4.3 Financial instruments

The Bank's financial instruments are categorised as stated below:

December 2022 *In thousands of Naira*	Notes	Financial assets At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Financial liabilty At fair value through other comprehensive income	At amortised cost
Cash and balances with banks						
Cash and balances with banks	19	-	-	38,385,132	-	-
Due from financial institutions	20	-	-	6,255,393	-	-
Derivative financial assets	22	1,320,540	-	-	-	-
Non pledged trading assets						

Treasury bills	21(a)	680,195	-	-	-	-
Government bonds	21(a)	5,064,429	-	-	-	-
Unquoted securities - FVTPL	21(a)	3,127,783	-	-	-	-
Corporate Eurobond	21(a)	37,226	-	-	-	-
Investment securities at FVTOCI						
Federal government bonds	23(a)	-	-	-	-	-
Treasury bills	23(a)	-	6,987,576	-	-	-
Special bills	23(a)	-	43,783,245	-	-	-
Promissory notes	23(a)	-	-	-	-	-
State government bonds	23(a)	-	-	-	-	-
Eurobonds	23(a)	-	10,959,614	-	-	-
Corporate bonds	23(a)	-	-	-	-	-
Equity securities with readily determinable fair values	23(a)	-	-	-	-	-
Unquoted equity securities at fairvalue	23(a)	-	15,724,490	-	-	-
Investment securities at amortised cost						
Federal government bonds	23(b)	-	-	72,046,760	-	-
Pledged assets						
Government bonds	24	-	-	11,249,832	-	-
Treasury bills	24	-	-	-	-	-
Special bills		-	10,390,677	-	-	-
Loans and advances to customers	25	-	-	186,105,656	-	-
Other assets	26	-		105,934,958	-	-
Financial liabilities						
Deposits from financial institutions	31	-	-	-	-	105,959,982
Due to customers	32	-	-	-	-	211,726,915
Non pledged trading liabilities						
Government bonds	21(b)	-	-	-	3,038,368	-
Treasury bills	21(b)	-	-	-	4,117,869	-
Commercial paper liabilities	33(a)	-	-	-	-	8,257,130
Subordinated liabilities	33(b)	-	-	-	-	24,918,279
Other Borrowings	33(c)	-	-	-	-	9,037,329
Derivative financial liabilities	22	-	-	-	980,424	-
Other liabilities	34	-	-	-	-	126,282,354
		10,230,173	**87,845,602**	**419,977,731**	**8,136,661**	**486,181,989**

December 2021 *In thousands of Naira*	Notes	Financial assets At fair value through profit or loss	 At fair value through other comprehensive income	 At amortised cost	Financial liabilty At fair value through other comprehensive income	 At amortised cost
Cash and balances with banks						
Cash and balances with banks	19	-	-	13,003,129	-	-
Due from financial institutions	20	-	-	11,588,361	-	-
Derivative financial assets	22	3,381,961	-	-	-	-
Non pledged trading assets					-	-
Treasury bills	21(a)	6,034,271	-	-	-	-
Government bonds	21(a)	7,182,645	-	-	-	-
Unquoted securities - FVTPL	21(a)	1,852,512	-	-	-	-
Corporate Eurobond	21(a)	1,510,145	-	-	-	-

Investment securities						
Investment securities at FVTOCI						
Federal government bonds	23(a)	-	209,597	-	-	-
Treasury bills	23(a)	-	900,901	-	-	-
Special bills	23(a)	-	22,878,371	-	-	-
Promissory notes	23(a)	-	6,970,555	-	-	-
State government bonds	23(a)	-	1,393,687	-	-	-
Eurobonds	23(a)	-	6,612,379	-	-	-
Corporate bonds	23(a)	-	6,627,999	-	-	-
Equity securities with readily determinable fair values	23(a)	-	-	-	-	-
Unquoted equity securities at fairvalue	23(a)	-	15,466,448	-	-	-
Investment securities at amortised cost						
Federal government bonds	23(b)	-	-	2,986,391	-	-
Pledged assets						
Government bonds	24	-	-	6,352,045	-	-
Treasury bills	24	3,366,563	13,077,034	-	-	-
Special bills		-	47,096,446	-	-	-
Loans and advances to customers	25	-	-	151,223,003	-	-
Other assets	26	-	10,390,677	130,759,464	-	-
Financial liabilities						
Deposits from financial institutions	31	-	-	-	-	44,795,696
Due to customers	32	-	-	-	-	177,359,031
Non pledged trading liabilities						
Government bonds	21(b)	-	-	-	-	-
Treasury bills	21(b)	-	-	-	27,828	-
Commercial paper liabilities	33(a)	-	-	-	-	55,355,146
Subordinated liabilities	33(b)	-	-	-	-	24,860,099
Other Borrowings	33(c)	-	-	-	-	8,405,291
Derivative financial liabilities	22	-	-	-	3,332,522	-
Other liabilities	34	-	-	-	-	118,393,019
		23,328,097	**121,233,417**	**315,912,393**	**3,360,350**	**429,168,282**

4.5 Financial assets and liabilities - Fair value measurement

(a) Accounting classification measurement basis and fair values

The table below sets out the classification of each class of financial assets and liabilities, and their fair values.

Bank

In thousands of Naira December 2022	Notes	Financial assets measured through FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Financial liabilities measured through FVPL	Financial Liabilities measured at amortized cost	Total carrying amount	Fair value
Cash and balances with banks	19	-	38,385,132	-	-	-	38,385,132	38,385,179
Due from financial institutions	20	-	6,255,393	-	-	-	6,255,393	6,262,972
Non pledged trading assets								
-Treasury bills	21	680,195	-	-	-	-	680,195	1,320,540
-Government bonds	21	5,064,429	-	-	-	-	5,064,429	5,064,429
-Unquoted securities - FVTPL	21	3,127,783	-	-	-	-	3,127,783	3,127,783
-Corporate Eurobond	21	37,226	-	-	-	-	37,226	37,226
Derivative financial assets	22	1,320,540	-	-	-	-	1,320,540	1,320,540
Loans and advances to customers	25	-	186,222,938	-	-	-	186,222,938	186,222,938
Pledged assets								
-Treasury bills	24	-	-	-	-	-	-	-
-Special bills	24	-	-	10,390,677	-	-	10,390,677	10,390,677
-Government Bonds	24	-	11,249,832	-	-	-	11,249,832	11,249,832
Investment securities								
-Financial assets at FVTOCI		-						
-Treasury bills	23(a)	-	-	6,987,576	-	-	6,987,576	6,987,576
-Special bills	23(a)	-	-	43,783,245	-	-	43,783,245	43,783,245
-Promissory notes	23(a)	-	-	-	-	-	-	-
-Bonds	23(a)	-	-	10,959,614	-	-	10,959,614	10,959,614
-Equity	23(a)	-	-	15,724,490	-	-	15,724,490	15,724,490
-Financial assets at amortised cost								
-Bonds	23(b)	-	54,152,937	-	-	-	54,152,937	54,152,937
-Promissory notes	23(b)	-	7,209,695	-	-	-	7,209,695	7,209,695
-State government bonds	23(b)	-	2,656,322	-	-	-	2,656,322	2,656,322
-Corporate bonds	23(b)	-	8,055,210	-	-	-	8,055,210	8,055,210
Other assets	26	-	105,714,725	-	-	-	105,714,725	105,714,725
		10,230,173	**419,902,184**	**87,845,602**	**-**	**-**	**517,977,959**	**518,479,616**

Deposits to financial institutions	31	-	-	-	-	105,959,982	105,959,982	105,959,982
Due to customers	32	-	-	-	-	211,726,915	211,726,915	211,726,915
Non pledged trading liabilities								
-Treasury bills	21(b)	-	-	-	4,117,869	-	4,117,869	4,117,869
Commercial paper liabilities	31(a)	-	-	-	-	8,257,130	8,257,130	8,257,130
Surbodinated Liabilities	31(b)	-	-	-	-	24,918,279	24,918,279	24,918,279
Other Borrowings	31(c)	-	-	-	-	9,037,329	9,037,329	9,037,329
Derivative financial instruments	22	-	-	-	980,424	-	980,424	980,424
Other liabilities	34	-	-	-	-	126,282,354	126,282,354	126,282,354
		3,038,368	**-**	**-**	**8,136,661**	**486,181,989**	**497,357,018**	**497,357,018**

Bank

In thousands of Naira December 2021	Notes	Financial assets measured through FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Financial liabilities measured through FVPL	Financial Liabilities measured at amortized cost	Total carrying amount	Fair value
Cash and balances with banks	19	-	13,003,129	-	-	-	13,003,129	13,006,124
Due from financial institutions	20	-	11,588,361	-	-	-	11,588,361	11,594,180
Non pledged trading assets								
-Treasury bills	21	6,034,271	-	-	-	-	6,034,271	6,034,271
-Government bonds	21	7,182,645	-	-	-	-	7,182,645	7,182,645
-Unquoted securities - FVTPL	21	1,852,512	-	-	-	-	1,852,512	1,852,512
-Corporate Eurobond	21	1,510,145	-	-	-	-	1,510,145	1,510,145
Derivative financial assets	22	3,381,961	-	-	-	-	3,381,961	3,381,961
Loans and advances to customers	25	-	151,223,003	-	-	-	151,223,003	151,499,631
Pledged assets								
-Treasury bills	24	3,366,563	-	13,077,034	-	-	16,443,597	16,443,597
-Special bills	24	-	-	47,096,446	-	-	47,096,446	47,096,446
-Government Bonds	24	-	6,352,045	-	-	-	6,352,045	5,785,767
Investment securities								
-Financial assets at FVTOCI		-						
-Treasury bills	23(a)	-	-	900,901	-	-	900,901	900,901
-Special bills	23(a)	-	-	22,878,371	-	-	22,878,371	43,783,245
-Promissory notes	23(a)	-	-	6,970,555	-	-	-	-
-Bonds	23(a)	-	-	14,843,662	-	-	10,959,614	10,959,614
-Equity	23(a)	-	-	15,466,448	-	-	15,724,490	15,724,490
-Financial assets at amortised cost								
-Bonds	23(b)	-	2,986,391	-	-	-	2,986,391	2,779,032
Other assets	23(b)	-	130,985,421	-	-	-	130,985,421	130,985,421
		23,328,097	**316,138,350**	**121,233,417**	**-**	**-**	**460,699,864**	**460,211,669**
Deposits to financial institutions	31	-	-	-	-	44,795,696	44,795,696	44,795,696
Due to customers	32	-	-	-	-	177,359,031	177,359,031	177,359,031
Non pledged trading liabilities								
-Treasury bills	21(b)	-	-	-	27,828	-	27,828	27,828
Commercial paper liabilities	31(a)	-	-	-	-	55,355,146	55,355,146	55,355,146
Surbodinated Liabilities	31(b)	-	-	-	-	24,860,099	24,860,099	24,860,099
Other Borrowings	31(c)	-	-	-	-	8,405,291	8,405,291	8,405,291
Derivative financial instruments	22	-	-	-	3,332,522	-	3,332,522	3,332,522
Other liabilities	34	-	-	-	-	118,393,019	118,393,019	118,393,019
		-	**-**	**-**	**3,360,350**	**429,168,282**	**432,528,632**	**432,528,632**

5 FINANCIAL RISK MANAGEMENT

5.1 Credit risk management

In Coronation MB, credit risk is the single largest risk; this is in line with the Bank's primary business of financial intermediation in the merchant banking space. The Bank is also exposed to credit risks arising from investments in securities and other trading activities.

The Bank defines credit risk as the risk that obligors will be unable or unwilling to pay interest, and/or principal or fail to perform in their contractual obligations as specified in the agreement. Credit risk therefore may constitute an economic loss whose effect is measured by the cost of replacing cash flows if the other party defaults. This risk could be compounded if the assigned security only partly covers the claims made to the borrower, or if its valuation falls well short of the outstanding exposure at the time of default due to prevailing market conditions.

The Bank's Risk Management philosophy is that a moderate and guarded risk attitude will ensure gradual but sustainable growth in shareholder value and reputation. Extension of credit in Coronation Merchant Bank is guided by its Credit Risk Appetite and Portfolio Management Plan, which sets out specific rules for risk origination and management of the loan portfolio. The Plan also sets out the following:

- Risk assets growth pattern
- Anticipated risk adjusted return on assets
- Target average portfolio rating
- Assessment of the impact of the portfolio on capital adequacy
- Roles and responsibilities of different individuals and committees involved in the credit process.

The key guiding principles of the Bank's credit risk include the following:

- Precise articulation of policies on exposures, concentrations, pricing, collateral, and portfolio liquidity.
- A risk appetite dependent strategic approach rather than an aggressive approach in the creation of its credit risk assets.
- Minimization of the risk arising from a build-up of concentration in credit risk asset portfolio in any sector, obligor, or industry.
- Risk based pricing for all loans pricing.
- An integrated mechanism to measure actual against target risk assets, risk adjusted returns and other indicators of a healthy portfolio
- A balance between the creation of risk assets and the portfolio liquidity

Coronation MB recognizes the fact that its main asset is its loan portfolio. Therefore, we actively safeguard and strive to continually improve the health of our loan portfolio. We scrutinize all applications and weed out potential problem loans during the loan application phase, as well as constantly monitor existing loan portfolio.

The goal of the Bank is to apply sophisticated but realistic credit models and systems to monitor and manage credit risk. Ultimately these credit models and systems will be the foundation for the application of internal rating-based approach to calculation of capital requirements. The Bank's Basel II implementation strategy guides the development, implementation, and application of these models.

The pricing of each credit granted reflects the level of risks inherent in the credit. Subject to competitive forces, Coronation Merchant Bank implements a consistent pricing model for loans to its different target markets. The client's interest is guarded at all times, and collateral quality is never the sole reason for a positive credit decision.

Provisions for credit losses meet prudential guidelines set forth by the Central Bank of Nigeria, both for loans for which specific provisions exist as well as for the portfolio of performing loans. Coronation Merchant Bank's credit process requires rigorous proactive and periodic review of the quality of the loan portfolio. This helps us to identify and remediate credit issues proactively.

"Management of credit risk
The management of credit risk is done broadly at three levels; the Board level, Management level and Risk Management level.

At the Board level, credit risk is managed by the Board Credit and Investment Committee and Board Risk Management Committee with the following key roles:
i. Approval of credit Risk framework and appetite
ii. Approval of Credit Risk Strategy
iii. Review of the quality of our loan portfolio on a quarterly basis
iv. Approval of credit requests for which the Management Credit and Investment Committee seeks approval

At the Management level, Credit Risk is managed by Management Credit and Investment Committee (MCIC), and the Enterprise Risk Management Committee (ERMC) with the following key roles:
i. Monthly review of loan portfolio
ii. Monitoring of the actual portfolio concentration limits against targeted performance
iii. Review and recommendation of Credit Policies and Standards to the Board Credit Committee.

All other functions with regards to credit risk management is at the Risk Management level.
As evident in the role of the Board in credit risk management, the development and approval of polices play a key role in setting the context for which credit risk is managed.

Principal Credit Policies

The following are the principal credit policies of the Bank:

- **Credit Risk Management Policy:** The core objective is to enable maximization of returns on a risk adjusted basis from banking book credit risk exposures that are brought under the ambit of Credit Risk Management Policy by putting in place robust credit risk management systems consisting of risk identification, risk measurement, setting of exposure & risk limits, risk monitoring & control and reporting of credit risk in the banking book.

- **Credit Risk Rating Policy:** The objective of this policy is to ensure reliable and consistent Obligor Risk Ratings (ORRs) and Facility Risk Ratings (FRRs) throughout Coronation Merchant Bank and to provide guidelines for risk rating for exposures in the banking book covering credit and investment books of the Bank.

- **Credit Concentration and Portfolio Management Policy:** The Policy addresses the identification, measurement, management and monitoring of credit concentration in the Bank's Credit Portfolio.

- **Internal Capital Adequacy Assessment Process (ICAAP) Policy:** The objective of the policy is to ascertain that the bank has sufficient capital in place to cater for all material risks (both Pillar I & II) which it is exoposed to in the course of its business operation. It also enatails identification of material risks, measurement of material risks, monitoring & control of material risks and reporting of material risks.

- **Enterprise-wide Risk Management Policy:** The core objective is to provide reasonable degree of assurance to the Board of Directors that the risks threatening the Bank's achievement of its vision are identified, measured, monitored and controlled through an effective integrated risk management system covering credit, market, operational, interest rate, liquidity and other material risks.

Responsibilities of Business Units and Credit Risk Management

In Coronation Merchant Bank, Business units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities.

Notwithstanding who derives the risk rating, Credit Risk Management unit is responsible for reviewing and ensuring the correctness of the ORR and FRR assigned to a borrower and facilities. This review includes ensuring the ongoing consistency of the business' Risk Rating Process with Coronation Merchant Bank Risk Rating Policy; ongoing appropriate application of the Risk Rating Process and tools; review of judgmental and qualitative inputs into the Risk Rating Process; ensuring the timeliness and thoroughness of risk rating reviews; and ensuring that the documentation of the Risk Rating Process is complete and current.

Credit process

The Bank's credit process starts with portfolio planning and target market identification which form part of the origination process. Within identified target markets, credits are initiated by relationship managers. The proposed credits are subjected to review and approvals by applicable credit approval authorities. Further to appropriate approvals, loans are disbursed to beneficiaries.

On-going management of loans is undertaken by both relationship management and our Credit Risk Management team. The complete credit process is shown the diagram below:

(a) Credit Origination

The credit origination process encompasses all activities before a credit facility reaches the credit risk management team. These activities include customer profiling, application of the risk acceptance criteria, account opening, customer's request for a facility, detailed analysis of the customer's financials and the subsequent preparation of the customer's credit application.

(b) Credit risk measurement

Risk Rating Methodology
The credit rating of the counterparty plays a fundamental role in final credit decisions as well as in the terms offered for successful loan applications. Coronation Merchant Bank employs a robust credit rating system based on international best practices (including Basel II & III recommendations) in the determination of the Obligor and Facility risks and thus allows the Bank to maintain its asset quality at a desired level.

In Coronation Merchant Bank, the objective of the Risk Rating Policy is to ensure reliable and consistent Obligor Risk Ratings ('ORRs') and Facility Risk Ratings ('FRRs') throughout the Bank and to provide guidelines for risk rating.

The Risk rating policy incorporates credit risk rating models which estimate risk of obligor default and facility risks (covering both recovery as well as Exposure risk). Our long-term goal is to adopt the Internal Rating Based ("IRB") approach. The data required to facilitate the IRB approach are being gathered.

All Coronation Merchant Bank businesses that extend credit are subject to the Risk rating policy.

Credit Risk Rating Models in Coronation Merchant Bank

The Bank has deployed the credit risk rating models below

Obligor Risk Rating (ORR) Models have been developed for:

1. Bank and Non Banking Financial Institutions
2. Corporate;
   - Manufacturing Sector
   - Trading Sector
   - Services Sector
   - Telecommunications and ICT Sector,etc
3. Private Banking Clients

Facility Risk Rating (FRR) Models have also been developed, which when combined with the ORR score, gives the final rating score for the obligor.

Risk Rating Process

In Coronation Merchant Bank, all businesses must have a documented and approved Risk Rating Process for deriving risk ratings for all obligors and facilities (including those covered under Credit Programs). The Risk Rating Process is the end-to-end process for deriving ORRs and FRRs and includes models, guidelines, support adjustments, collateral adjustments, process controls, as well as any other defined processes that a business undertakes in order to arrive at ORRs and FRRs. Risk rating process of each business must be in compliance with the Bank's Risk rating Policy and deviations must be explicitly approved.

Establishing the Risk Rating Process is the joint responsibility of the Business Manager and Credit Risk Manager associated with each business. The process must be documented and must be approved by the Management Credit Committee.

The Risk Rating Process for each business must be reviewed and approved every three periods, unless more frequent review is specified as a condition of the approvals. Interim material changes to the Risk Rating Process, as determined by the Credit Risk Manager for the business, must be re-approved.

Responsibilities of Business Units and Credit Risk Management

Coronation Merchant Bank operates a 22-point risk rating scale in line with those of international rating agencies, which provides sufficient granularity to ensure better diversification of the risk profile of the Bank's portfolio while avoiding excessive rating concentrations. The grade is composed by numbers from 1 to 10 including "+" or "-"modifiers to achieve sufficient grades or score and avoid concentration within one category.

The credit quality with reference to the internal rating system adopted by the Bank

The risk rating scale and the external rating equivalent is detailed below

Grade	Scale	Explanatory Note
1+	AAA	Obligors are judged to be of the highest quality, subject to the lowest level of credit risk.
1 1- 2+	AA+ AA AA-	Obligors are judged to be of the highest quality, subject to the lowest level of credit risk.
2 2- 3+	A+ A AA-	Obligors are judged to be upper-medium grade and are subject to low credit risk.
3 3- 4+	BBB+ BBB BBB-	Obligors are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

4 4- 5+	BB+ BB BB-	Obligors are judged to be speculative and are subject to substantial credit risk.
5 5- 6+	B+ B B-	Obligors are considered speculative and are subject to high credit risk.
6 6- 7+	CCC+ CCC CCC-	Obligors are judged to be speculative of poor standing and are subject to very high credit risk.
8	CC	Obligors are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
9	C	Obligors are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.
10	D	Lost.

(c) Approval, Credit Risk Control & Mitigation policy

Authority Limits on Credit

The highest credit approval authority is the Board of Directors, supported by the Board Credit and Investment Committee and further by the Management Credit and Investment Committee. The principle of central management of risk and decision authority is maintained by the Bank.

Collateral Policies

It is the Bank's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure or transferring it to counterparty, at facility level, by a safety net of tangible and realizable securities including approved third-party guarantees/ insurance.

In Coronation Merchant Bank, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the Bank is the collateralization of the exposures, by first priority claims or obtaining a third party guarantee. Other techniques include buying a credit derivative to offset credit risk at transaction level. At portfolio level, asset securitisation, credit derivatives etc. are used to mitigate risks in the portfolio.

However primary consideration when approving credits is always the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigant as incorporated in the guidance note of BCBS on "Principles for the Management of Credit Risk" (September 2000, Paragraph 34) are be taken into consideration while using a credit risk mitigant to control credit risk.

> "Bank can utilize transaction structure, collateral and guarantees to help mitigate risks (both identified and inherent) in individual credits but transactions should be entered into primarily on the strength of the borrower's repayment capacity. Collateral cannot be a substitute for a comprehensive assessment of the borrower or the counterparty, nor it can compensate for the insufficient information. It should be recognized that any credit enforcement actions (e.g. foreclosure proceedings) can eliminate the profit margin on the transaction. In addition, Banks need to be mindful that the value of collateral may well be impaired by the same factors that have led to the diminished recoverability of the credit."

The range of collaterals acceptable to the Bank include:

- Cash / Deposit (domestic and foreign currency) with Bank including certificates of deposit or comparable instruments issued by the Bank.
- Certificates of Deposit from other banks.
- Commodities.
- Debt securities issued by sovereigns and public-sector enterprises.

- Debt securities issued by banks and corporations.
- Equities - Stocks / Share Certificates of quoted blue chip companies
- Mortgage on Landed Property
- Asset-backed securities.
- Charge on assets (Fixed and/or Floating) - premises/ inventory/ receivables/ merchandise/ plant/ machinery etc.
- Negative Pledges
- Lien on Asset being financed
- Stock Hypothecation
- Shipping Documents (for imports)
- Bankers Acceptance

Master Netting arrangements

It is the Bank's policy that all credit exposures are adequately collateralised. Notwithstanding, our account opening documentation allows the Bank to net off customers' deposits against their exposure to the Bank. Generally transactions are allowed to run on a gross basis, however, in cases of unfavorable credit migration, the Bank may elect to invoke the netting agreement.

Credit related commitments

It is the Bank's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure.

There have been no changes to the exposures to risk and how they arise, the objectives, policies and processes for managing the risk and the methods used to measure the risk from the previous period.

(d) Credit Monitoring

Credit risk Monitoring has the responsibility of the Loan Monitoring Department which reports to the Chief Risk Officer. The activity is carried out both at the individual obligor level (covering on and off-balance sheet exposures) and overall portfolio level.
The overriding objective of credit risk monitoring is to ensure that the quality of the Bank's credit portfolio is monitored daily to take prompt and appropriate remedial measures as soon as any deterioration or potential deterioration is identified.

In Coronation MB, Credit risk monitoring achieves the following
- Ensure quality, adequacy, and continuing relevance of the Bank's credit risk management systems
- Ensure quality and performance of credit portfolio at defined level of aggregation
- Quality and performance of obligor credit exposure

5.1.1 Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to financial assets are as follows:

In thousands of Naira	Notes	December 2022	December 2021
Cash and balances with banks	19	38,385,132	13,003,129
Due from financial institutions	20	6,255,393	11,588,361
Non pledged trading assets			
- Treasury bills	21(a)	680,195	6,034,271
- Bonds	21(a)	5,101,655	8,692,790
Derivative financial assets	22	1,320,540	3,381,961
Loans and advances to customers	25	186,105,656	151,223,003
Pledged assets			
- Bonds	24	11,249,832	6,352,045
- Treasury bills	24	-	16,443,597
- Special bills	24	10,390,677	47,096,446
Investment securities			
Fair value through other comprehensive income			
Treasury bills	23(a)	6,987,576	900,901
Special bills	23(a)	43,783,245	22,878,371
Promissory notes	23(a)	-	6,970,555
Bonds	23(a)	10,959,614	14,843,662
Amortised cost			
- Bonds	23(b)	72,046,760	2,986,391
Other assets	26	105,934,958	130,759,464
Total		499,201,233	443,154,947
Off balance sheet exposures			
Guaranteed credit facilities	23(b)	15,906,508	15,526,172
Clean line facilities for letters of credit and other trade commitments	26	96,262,203	83,945,013
Total		112,168,711	99,471,185

"Balances included in Other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the Bank as at 31 December 2022 and 31 December 2021, without taking account of any collateral held or other credit enhancements attached.

A portion of the Bank's financial assets originated by investements in Federal Government Securities (Treasury bills and Bonds) has sufficiently low default risk, which is reflected in expected credit loss (ECL) allowance being recognised in accordance with the Bank's ECL model. "

For on-balance-sheet assets, the exposures set out above are based on net amounts reported in the statements of financial position.

The Directors are confident in their ability to continue to control exposure to credit risk which can result from both its Loans and Advances portfolio and debt securities.

5.1.2 Gross loans and advances to customers per sector is analysed follows:

In thousands of Naira	December 2022	December 2021
Agriculture	22,504,727	45,061,760
Construction	817,816	617,273
Finance and insurance	1,263,207	-
General	769,077	739,276
General commerce	12,307,154	10,302,894
Information And communication	2,722,571	1,496,433
Other Manufactiring (Industries)	109,970,202	74,137,216
Real Estate	1,182,239	
Oil And Gas - Downstream	28,788,057	12,244,106
Minning & Quarrying	5,714,173	4,335,030
Logistics	183,713	2,565,643
	186,222,937	151,499,631

5.1.3 (a) Credit quality by class

December 2022

Loans to Individuals

In thousands of Naira

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Investment	-	-	-	-	-	-	-	-	-
Standard grade	769,077	-	-	769,077	627	-	-	627	768,450
	769,077	-	-	769,077	627	-	-	627	768,450

Loans to Corporate Customers

In thousands of Naira

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Investment	71,721,881	-	-	71,721,881	13,736	-	-	13,736	71,708,145
Standard grade	79,043,023	-	-	79,043,023	110,499	-	-	110,499	78,932,524
	185,453,861	-	-	150,764,904	124,235	-	-	124,235	150,640,669

Off balance sheet

In thousands of Naira

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Investment	-	-	-	-	-	-	-	-	-
Standard grade	112,168,711	-	-	112,168,711	74,452	-	-	74,452	112,094,259
	112,168,711	-	-	112,168,711	74,452	-	-	74,452	112,094,259

Investment securities

In thousands of Naira

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Standard grade	-	-	-	-	-	-	-	-	-
Speculative	161,350,462	-	-	161,350,462	150,908	-	-	150,908	161,199,554
	161,350,462	-	-	161,350,462	150,908	-	-	150,908	161,199,554

Money market placements

In thousands of Naira

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade	-	-	-	-	-	-	-	-	-
Speculative	6,262,972	-	-	6,262,972	7,579	-	-	7,579	6,255,393
	6,262,972	-	-	6,262,972	7,579	-	-	7,579	6,255,393

Other assets (Using simplified approach)

In thousands of Naira

	Gross amount	ECL	Carrying amount
Non-Investment	106,208,756	273,798	105,934,958
	106,208,756	273,798	105,934,958

*There were no modifications of contractual cash flows during the year.

Credit quality by class

December 2021

Loans to Individuals

In thousands of Naira

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Investment	-	-	-	-	-	-	-	-	-
Standard grade	734,727	-	-	734,727	10,481	-	-	10,481	724,246
	734,727	-	-	734,727	10,481	-	-	10,481	724,246

Loans to Corporate Customers

In thousands of Naira

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Investment	71,721,881	-	-	71,721,881	30,907	-	-	30,907	71,690,974
Standard grade	79,043,023	-	-	79,043,023	235,240	-	-	235,240	78,807,783
	150,764,904	-	-	150,764,904	266,147	-	-	266,147	150,498,757

Off balance sheet

In thousands of Naira

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Investment	-	-	-	-	-	-	-	-	-
Standard grade	99,471,185	-	-	99,471,185	147,850	-	-	147,850	99,323,335
	99,471,185	-	-	99,471,185	147,850	-	-	147,850	99,323,335

Investment securities

In thousands of Naira

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Standard grade	-	-	-	-	-	-	-	-	-
Speculative	133,203,445	-	-	133,203,445	4,416	-	-	4,416	133,199,029
	133,203,445	-	-	133,203,445	4,416	-	-	4,416	133,199,029

Money market placements

In thousands of Naira

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade	-	-	-	-	-	-	-	-	-
Speculative	11,594,180	-	-	11,594,180	5,819	-	-	5,819	11,588,361
	35,808,280	-	-	35,808,280	2,230	-	-	2,230	11,588,362

Other assets (Using simplified approach)

In thousands of Naira

	Gross amount	ECL	Carrying amount
Non-Investment	130,985,421	225,957	130,759,464
	130,985,421	225,957	130,759,464

5.1.3 (b) Credit quality by risk rating class

December 2022

Loans to Individuals

In thousands of Naira

External Rating Equivalent		Gross amount				ECL				
	Grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying amount
BBB+	Standard	769,077	-	-	769,077	627	-	-	627	768,450
		769,077	-	-	769,077	627	-	-	627	768,450

Loans to Corporate Customers

External Rating Equivalent		Gross amount				ECL				
	Grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying amount
A+	Investment	16,812,225	-	-	16,812,225	133	-	-	133	768,450
A	Investment	3,800,078	-	-	3,800,078	813	-	-	813	768,450
A-	Investment	53,573,148	-	-	53,573,148	12,790	-	-	12,790	768,450
BBB+	Standard	93,920,074	-	-	93,920,074	110,499	-	-	110,499	768,450
		168,105,525	-	-	168,105,525	124,235	-	-	124,235	167,981,290

Investment securities

External Rating Equivalent		Gross amount				ECL				
	Grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying amount
AAA	Investment	-	-	-	-	-	-	-	-	-
AA+	Investment	-	-	-	-	-	-	-	-	-
AA	Investment	-	-	-	-	-	-	-	-	-
AA-	Investment	-	-	-	-	-	-	-	-	-
A+	Investment	-	-	-	-	-	-	-	-	-
A-	Investment	-	-	-	-	-	-	-	-	-
B-	Speculative	161,350,462	-	-	161,350,462	150,908	-	-	150,908	161,199,554
		161,350,462	-	-	161,350,462	150,908	-	-	150,908	161,199,554

December 2021

Loans to Individuals

In thousands of Naira

External Rating Equivalent		Gross amount				ECL				
	Grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying amount
BBB+	Standard	734,727	-	-	734,727	10,481	-	-	10,481	724,246
		734,727	-	-	734,727	10,481	-	-	10,481	724,246

Loans to Corporate Customers

External Rating Equivalent		Gross amount				ECL				
	Grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying amount
A	Investment	21,688,730	-	-	21,688,730	5,934	-	-	5,934	21,682,796
A-	Investment	50,033,151	-	-	50,033,151	24,973	-	-	24,973	50,008,178
BBB+	Investment	79,043,023	-	-	79,043,023	235,240	-	-	235,240	78,807,783
		150,764,904	-	-	150,764,904	266,147	-	-	266,147	150,498,757

Investment securities

External Rating Equivalent	Grade	Gross amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying amount
AAA	Investment	-	-	-	-	-	-	-	-	-
AA+	Investment	-	-	-	-	-	-	-	-	-
AA	Investment	-	-	-	-	-	-	-	-	-
AA-	Investment	-	-	-	-	-	-	-	-	-
A+	Investment	-	-	-	-	-	-	-	-	-
A-	Investment	-	-	-	-	-	-	-	-	-
B-	Speculative	133,203,445	-	-	133,203,445	4,416	-	-	4,416	161,199,554
		-	-	-	-	4,416	-	-	4,416	161,199,554

Money market placements

External Rating Equivalent	Grade	Gross amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying amount
B	Standard	11,594,180	-	-	11,594,180	7,579	-	-	7,579	11,586,601
		11,594,180	-	-	11,594,180	7,579	-	-	7,579	11,586,601

Derivative Financial Instruments

External Rating Equivalent	Grade	Gross Nominal Dec-22	Dec-21	Fair Value Dec-22	Dec-21
AAA	Standard	7,781,538	7,781,538	1,320,540	3,381,961
Gross amount		7,781,538	7,781,538	1,320,540	3,381,961

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due nor impaired.

5.1.3 (c) Credit quality by staging

December 2022
In thousands of Naira

Loans and advances to retail customers

	Gross amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying amount
Mortgage Loan	235,694	-	-	235,694	8,118	-	-	8,118	227,576
Personal Loan	533,383	-	-	533,383	2,363	-	-	2,363	531,020
	769,077	-	-	769,077	10,481	-	-	10,481	758,596

Loans and advances to corporate customers

	Gross amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying amount
Overdraft	6,625,549	-	-	6,625,549	94,896	-	-	94,896	6,530,653
Term Loan	178,828,312	-	-	178,828,312	171,251	-	-	171,251	178,657,061
	185,453,861	-	-	185,453,861	266,147	-	-	266,147	185,187,714

December 2021
In thousands of Naira

Loans and advances to retail customers

	Gross amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying amount
Mortgage Loan	188,685	-	-	188,685	8,118	-	-	8,118	180,567
Personal Loan	546,042	-	-	546,042	2,363	-	-	2,363	543,679
	734,727	-	-	734,727	10,481	-	-	10,481	724,246

Loans and advances to corporate customers

	Gross amount				ECL				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying amount
Overdraft	8,472,361	-	-	8,472,361	94,896	-	-	94,896	8,377,465
Term Loan	142,292,543	-	-	142,292,543	171,251	-	-	171,251	142,121,292
	150,764,904	**-**	**-**	**150,764,904**	**266,147**	**-**	**-**	**266,147**	**150,498,757**

Analysis of inputs to the ECL model under multiple economic scenerios

Key Drivers of ECL	**ECL Scenerio**	**Assigned Probabilities**	**2023**	**2024**
Inflation (%)	Base	50%	16.8%	12.8%
	Best	30%	15.1%	12.4%
	Worst	20%	17.3%	13.0%
Exchange Rate	Base	50%	465.70	501.71
	Best	30%	456.40	481.90
	Worst	20%	475.00	512.50
GDP	Base	50%	2.90	3.25
	Best	30%	3.20	3.90
	Worst	20%	2.50	2.90
Crude	Base	50%	92.00	80.00
	Best	30%	100.00	88.00
	Worst	20%	83.10	85.00

5.1.3 (d) Estimate of the fair value of collateral and other security enhancements

Estimate of the fair value of collateral and other security enhancements held against loans and advances to customers and banks is shown below:

In thousands of Naira

	December 2022	**December 2021**
Against neither past due and not impaired		
Property	17,235,333	3,814,961
Cash	37,423,248	36,252,862
Pledged goods and assets	35,817,768	31,087,995
All asset debentures and guarantees	363,701,790	241,135,519
Investments	1,500,703	1,232,316
Total	455,678,842	313,523,653

Collateral held and other credit enhancements, and their financial effect

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to. However, collateral provides additional security and the Bank generally requests that all borrowers provide it. The Bank may take collateral in the form of a first charge over real estate and other liens and guarantees. The bank does not sell or repledge the collateral in the absence of default by the owner of the collateral. In addition to the Bank's focus on credit worthiness, the Bank aligns with its credit policy guide to periodically update the validation of collaterals held against all loans to customers. The Bank obtains appraisals of all collaterals because the fair value of the collateral is an input to the impairment measurement.

4.2 Valuation of financial instruments

The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of net credit risk at the reporting date is shown below:

In thousands of Naira

By Sector

December 2022

In thousands of Naira

	Corporate	Finance and insurance	Government	Others	Total
Pledged assets	-	38,385,132	-	-	38,385,132
Due from financial institutions	-	6,255,393	-	-	6,255,393
Non pledged trading assets					
-Treasury bills	-	-	680,195	-	680,195
-Bonds	-		5,101,655	-	5,101,655
Derivative financial assets		1,406,813	(86,274)		186,115,510
Loans and advances to customers	184,083,853	1,263,207	-	768,450	186,115,510
Pledged assets					
-Treasury bills	-	-	-	-	-
-Special bills	-	-	10,390,677	-	10,390,677
-Bonds	-	-	11,249,832	-	11,249,832
Investment securities					
Fair value through other comprehensive income					
-Treasury bills	-	-	6,987,576	-	6,987,576
-Bonds	-	-	43,783,245	-	43,783,245
Amortised cost	-	-	10,959,614	-	10,959,614
-Bonds					
Other assets	-	-	72,046,760	-	72,046,760
Investment securities	-	-	100,683,747	-	100,683,747
Total	**189,335,064**	**47,310,545**	**261,797,027**	**768,450**	**499,211,087**

December 2021

In thousands of Naira

	Corporate	Finance and insurance	Government	Others	Total
Pledged assets	-	13,003,129	-	-	13,003,129
Due from financial institutions	-	11,588,361	-	-	11,588,361
Non pledged trading assets					
-Treasury bills	-	-	6,034,271	-	6,034,271
-Bonds	-		8,692,790	-	8,692,790
Derivative financial assets		1,406,813	1,975,148		3,381,961
Loans and advances to customers	150,498,757	-	-	724,246	151,223,003
Pledged assets					
-Treasury bills	-	-	16,443,597	-	16,443,597
-Special bills	-	-	47,096,446	-	47,096,446
-Bonds	-	-	6,352,045	-	6,352,045

Investment securities					
Fair value through other comprehensive income					
-Treasury bills	-	-	900,901	-	900,901
-Bonds	-	-	22,878,371	-	22,878,371
Amortised cost	6,627,999	-	8,215,663	-	14,843,662
-Bonds					
Other assets	-	-	2,986,391	-	2,986,391
Investment securities	7,660,448	-	123,099,016	-	130,759,464
Total	**164,787,204**	**25,998,303**	**244,674,639**	**724,246**	**436,184,392**

5.2 Market risk management

Definition

Coronation Merchant Bank's ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads. Market risk mainly arises from trading activities and equity investments. Coronation Merchant Bank is also exposed to market risk through non-traded interest rate risk in its banking book:

Market risk policy, management and control

The Bank's ability to effectively identify, assess, monitor and manage market risks involved in its activities is critical to its soundness and profitability. It's strategy is to invest its own capital on a limited and carefully selected basis in transactions, underwritings and other activities that involve market risk. The Bank is exposed to market risk through adverse movements in equity prices, foreign exchange and interest rates.

Coronation Merchant Bank manages market risk in line with its principal risks and control policy requirements approved by the Board Risk Committee. The Board approves the risk appetite for trading and non-trading activities and risk limits are set within the context of the approved market risk appetite. Market Risk monitors exposures against these limits.

"The Bank's MD/CEO is responsible for approving specific position limits, which are sometimes specific medium-term investment cases and other times strategic (or have the potential of becoming strategic) in the medium term.

Each trading unit within the Bank adheres to the general rules set out by the Board of Directors. Moreover, each trading unit has its own set of working procedures and rules that further specify their targets, limits and scope in trading."

The position limits, or any changes to them, are proposed by the Bank's head of trading and then accepted by the Bank's Chief Risk Officer and reviewed by the Bank's CEO. The size of each position limit is based on, among other factors, underlying liquidity, the Bank's risk appetite, as well as legal limitations on individual positions imposed by authorities in Nigeria.

All market risks are reported to the Risk Committee daily (through a dashboard) and quarterly with recommendations made concerning the risk profile including risk appetite, limits and utilization. The head of each business, assisted by the business risk management team, is accountable for all market risks associated with its activities, which are reported to business risk governance and control committees. Oversight and support is provided to the business by the central market risk team.

"Coronation Merchant Bank has a dedicated market risk team with the sole responsibility of implementing the market risk control framework. Daily market risk reports are produced for trading portfolios covering all risk categories including interest rate, equity and foreign exchange credit spread risk.

Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level.

"VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. To assess their predictive power, VaR models are back tested against actual results.

Sensitivity measures are used in addition to VaR as risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved. "

Identifying the growing importance of market risks in the Bank's operations, management has continued to ensure adequate internal controls and capital resources to address these risks. Prominent among the steps taken by management is the documentation of Internal Capital Adequacy Assessment Process (ICAAP), for effective risk and capital management, and approving more stringent limits to ensure market risk exposures are within its appetite.

Traded market risk measurement and control

The measurement/control techniques used to measure and control traded market risk include daily valuation of positions, limit monitoring, gap analysis, sensitivity analysis, value at risk, tail risk, stress testing, etc.

Mark-to-Market (MTM)

The marking-to-market technique establishes historical profit/loss by revaluing money market exposures to prevailing market prices. When no market prices are available for a specific contract period, mark-to-model is used to derive the relevant market prices; it is the Bank's policy to revalue all exposures categorized under the securities trading portfolio on a daily basis. As a general guide, marking to market is performed independently of the trading unit i.e. prices/rates are obtained from external sources.

Daily value at risk (DVaR)

DVaR is an estimate of the potential loss that might arise from unfavourable market movements if current positions were to be held unchanged for one business day, measured to a confidence level of 99%. This is to guard against incidence of significant market movements, consequently improving management, transparency and control of the market risk profile. Daily losses exceeding the DVaR figure are likely to occur, on average, three times in a year.

Coronation Merchant Bank uses an internal DVaR model based on the variance-covariance (analytical) method. Two years of unweighted historical price and rate data is applied and updated daily. This internal model is also used for measuring value at risk over both a one-day and 10-day holding year at a 99% confidence level for regulatory backtesting and regulatory capital calculation purposes respectively. This model covers general market (position) risk across all approved interest rate, foreign exchange, commodity, equity and traded credit products.

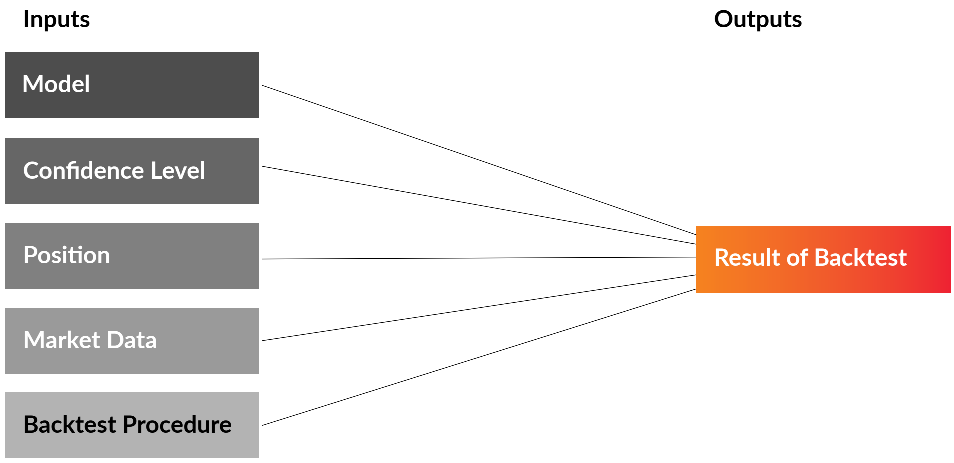
There are a number of considerations that should be taken into account when reviewing DVaR numbers. These are as follows:

- The analytical method assumes that the past is a good representation of the future. This may not always be the case.
- The assumed time horizon will not fully capture the market risk of positions that cannot be closed out or hedged within this time horizon.
- DVaR does not indicate the potential loss beyond the selected percentile.
- Intra-day risk is not captured.
- Prudent valuation practices are used in the DVaR calculation when there is difficulty obtaining rate/price information.

To complement DVaR, tail risk metrics, stress testing and other sensitivity measures are used.

Backtesting

DVaR is an important market risk measurement and control tool and consequently the performance of the model is regularly assessed for continued suitability. The main approach employed is a technique known as backtesting, which counts the number of days when daily trading losses exceed the corresponding DVaR estimate.



The regulatory standard for backtesting is to measure daily losses against DVaR assuming a one-day holding year and a 99% level of confidence. The regulatory green zone of three or less exceptions over a 12-month year is consistent with a good working DVaR model.

Stress testing

"Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. Market Risk complements the VaR measurement by regular stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios."

Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist senior management in capital planning decisions.

A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. The Bank performs two main types of stress/scenario testing. Firstly, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories, which include interest rate, equity, foreign exchange, commodity and credit spread risk. Secondly, the trading book is subjected to multi-factor scenarios that simulate past years of significant market disturbance and hypothetical extreme yet plausible events.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. Regular stress test scenarios are applied to interest rates, credit spreads, exchange rates, commodity prices and equity prices. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Risk limits

Risk limits are set and reviewed at least annually to control Coronation Merchant Bank's trading activities in line with the defined risk appetite of the bank. Criteria for setting risk limits include relevant market analysis, market liquidity and business strategy. Trading risk limits are set at an aggregate, risk category and lower levels and are expressed in terms of DVaR. This is further supported by a comprehensive set of non-DVaR limits, including foreign exchange position limits, stop loss limits and Management Action Triggers. Appropriate performance triggers are also used as part of the risk management process.

Foreign Currency Trading Position Limits (FCTPL): The Bank, in keeping with the prudency concept, sets its policy limit for Trading Position at a level lower than the maximum FCTPL approved by the regulatory authority. In setting the internal FCTPL, the following considerations are imperative:

- The Regulatory FCTPL;
- The Bank's tolerance and appetite for FX risk;
- The size and depth of the FX market in Nigeria;
- The degree of volatility of traded currencies;
- The Bank's desired positioning in the relevant FX market with requirements for international business support.

Management Action Trigger (MAT): This establishes decision points to confirm the Board of Directors' tolerance for accepting trading risk losses on a cumulative basis. MAT therefore, takes into account actual cumulative profit/loss as well as potential losses and the loss tolerance is defined as a percentage of gross earnings.

Stop Loss Limit: This limit sets a maximum tolerable unrealized profit/loss to date which will trigger the closing of a position in order to avoid any further loss based on existing exposures. Positions are liquidated uniformly when stop loss limits are breached.

Value-at-Risk Limit: The normal VaR of the portfolio will be the Naira loss that will be exceeded 1% of the time over a one day horizon. The time year may be changed depending on the volume of position held and current market realities. At a maximum of 99% confidence level, and a holding period of 1 day, the bank maintains a VaR limit 6% of Shareholders' funds.

Interest rate risk

Interest rate risk is the exposure of the Bank's financial condition to adverse movements in interest rates, yield curves and credit spreads. The Bank is exposed to interest rate risk through the interest bearing assets and liabilities in its trading and banking books.

Coronation Merchant Bank's objective for management of interest rate risk in the banking book is to ensure a higher degree of interest rate mismatch margin stability and lower interest rate risk over an interest rate cycle. This is achieved by hedging material exposures with the external market.

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rated assets and liabilities, the Bank is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the savings rate and 90-day NIBOR and different types of interest. Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the Group balance sheet, mainly due to re-pricing timing differences between assets, liabilities and equity.

These risks impact both the earnings and the economic value of the bank. Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the bank's non-trading activities.

The principal tool used to measure and control market risk exposure within the bank's trading portfolios is the open position limits using the Earnings at Risk approach. Specified limits have been set for open positions limits, which are the expected maximum exposure the Group is to be exposed to. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's business strategies.

Interest-rate risk is monitored centrally with a Gap report. A limits framework is in place to ensure that retained risk remains within approved appetite.

Foreign exchange risk

Foreign Exchange risk is the exposure of the Bank's financial condition to adverse movements in exchange rates. The Bank is exposed to foreign exchange risk primarily through its assets, managing customers' deposits and through acting as an intermediary in foreign exchange transactions between central and commercial banks.

The Bank's foreign exchange risk is considered at a Group level since an effective overview of such risk is a critical element of the Bank's asset/liability risk management. The Board of Directors defines its risk tolerance levels and expectations for foreign exchange risk management and ensures that the risk is maintained at prudent levels.

"Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. The assets and liabilities include current positions, forward positions, commitments, and the market value of derivatives in foreign currency.

Our net total currency balance is always within specified regulatory limits which is currently 10% of shareholders' funds.

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

In thousands of Naira

31 December 2022	Re-pricing period						
	Less than 3 months	4 - 6 months	7 - 12 months	1 - 5 years	More than 5 years	Non-Interest bearing	Total
Cash and balances with banks	-	-	-	-	-	38,085,267	38,085,267
Due from financial institutions	6,262,972	-	-	-	-	-	6,262,972
Non pledged trading assets	-	-	-	-	-	-	-
-Treasury bills	354,396	36,530	188,533	365,828	-	-	945,287
-Bonds	-	150,958	-	183,677	1,619,514	-	1,954,149
Derivative financial assets	317,494	237,133	-	-	-	765,913	1,320,540
Loans and advances to customers	92,690,398	18,251,650	2,445,657	20,124,617	52,585,753	-	186,098,076
Pledged assets	-	-	-	-	-	-	-
-Treasury bills	5,060,000	5,500,000	-	-	-	-	10,560,000
-Special bills	-	-	-	-	-	-	-
-Bonds	-	-	-	2,000,000	5,990,000	-	7,990,000
Investment securities	-	-	-	-	-	-	-
Fair value through other comprehensive income	-	-	-	-	-	-	-
-Treasury bills	4,582,400	277,008	2,278,627	-	-	-	7,138,035
-Special bills	-	-	-	-	-	-	-
-Promissory notes	-	-	-	-	-	-	-
-Bonds	-	-	-	4,407,005	7,377,600	-	11,784,605
Amortised cost	-	-	-	-	-	-	-
-Bonds	78,254	-	-	18,002,220	42,874,231	-	60,954,705
-Promissory notes	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	105,714,725	105,714,725
Other assets	**136,737,227**	**44,037,259**	**4,912,817**	**45,083,348**	**110,447,098**	**144,565,905**	**485,783,654**
Due from financial institutions	84,560,313	16,766,000	4,633,669	-	-	-	105,959,982
Due to customers	208,519,538	6,411,755	10,596,172	-	-	-	225,527,464
Non pledged trading liabilities	-	-	-	-	-	-	-
-Treasury bills	3,196,400	3,363,880	1,805,032	-	-	-	8,365,312
-Bonds	-	-	-	-	-	-	-
Derivative financial liabilities	608,220	2,053,058	-	-	-	3,829,644	6,490,922
Commercial paper liabilities	9,325,651	-	-	-	-	-	9,325,651
Surbodinated Liabilities	-	-	-	-	25,148,440	-	25,148,440
Other borrowings	-	-	-	-	-	-	-
Other liabilties	30,064,519	-	-	23,684,205	34,363,938	-	88,112,662
	368,493,667	**32,395,019**	**17,034,873**	**25,148,440**	**23,684,205**	**38,193,582**	**504,949,785**
Total interest re-pricing gap	**(231,756,439)**	**11,642,240**	**(12,122,056)**	**19,934,909**	**86,762,893**	**106,372,323**	**(19,166,131)**

In thousands of Naira

31 December 2022	Re-pricing period						
	Less than 3 months	4 - 6 months	7 - 12 months	1 - 5 years	More than 5 years	Non-Interest bearing	Total
Cash and balances with banks	-	-	-	-	-	13,003,129	13,003,129
Due from financial institutions	10,938,233	650,128	-	-	-	-	11,588,361
Non pledged trading assets							
-Treasury bills	3,693,352	570,290	1,770,628	365,828	-	-	6,034,271
-Bonds	498	-	-	3,052,338	5,639,954	-	8,692,790
Derivative financial assets	1,406,813	-	-	-	-	1,975,148	1,320,540
Loans and advances to customers	103,060,312	41,287,430	2,361,203	505,690	4,008,367		151,223,003
Pledged assets							
-Treasury bills	7,153,005	4,184,571	5,106,021	-	-	-	16,443,597
-Special bills	16,873,275	30,223,171	-	-	-	-	47,096,446

-Bonds	-	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-	-
Fair value through other comprehensive income	-	-	-	-	-	-	-
-Treasury bills	546,904	225,502	128,494	-	-	-	900,901
-Special bills	12,463,402	10,414,968	-	-	-	-	22,878,371
-Promissory notes	-	-	-	6,970,555	-	-	6,970,555
-Bonds	50,755	-	-	5,771,366	9,021,542	-	14,843,663
Amortised cost	-	-	-	-	-	-	-
-Treasury bills							
-Bonds	-	-	-	-	2,986,392	-	2,986,392
Other assets	-	-	-	-	-	130,759,464	130,759,464
Other assets	**156,186,550**	**87,556,061**	**9,366,347**	**16,299,949**	**28,008,300**	**145,737,741**	**443,154,948**
Due from financial institutions	44,795,696	-	-	-	-	-	44,795,696
Due to customers	158,299,142	6,657,162	11,085,760	1,316,966	-	-	177,359,031
Non pledged trading liabilities							
-Treasury bills	27,828	-	-	-	-	-	27,828
-Bonds	-	-	-	-	-	-	-
Derivative financial liabilities	1,357,152	-	-	-	-	1,975,370	3,332,522
Commercial paper liabilities	32,640,153	22,714,993	-	-	-	-	55,355,146
Surbodinated Liabilities	-	-	-	24,860,099	-	-	24,860,099
Other borrowings	-	-	8,405,291	-	-	-	8,405,291
Other liabilties	59,371,874	7,119,166	5,829,460	-	-	46,072,519	118,393,019
	296,491,846	**36,491,321**	**25,320,511**	**26,177,065**		**48,047,889**	**432,528,632**
Total interest re-pricing gap	**(140,305,296)**	**51,064,740**	**(15,954,164)**	**(9,877,117)**	**28,008,300**	**97,689,852**	**10,626,315**

5.2.2 Exposure to fixed and variable interest rate risk

The table below sets out information on the exposure to fixed interest instruments. There were no exposures to variable rate instruments in the period.

In thousands of Naira

31-Dec-2022 ASSETS	Fixed N'000	Non-interest bearing N'000	Total N'000
Cash and balances with banks	-	38,385,132	38,385,132
Due from financial institutions	6,255,393	-	6,255,393
Non pledged trading assets	5,781,850		5,781,850
Derivative financial assets	1,406,813	(86,274)	1,320,540
Loans and advances to customers	186,105,656		186,105,656
Pledged assets	21,640,509	-	21,640,509
Investment securities:			
- Fair value through other comprehensive income	61,730,435	15,724,490	77,454,925
- Amortised cost	72,046,760	-	72,046,760
Other asset	-	105,934,958	105,934,958
	354,967,416	159,958,306	514,925,723

LIABILITIES			
Deposits to financial institutions	105,959,982	-	105,959,982
Due to customers	211,726,915	-	6,255,393
Non pledged trading assets	11,074,950		11,074,950
Derivative financial assets	-	980,424	980,424
Commercial paper liabilities	8,257,130		8,257,130
Unsubordinated liabilities	24,918,279	-	24,918,279
Other borrowings	9,037,329		9,037,329
Other liabilities	53,748,724	34,363,938	88,112,662
	424,723,309	**35,344,362**	**460,067,672**

In thousands of Naira

31-Dec-2022

ASSETS	Fixed N'000	Non-interest bearing N'000	Total N'000
Cash and balances with banks	-	13,003,129	13,003,129
Due from financial institutions	11,588,361	-	11,588,361
Non pledged trading assets	14,727,061		14,727,061
Derivative financial assets	1,406,813	1,975,148	3,381,961
Loans and advances to customers	151,223,003		151,223,003
Pledged assets	69,892,088	-	69,892,088
Investment securities:			
- Fair value through other comprehensive income	45,593,489	15,466,448	61,059,937
- Amortised cost	2,986,391	-	2,986,391
Other asset	-	130,759,464	130,759,464
	297,417,206	**161,204,189**	**458,621,395**

LIABILITIES			
Deposits to financial institutions	44,795,696	-	44,795,696
Due to customers	177,359,031	-	177,359,031
Non pledged trading assets	27,828		27,828
Derivative financial assets	-	3,332,522	3,332,522
Commercial paper liabilities	55,355,146		55,355,146
Unsubordinated liabilities	24,860,099	-	24,860,099
Other borrowings	8,405,291		8,405,291
Other liabilities	72,320,500	46,072,519	118,393,019
	383,123,591	**49,405,041**	**432,528,632**

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing (note 5.2.1) and value at risk (note 5.2.2) that may be undertaken, which is monitored daily by Bank's Treasury.

Cash flow and fair value interest rate risk

The Bank's interest rate risk arises from risk assets, long-term borrowings, deposits from banks and customers. Borrowings issued at variable rates expose the Bank to cash flow interest rate risk. Other financial liabilities issued at fixed rates expose the group to fair value interest rate risk.

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Bank's financial assets and liabilities to various scenarios.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

(i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

(ii) Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Interest sensitivity analysis - 31 December 2022
Impact on net interest income of +/-1oo basis points changes in rates over one period (N'000)

Time Band	Cashflow interest rate risk	
	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	2,317,564	(2,317,564)
6 months	(116,422)	116,422
12 months	121,221	(121,221)
	2,322,363	**(2,322,363)**

Interest sensitivity analysis - 31 December 2022
Impact on net interest income of +/-1oo basis points changes in rates over one period (N'000)

Time Band	Cashflow interest rate risk	
	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	1,403,053	(1,403,053)
6 months	(510,647)	510,647
12 months	159,542	(159,542)
	1,051,947	(1,051,947)

The preceeding table sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel fall in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, the Assets and Liability Committee, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Price sensitivity analysis on bonds and treasury bills

The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and available for sale. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 50 and 100 basis points increase in market yields. The impact of fair value through profit or loss investments is on the income statement while the impact of fair value through other comprehensive income instruments is on the statement of other comprehensive income.

December 2022	Carying Value	Impact of 50 basis points increase in yields	Impact of 100 basis points increase in yields
Impact on Statement of Comprehensive Income	5,101,655	(25,508)	(51,017)
Bonds at Fair value through Profit or Loss	680,195	(3,401)	(6,802)
T-bills at Fair value through Profit or Loss	5,781,850	(28,909)	(57,819)
Impact on Other Comprehensive Income			-
T-bills at Fair value through Profit or Loss	5,781,850	(28,909)	(57,819)
TOTAL	**67,512,285**	**(337,561)**	**(675,123)**

December 2021	Carying Value	Impact of 50 basis points increase in yields	Impact of 100 basis points increase in yields
Impact on Statement of Comprehensive Income	8,692,790	(43,464)	(86,928)
Bonds at Fair value through Profit or Loss	6,034,271	(30,171)	(60,343)
T-bills at Fair value through Profit or Loss	14,727,061	(73,635)	(147,271)
Impact on Other Comprehensive Income			
T-bills at Fair value through Profit or Loss	45,593,489	(227,967)	(455,935)
TOTAL	**60,320,550**	**(301,603)**	**(603,206)**

5.2.1 The table below summarises the Bank's financial instruments at carrying amount, categorised by currency:

Financial instruments by currency

31 December 2022	Total	Naira	US	GBP	CNY	Euro
Cash and balances with banks	39,739,976	225,133	38,944,173	10,537	485,688	74,445
Due from financial institutions	6,255,393	(8,284,094)	14,539,487	-	-	-
Non pledged trading assets						
-Treasury bills	680,195	680,195	-	-	-	-
-Bonds	5,101,655	5,101,655	-	-	-	-
-Unquoted securities - FVTPL	3,127,783	3,127,783	-	-	-	-
Derivative financial assets	1,320,540	1,320,540	-	-	-	-
Loans and advances to customers	186,105,656	68,100,314	116,473,032	458	956,803	575,049
Pledged assets						
-Special bills	10,390,677	10,390,677	-	-	-	-
-Treasury bills	-	-				
-Bonds	11,249,832	11,249,832	-	-	-	-
Investment securities	-	-	-	-	-	-
Fair value through other comprehensive income	-	-	-	-	-	-
-Treasury bills	6,987,576	6,987,576	-	-	-	-
-Bonds	19,190,898	8,231,284	10,959,614	-	-	-
-Equity	15,724,490	518,231	15,206,259	-	-	-
-Special bills	43,783,245	43,783,245	-	4,407,005	7,377,600	-
-Promissory notes	-	-	-	-	-	-
Amortised cost	78,254	-	-	18,002,220	42,874,231	-
-Bonds	72,046,760	72,046,760	-	-	-	-
Other assets	130,715,270	124,166,004	6,551,406	(4,321)	5,483	(3,302)
Other assets	**552,419,946**	**347,645,134**	**202,673,972**	**6,675**	**1,447,974**	**565,594**
Due from financial institutions	105,959,982	105,959,982	4,633,669	-	-	-
Due to customers	177,340,250	166,335,982	11,004,268	-	-	-
Non pledged trading liabilities	-	-	-	-	-	-
-Treasury bills	4,117,869	4,117,869		-	-	-
Derivative financial liabilities	980,424	-	980,424	-	-	-
Commercial paper	8,257,130	8,257,130	-	-	-	-
Surbodinated bonds	24,918,279	24,918,279	-	-	-	-
Other borrowings	9,037,329	-	9,037,329	-		-
Other liabilties	126,282,354	58,672,599	67,529,157	-	-	80,598
	459,931,985	**371,300,209**	**88,551,178**	**-**	**-**	**80,598**
Total interest re-pricing gap	**116,143,035**	**(23,655,075)**	**114,122,793**	**6,675**	**1,447,974**	**565,594**

31 December 2021	Total	Naira	US	GBP	CNY	Euro
Cash and balances with banks	13,003,129	2,756,627	10,153,678	(1,516)	100,617	(6,277)
Due from financial institutions	11,588,361	1,611,394	9,976,967	-	-	-
Non pledged trading assets						
-Treasury bills	6,034,271	6,034,271	-	-	-	-
-Bonds	8,692,790	7,182,645	1,510,145	-	-	-
-Unquoted securities - FVTPL	1,852,512	1,852,512	-	-	-	-
Derivative financial assets	3,381,961	3,381,961	-	-	-	-
Loans and advances to customers	151,223,003	89,480,888	60,760,249	35	905,274	76,558
Pledged assets						
-Treasury bills	16,443,597	16,443,597	-	-	-	-
-Special bills	47,096,446	47,096,446				
-Bonds	6,352,045	6,352,045	-	-	-	-
Investment securities	-	-	-	-	-	-
Fair value through other comprehensive income	-	-	-	-	-	-
-Treasury bills	900,901	900,901	-	-	-	-
-Bonds	14,843,663	8,231,284	6,612,379	-	-	-
-Equity	15,466,448	260,189	15,206,259	-	-	-
-Special bills	22,878,371	22,878,371	-	-	-	-
-Promissory notes	6,970,555	6,970,555	-	-	-	-
Amortised cost	-	-	-	-	-	-
-Bonds	2,986,391	2,986,391	-	-	-	-
Other assets	130,759,464	124,166,004	6,551,406	2,539	32,746	6,769
Other assets	**460,473,909**	**348,586,081**	**110,771,083**	**1,057**	**1,038,638**	**77,050**
Due from financial institutions	44,795,696	34,110,559	10,685,137	-	-	-
Due to customers	177,341,031	166,335,982	11,004,268	772	-	10
Non pledged trading liabilities	-	-	-	-	-	-
-Treasury bills	27,828	27,828		-	-	-
Derivative financial liabilities	3,332,522	-	3,332,522	-	-	-
Commercial paper	55,355,146	55,355,146	-	-	-	-
Surbodinated bonds	24,860,099	24,860,099	-	-	-	-
Other borrowings	-	-	8,405,291	-		-
Other liabilties	118,393,019	49,752,346	67,529,157	297	1,030,621	80,598
	424,105,341	**330,441,960**	**100,956,375**	**1,069**	**1,030,621**	**80,608**
Total interest re-pricing gap	**9,819,156**	**18,144,121**	**9,814,708**	**(11)**	**8,017**	**(3,557)**

5.2.3 Foreign currency sensitivity analysis

The Bank's principal foreign currency exposure is to US Dollars, as it constituted 99% of the Bank's foreign currency exposure as at 31 December 2021. The table below illlustrates the hypothetical sensitivity of the Bank's reported profit to a 10% and 5% increase in the US Dollar/Naira exchange rates at the year-end dates, assuming all other variables remain unchanged. The sensitivity rate of 10% and 5% represents the management's assessment of a reasonable possible change based on historic volatility.

The Board approves the Bank's liquidity policy and contingency funding plan, including establishing liquidity risk tolerance levels. The ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual.

In thousands of naira	Impact on statement of comprehensive income	Impact on statement of comprehensive income	
	31-Dec-22	31-Dec-21	
Naira weakens by 10%	11,614,304	981,916	981,916
Naira weakens by 5%	5,807,152	490,958	490,958
Naira strengthens by 10%	(11,614,304)	(981,916)	(981,916)
Naira strengthens by 5%	(5,807,152)	(490,958)	(490,958)

Foreign currency exposure risk ratio

The aggregate Foreign Exchange Risk Ratio measures the sum-total of all single currency foreign exchange open position as a percentage of Shareholders' funds. The open position is derived after taking into account qualifying off-financial position hedging instruments (where they exist). The Bank uses an internal ratio of 9% as the highest tolerable aggregate foreign exchange risk ratio exposure. The aggregate foreign exchange risk ratio pattern of the Bank during the year were as stated below:

High	9.7%
Low	7.2%
Average	0.6%

Price sensitvity analysis on equity

A significant portion of the Bank's equity position is unquoted as such no price sensitivity has been performed. However, for the unquoted equities, a sensitivity of the key valuation inputs was performed in note 4.

5.3 Liquidity risk management

Liquidity risk arises when the Bank is unable to meet expected or unexpected current or future cash flows and collateral needs without affecting its daily operations or its financial condition. The Bank is managed to preserve a high degree of liquidity so that it can meet the requirements of its customers at all times including periods of financial stress.

The Bank has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions with regard to cash inflows and the liquidity of liabilities. In addition, liquidity stress tests assuming extreme withdrawal scenarios are performed. These stress tests specify additional liquidity requirements to be met by holdings of liquid assets.

The Bank's liquidity has consistently been above the minimum liquidity ratio and the requirements of its stress tests. Global funding and liquidity risk management activities are centralized within Corporate Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events. We analyze and monitor our liquidity risk, maintain excess liquidity and access diverse funding sources including our stable deposit base.

Quantifications

"Coronation Merchant Bank has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Bank adopted the following approaches;

a) Funding and Liquidity plan;
b) Gap Analysis; and
c) Ratio Analysis.

The Funding and Liquidity plan defines the Bank's sources and channels of utilization of funds. The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between our assets and liabilities. The Liquidity Gap Analysis quantifies the daily and cumulative gap in a business as usual environment. The gap for any given tenor bucket represents the borrowings from, or placements to, the market required to replace maturing liabilities or assets. The Bank monitors the cumulative gap as a + or – 20% of the total risk assets and the gap as a + or – 20% of total deposit liabilities.

Limit management and monitoring

Active management of liquidity through the framework of limits and control presented above is possible only with proper monitoring capabilities. The monitoring process focuses on funding portfolios, the forward balance sheet and general indicators; where relevant information and data are compared against limits that have been established. The Bank's Group Treasury is responsible for maintaining sufficient liquidity by maintaining sufficient high ratio of liquid assets and available funding for near-term liabilities. The secured liquidity measure is calculated and monitored by risk management. Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Bank. Liquidity risk is reported to the Board of Directors on a quarterly basis. Discretionary Cash Reserves Ratio (CRR) debit by the CBN significantly impacted our liquidity plan in 2021. As at December 2021 CRR as a percentage of Total deposit was 69%, CRR as a percentage local deposit closed at 74% and the Bank also had 69.97bn in Special Bills which had significant impact on our performance and earnings for the year.

Contingency funding plan

Coronation Merchant Bank has contingency funding plan which incorporate early warning indicators to monitor market conditions. The Bank monitors its liquidity position and funding strategies on an ongoing basis, but recognizes that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. It reviews its contingency funding plan in the light of evolving market conditions and stress test results.

To monitor liquidity and funding, Treasury prepares a liquidity worksheet twice a month that project sources and uses of funds. The worksheet incorporates the impact of moderate risk and crisis situations. The worksheet is an integral component of the contingency funding plan. Although it is unlikely that a funding crisis of any significant degree could materialise, we consider it important to evaluate this risk and formulate contingency plans should one occur.

The contingency funding plan covers: the available sources of contingent funding to supplement cash flow shortages; the lead times to obtain such funding; the roles and responsibilities of those involved in the contingency plans; and the communication and escalation requirements when early warning indicators signal deteriorating market conditions. Both short term and long-term funding crises are addressed in the contingency funding plan.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and balances with banks and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the Bank's lead regulator (the Central Bank of Nigeria).

Details of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	Dec-22	Dec-21
At end of year/year	55.58%	45.81%
Average for the year/year	46.61%	39.09%
Maximum for the year/year	57.73%	45.81%
Minimum for the year/year	37.63%	29.48%

The following table shows the undiscounted cash flows on the bank's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Liquidity risk management

The following table shows the undiscounted cash flows on the bank's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.

"The Bank's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand due to customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and balances with banks and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.
In addition, the Bank maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral."

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

In thousands of Naira 31 December 2022	"Carrying amount"	"Gross nominal inflow/ (outflow)"	0 - 30 days	"31 - 90 days"	"91 - 180 days"	"181-365 days"	"Over 1 year but less than 5yrs"	"Over 1 year but less than 5yrs"
Cash and balances with banks	38,385,132	38,385,132	38,385,132	-	-	-	-	-
Due from financial institutions	6,255,393	6,255,393	6,255,393	-	-	-	-	-
Non pledged trading assets	-	-	-	-	-	-	-	-
-Treasury bills	680,195	945,287	4,891	349,505	36,530	188,533	365,828	-
-Bonds	5,101,655	1,954,149	-	-	150,958	-	183,677	1,619,514
Derivative financial assets	1,320,540	1,320,540	306,465	11,029	1,003,046	-	-	-
Loans and advances to customers	186,105,656	186,098,076	41,338,463	51,351,936	18,251,650	2,445,657	20,124,617	52,585,753
Pledged assets	-	-	-	-	-	-	-	-
-Special bills	10,390,677	10,560,000	4,560,000	500,000	5,500,000	-	10,560,000	10,560,000
-Treasury bills	-	-	-	-	-	-	-	-
-Bonds	11,249,832	7,990,000	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-	-	-
Fair value through other comprehensive income	-	-	-	-	-	-	-	-
-Special bills	43,783,245	46,975,293	11,132,332	16,258,981	19,583,980	-	-	-
-Promissory notes	-	-	-	-	-	-	-	-
-Treasury bills	6,987,576	7,138,035	675,000	3,907,400	277,008	2,278,627	-	-
-Bonds	10,959,614	11,784,605	-	-	-	-	4,407,005	7,377,600
Amortised cost								-
-Bonds	72,046,760	60,954,705	-	78,254	-	-	18,002,220	42,874,231
Other assets	105,934,958	105,714,725	64,428,457	-	-	-	-	41,286,268
	499,201,233	485,783,654	166,793,847	72,457,105	44,803,172	4,912,817	45,083,348	151,733,366
Due from financial institutions	105,959,982	105,959,982	40,966,881	43,593,432	16,766,000	4,633,669	-	-
Due to customers	211,726,915	225,527,464	81,525,064	126,994,473	6,411,755	10,596,172	-	-
Non pledged trading liabilities	-	-	-	-	-	-	-	-
-Treasury bills	11,074,950	11,074,950	2,709,638	3,196,400	3,363,880	1,805,032	-	-
Derivative financial liabilities	980,424	980,424	954,593	25,831	-	-	-	-
Commercial paper liabilities	8,257,130	9,325,651	9,325,651	-	-	-	-	-
Surbodinated liabilities	24,918,279	25,148,440	-	-	-	-		
Other borrowings	9,037,329	9,037,329	-	-		-	25,148,440	
Other liabilties	126,282,354	88,112,662	64,428,457	-	-	-	-	23,684,205
	498,237,363	475,166,903	199,910,285	173,810,137	26,541,635	26,072,202	25,148,440	23,684,205
Gap (asset - liabilities)	**963,870**	**10,616,752**	**(33,116,437)**	**(101,353,032)**	**18,261,537**	**(21,159,385)**	**19,934,909**	**128,049,161**

The 0 - 30 days, 31 - 90 days and 181-365 days bucket have negative gaps during the review period. This is actively monitored and still within the Bank's acceptable gap limit. In addition, the Bank has sufficient high quality liquid asset (HQLA) in the other buckets which can be converted into cash at little or no cost to meet unexpected funding need as it arise. On a cummulative basis, the Bank closed with a positive gap in 2021.

In thousands of Naira 31 December 2022	"Carrying amount"	"Gross nominal inflow/ (outflow)"	0 - 30 days	"31 - 90 days"	"91 - 180 days"	"181-365 days"	"Over 1 year but less than 5yrs"	"Over 1 year but less than 5yrs"
Cash and balances with banks	13,003,129	13,006,124	13,006,124	-	-	-	-	-
Due from financial institutions	11,588,361	11,720,735	697,351	10,429,222	594,162	-	-	-
Non pledged trading assets	-	-	-	-	-	-	-	-
-Treasury bills	6,034,271	6,131,698	1,072,760	2,637,642	582,854	1,838,442	-	-
-Bonds	8,692,790	27,030,302	10,982	139,814	313,351	463,647	6,709,119	19,393,389
Derivative financial assets	3,381,961	3,381,961	3,381,961	-	-	-	-	-
Loans and advances to customers	151,223,003	158,490,104	34,776,682	67,883,546	43,355,496	2,864,854	2,364,281	7,245,245
Pledged assets	-	-	-	-	-	-	-	-
-Special bills	47,096,446	47,876,160	4,600,000	12,400,000	30,876,160			
-Treasury bills	16,443,597	16,780,000	3,450,000	3,750,000	4,280,000	5,300,000	-	-
-Bonds	6,352,045	12,854,763	-	268,942	89,467	358,409	2,867,273	9,270,671
Investment securities	-	-	-	-	-	-	-	-
Fair value through other comprehensive income	-	-	-	-	-	-	-	-
-Special bills	22,878,371	23,134,133	11,092,332	1,429,491	10,612,310	-	-	-
-Promissory notes	6,970,555	8,267,259	-	-	-	-	8,267,259	-
-Treasury bills	900,901	911,719	227,701	322,077	229,042	132,899	-	-
-Bonds	14,843,662	29,476,475	164,508	516,922	156,044	786,621	11,445,360	16,407,021
Amortised cost								-
-Bonds	2,986,391	5,616,686	-	143,942	33,248	177,190	1,417,519	3,844,788
Other assets	130,759,464	130,985,421	1,292,945	-	-	6,593,460	123,099,016	-
	443,154,947	**495,663,539**	**73,773,346**	**99,921,598**	**91,122,133**	**18,515,522**	**156,169,827**	**56,161,114**
Due from financial institutions	44,795,696	44,999,715	34,160,288	10,839,427	-	-	-	-
Due to customers	177,359,031	189,452,510	108,136,724	65,616,673	5,344,129	9,037,901	1,317,083	-
Non pledged trading liabilities	-	-	-	-	-	-	-	-
-Treasury bills	27,828	27,828	-	27,828	-	-	-	-
Derivative financial liabilities	3,332,522	3,332,522	3,332,522		-	-	-	-
Commercial paper liabilities	55,355,146	9,325,651	21,483,836	11,359,537	23,713,603	-	-	-
Surbodinated liabilities	24,860,099	31,250,000	-	-	781,250	781,250	29,687,500	
Other borrowings	8,405,291	8,896,132	-	-		206,966	8,689,166	
Other liabilties	118,393,019	118,560,448	67,493,245	37,802,232	7,251,826	6,013,145	-	-
	432,528,632	**453,076,131**	**234,606,615**	**125,645,697**	**37,297,774**	**24,521,462**	**31,004,583**	**-**
Gap (asset - liabilities)	**10,626,315**	**42,587,408**	**(160,833,269)**	**(25,724,099)**	**53,824,359**	**(6,005,940)**	**125,165,244**	**56,161,114**

Financial instruments below and above 1 year's maturity

Bank	December 2022 Within 12 months	After 12 months	Total	December 2021 Within 12 months	After 12 months	Total
Cash and balances with banks	38,085,267	-	**38,085,267**	13,006,124	-	**13,006,124**
Due from financial institutions	6,262,972	-	**6,262,972**	11,720,735	-	**11,720,735**
Non pledged trading assets						
-Treasury bills	579,459	6,034,271	**579,459**	6,131,698	-	**6,131,698**
-Bonds	150,958	1,803,191	**1,954,149**	927,793	26,102,508	**27,030,302**
Derivative financial assets	1,320,540	1,852,512	**1,320,540**	3,381,961	-	**3,381,961**
Loans and advances to customers	113,387,705	72,710,371	**186,098,076**	148,880,578	9,609,526	**158,490,104**
Pledged assets				35	905,274	**76,558**
-Treasury bills	-					**-**
-Special bills	10,560,000	-	**10,560,000**	16,780,000	-	**16,780,000**
-Bonds	-	7,990,000	**7,990,000**	47,876,160		**47,876,160**
Investment securities				716,818	12,137,944	**12,854,763**
Fair value through other comprehensive income				-	-	**-**
-Special bills	46,975,293	-	**46,975,293**	23,134,133	-	**23,134,133**
-Promissory notes	-	-	**-**	-	8,267,259	**8,267,259**
-Treasury bills	7,138,035	-	**7,138,035**	911,719	-	**911,719**
-Bonds	-	11,784,605	**11,784,605**	1,624,094	27,852,381	**29,476,475**
Amortised cost				-	-	**-**
-Bonds	78,254	60,876,451	**60,954,705**	354,380	-	**5,616,686**
Other assets	64,428,457	41,286,268	**105,714,725**	7,886,405	-	**130,985,421**
Other assets	**288,966,940**	**196,450,886**	**485,417,826**	**283,332,598**	**212,330,941**	**495,663,539**
Deposits to financial institutions	105,959,982	-	**105,959,982**	44,999,715	-	**44,999,715**
Due to customers	225,527,464	-	**225,527,464**	188,135,427	1,317,083	**189,452,510**
Non pledged trading assets						
-Treasury bills	4,117,869	-	**4,117,869**	27,828	-	**27,828**
-Bonds	3,038,368	-	**3,038,368**	-	-	**-**
Derivative financial assets	980,424	-	**980,424**	3,332,522	-	**3,332,522**
Commercial paper liabilities	9,325,651	-	**9,325,651**	56,556,976	-	**56,556,976**
Surbodinated liabilities	-	25,148,440	**25,148,440**	1,562,500	29,687,500	**31,250,000**
Other borrowings	9,037,329	-	**9,037,329**	8,896,132		**8,896,132**
Other liabilities	64,428,457	23,684,205	**88,112,662**	118,560,448	-	**118,560,448**
	422,415,545	48,832,645	**471,248,190**	422,071,548	31,004,583	**453,076,131**
Other liabilities	(133,448,605)	147,618,241	**14,169,636**	(138,738,950)	181,326,358	**42,587,408**

6 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

i) To comply with the capital requirements set by the Central Bank;
ii) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
iii) To maintain a strong capital base to support the development of its business.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 10% (for Merchant Banks) is to be maintained for Merchant Banks. Following the CBN guideline on regulatory capital computation, the Regulatory Risk Reserve has been excluded from the capital computation. Standardised approach has been adopted in computing the risk weighted assets for Credit, Operational, and Market Risk. The following table provides an overview of the development of the capital ratios and risk-weighted assets (RWA):

The regulatory capital requirements are strictly observed when managing capital. The Bank's regulatory capital is managed by its Bank Treasury and comprises two tiers:
- Tier 1 capital: share capital, share premium, retained earnings and other reserves, and
- Tier 2 capital: unrealised gains arising on the fair valuation of equity instruments held as fair value through other comprehensive income and foreign currency translation reserves with adjustments for deferred tax assets, intangibles and investments in subsidiaries.

In thousands of Naira	December 2022	December 2021
Tier 1 capital		
Ordinary share capital	5,101,052	5,050,546
Share premium	3,812,925	3,655,348
Retained earnings	6,378,807	16,479,949
Other reserves	12,918,826	12,214,992
	28,211,610	**37,400,835**
Less:		
Deferred tax assets	(4,310,358)	5,050,546
Regulatory risk reserve	(4,252,917)	3,655,348
Intangible assets	(1,589,047)	16,479,949
Adjusted Tier 1	**18,059,288**	**27,945,200**
Tier 2 capital		
Fair value reserve	3,775,869	3,051,029
Other reserves (Subordinated debt)	9,967,312	19,845,507
Total Tier 2	**13,743,181**	**22,896,536**
Eligible tier 2	**6,019,763**	**9,315,067**
Total regulatory capital	**24,079,051**	**37,260,267**
Risk-weighted assets	**234,865,650**	**182,180,847**

Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	10.25%	20.45%
Total tier 1 capital expressed as a percentage of risk-weighted assets	7.69%	15.34%

6b. Basel III Implementation

1.0 Introduction:

The CBN established the guidelines for Basel III implementation in 2020. However, this was halted due to the pandemic outbreak. Following the global economic recovery, the apex bank mandated implementation of the underlisted Basel III guidelines from November 2021.

- Guidelines Regulatory Capital
- Guidelines on Leverage Ratio
- Guidelines on Liquidity Coverage Ratio
- Guidelines on Liquidity Monitoring Tools
- Guidelines on Large exposures
- Guidelines on Liquidity risk management and ILAAP
- Revised Guidelines on the Supervisory Review Process of ICAAP

Banks are expected to commence a parallel run concurrently alongside the exisiting Basel II guidelines.

2.0 Implementation Progress

The Bank commenced the process by setting up a committee of staff drawn from all relevant departments, charged with the ultimate responsibility of ensuring seamless implementation and transitioning to the Basel III reporting standard within the Bank. This was followed by an indepth gap analysis of current status vis-a-vis the new requirements, to ascertain the Bank's compliance level. So far the following milestones have been achieved:

- Prompt preparation and rendition+B49 of Basel III reports within the stipulated timeline
- Full compliance with all Basel III ratios and requirements, with no breaches recorded
- Bankwide awareness training for staff across all relevant departments
- Basel III awareness training for the Bank's Board of Directors
- Policy review, gap assessment and remediation of gaps identified in affected existing policies
- Development and approval (by the Board of Directors) of all required Basel III-related policies
- Commencement of automation of the Basel III process and calculators

3.0 Coronation Merchant Bank's Compliance With Basel III Ratios

There was full compliance in all the regulatory ratios as at 31st December 2021 as shown in the table below:

S/N	Guideline		Regulatory Threshold
1	Regulatory Capital:		
a	CET 1 Capital Ratio	7.69%	>=7%
b	Tier 1 Capital Ratio	7.67%	>=7.5%
c	Capital Adequacy Ratio	10.19%	>=10%
3	**Liquidity Coverage Ratio (LCR)**	**243%**	>=100%
4	**Large Exposures**	**3.86x**	8 x SHF (Shareholders' Funds)

4.0 Regulatory Capital Structure

The Bank's capital is broadly divided Tier 1 Capital and Tier 2 Capital.

1. Tier 1 Capital (Core Capital)
   This includes Common Equity Tier 1 capital (CET1) and Additional Tier 1 (AT1) capital. Common Equity Tier 1 comprises an entity's core capital and includes common shares, stock surpluses resulting from the issue of common shares, retained earnings, common shares issued by subsidiaries and held by third parties.

   Additional Tier 1 capital is defined as instruments that are not common equity but are eligible for inclusion in this tier. An example of AT1 capital is a contingent convertible or hybrid security, which has a perpetual term and can be converted into equity. This is however subject to acceptability of the regulator (eg CBN)

   Common equity absorbs losses immediately when they occur while Additional Tier 1 capital (AT1) provides loss absorption on a going-concern basis.

2. Tier 2 Capital Tier 2 is a bank's supplementary capital.
   This includes fair value reserves, revaluation reserves, hybrid capital instruments, subordinated term debt—also known as junior debt securities—and general loan-loss, or uncollected, reserves. The bank does not hold any Hybrid capital instrument.

Table: Capital Structure and Capital Ratios

Guideline	31st December 2022	31st December 2021
Tier 1 Capital		
Paid-up Common Equity Share	5,101,052	5,050,546
Share Premium IRO Common Equity Share	3,812,925	3,655,348
General Reserves (Retained Profit)	6,378,807	16,479,948
Statutory Reserves	8,665,909	8,665,909
Total Before Deduction	**23,958,693**	**33,851,751**

Intangible assets	1,589,047	1,417,354
Deferred tax assets	4,310,358	4,489,196
CET1 After Regulatory Deduction	18,059,288	27,945,201
Tier 2 Capital		
Subordinated term debt with remaining maturity of:	9,967,312	14,916,059
d. Over three years through four years		
Other Comprehensive Income	3,775,869	2,400,379
Total Tier 2 Capital	8,665,909	8,665,909
Tier 2 Capital recognized for capital adequacy	5,871,641	9,315,067
Total Eligible Capital, i.e., (CET1 +AT1+T2)	23,930,929	37,260,268
Total Risk Weighted Assets (TRWAs)	234,865,650	182,180,847
Capital Ratios:	5,871,641	9,315,067
CET 1 to RWAs	7.69%	15.34%
Tier 1 Capital to RWAs	7.69%	15.34%
Total Eligible Capital to TRWAs	10.19%	20.45%

Amount in thousands of Naira (N'000) unless otherwise stated

7 Interest income calculated using the effective interest method

7a Financial assets at amortised cost

	Dec-22	Dec-21
Cash and balances with banks	4,535,885	15,069,310
Loans and advances to customers	24,033,118	14,920,584
Investment securities - Financial assets at amortised cost	1,099,967	644,461
	29,668,970	**30,634,355**
7b. Investment securities - Financial assets at FVTOCI	3,862,381	3,472,687
	3,862,381	3,472,687
	33,531,351	**34,107,042**

There are no stage 3 financial assets for which interest income was earned during the year ended 31 December 2021 (31 December 2020: NIL).

8 Interest expense

	Dec-22	Dec-21
Deposit from financial institutions	20,618,057	16,943,414
Deposit from customers	10,606,239	10,125,884
Other borrowed funds	6,739,345	6,038,390
	37,963,641	33,107,688

9 Impairment charge on financial instruments

	Dec-22	Dec-21
(Writeback)/allowance for impairment on loans and advances to customers [note 25]	(159,346)	43,639
(Writeback)/allowance for impairment on off balance sheet items (see note 34)	(73,398)	117,955
Allowance for impairment on investment securities at amortized cost [see 23b(ii)]	22,988	4,416
(Writeback)/allowance for impairment on other investment securities at FVOCI [see note 17]	(100,318)	223,822

Allowance/(Writeback) of impairment on placements [note 20 (i)]	21,493	3,589
(Writeback)/allowance for impairment on Cash [note 19 (i)]	(22,681)	2,995
Allowance for impairment on financial assets in other assets (see note 26)	146,893	107,507
	(164,369)	503,923

10 Fee and commission income

	Dec-22	Dec-21
Credit related fees and commissions	20,618,057	16,943,414
Account maintenance fees	10,606,239	10,125,884
Commission on bills and letters of credit	6,739,345	6,038,390
Treasury income	6,739,345	6,038,390
Investment banking fees	6,739,345	6,038,390
Commission on other financial services	6,739,345	6,038,390
	37,963,641	33,107,688

- Credit related fees and commissions are fees charged to corporate customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortized cost.

- Treasury income is fee income from fixed income trade settlements.

(i) Contract balances

The following table provides information about contract balances

	Dec-22	Dec-21
Receivables, which are included in 'other assets	731,239	320,386

The contract balances primarily relate to fees receivable from the bank's customers on investment banking transactions. The amount of revenue recognised for the year ended 31 December 2021 was N584 million (31 December 2020: N703 million).

(ii) Performance obligation and revenue recognition policy

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Bank recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

For the accounting policy for fees and commissions in the scope of IFRS 15, see note 3.4(b).

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Corporate banking service	The Bank provides banking services to corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, credit card and servicing fees. Fees for ongoing account management are charged to the customer's account on a monthly basis. The rates for the different class of accounts are set on an annual basis. Fees on loan commitment not expected to result in the draw-down of a loan are recognised on a straight-line basis over the commitment year. Transaction-based fees for foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place.	Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.
Investment banking service	The Bank's investment banking group provides various finance-related services, including loan administration and agency services, administration of a loan syndication, execution of client ransactions with exchanges and securities underwriting. Fees for ongoing services are recognised based on agreed milestones detailed in the contract agreement. Transaction-based fees for administration of a loan syndication, execution of transactions, and securities underwriting are charged when the transaction takes place.	Revenue from administrative agency services is recognised over time as the services are provided. The amounts to be collected from customers on 31 December are recognised as trade receivables. Revenue related to transactions is recognised at he point in time when the transaction takes place.

11 Net income from other financial instruments at FVTPL

a. Net income from financial instruments mandatorily measured at FVTPL other than those included in 'net trading income

	Dec-22	Dec-21
Derivative gain	274,844	22,454
	274,844	**22,454**

b. Net income from financial instruments designated as at FVTPL

	Dec-22	Dec-21
Equity	1,275,271	1,852,512
Treasury bills	(184,329)	(18,535)
Bonds	(309,561)	(43,309)
	781,381	**1,790,668**
Total	**781,381**	**1,790,668**

12 Net income from other financial instruments at FVTPL

	Dec-22	Dec-21
Treasury bills	(31,717)	325,806
Bonds	1,690,671	5,200,592
Special bills	(1,669,858)	(50,277)
Net foreign exchange trading income	588,291	468,775
Unrealised foreign exchange loss on revaluation	(342,602)	(301,459)
	234,785	**5,643,437**

13 Other operating income

	Dec-22	Dec-21
Dividends on equity securities	317,529	325,806
Bad debt recovered	7,393	5,200,592
Other income (i)	185,591	116,774
	510,513	**404,229**

Other income is majorly made up of penal income and tax credit

14 Personnel expenses

	Dec-22	Dec-21
Salaries and wages	1,995,351	1,993,769
Defined contribution plan	152,498	144,951
	2,147,849	**2,138,720**

15 Net income from other financial instruments at FVTPL

	Dec-22	Dec-21
Depreciation (see note (i) below and note 27 & 29)	616,458	611,583
Amortisation (see note 28)	473,044	382,148
Professional fees and legal expenses	397,960	209,301
Staff training	73,434	68,496
Insurance	135,510	112,387
Business travel expenses	116,662	66,109
Deposit insurance premium	725,451	841,227
Auditor's renumeration	44,572	38,000
Administrative expenses	1,443,312	581,802
Write-off of impairment on unquoted equities	-	22,707
Loss on disposal of property and equipment	4,419	12,597
Board and AGM expenses	289,373	232,872
Operating lease rentals	-	1,519
Consultancy and outsourcing	867,059	959,156
Repairs and maintenance	574,097	527,790
Advertisements, publications and marketing expenses	104,856	44,631
Donations and sponsorship	1,904	355,945
Event and corporate gifts	179,457	117,810
Periodicals and subscriptions	104,620	100,160
Stationeries, postage, printing and consumables	104,433	118,244
	6,256,621	**5,404,484**

(i) Depreciation comprises of depreciation charge on propoerty and equipment amounting to N581 million (31 December 2021: N583 million) and depreciation charge on right-of-use asset amounting to N39.5m (31 December 2021: N28.6m)

16 Income tax

In thousands of Naira

Current tax expense	Dec-22	Dec-21
Corporate income tax	190,491	99,999
IT tax	-	27,960
Education tax	-	32,503
Nigerian Police Fund	-	101
NASENI	-	6,996
Prior year's under provision	139,998	60,178
	330,489	**227,737**
Deferred tax expense		
Origination of temporary differences (see note 30)	178,839	561,149
Total income tax expense	**509,328**	**788,886**

The movement in the current income tax liability is as follows:

	Dec-22	Dec-21
Balance at the beginning of the year	246,453	166,568
Tax paid	(290,507)	(147,852)
Income tax charge	330,489	167,559
Prior year's under provision	-	60,178
Balance at the end of the year	**286,434**	**246,453**

Income tax liability is to be settled within one year

		Dec-22	
In thousands of Naira	Reconciling Item Amount	Rate	Effect of Reconciling Item
Current tax expense			
Profit before income tax		30%	(8,281,915)
Income tax using the domestic tax rate			27,960
Tax effects of :			
Corporate income tax	190,491	100%	190,491
Prior year under provision	139,998	100%	139,998
Deferred Tax	596,128	30%	178,839
Effective tax rate		**-6%**	**509,328**

		Dec-22	
In thousands of Naira	Reconciling Item Amount	Rate	Effect of Reconciling Item
Current tax expense			
Profit before income tax		30%	2,795,998
Income tax using the domestic tax rate			838,799
Tax effects of :			
Corporate income tax	99,999	100%	99,999
NITDA levy	2,795,998	1%	27,960
Education tax levy	1,300,120	3%	32,503
Changes in unrecognised temporary differences	2,651,701	30%	795,510
Nigerian Police Fund	5,050	2%	101
Tax exempt income	(12,793,206)	30%	(3,837,962)
Non-deductible expenses	9,216,003	30%	2,764,801
NASENI	6,996	100%	6,996
Prior year under provision	60,178	100%	60,178
Effective tax rate		**28%**	**788,886**

Amount in thousands of Naira (N'000) unless otherwise stated

17. Other comprehensive income (OCI)

(a) Fair value changes on equity investments during the year	Dec-22	Dec-21
Gain on foreign exchange movement during the year	(3,262)	852,620
Gain on fair value as at year end	261,303	1,061,699
	258,042	**1,914,319**

(b) Fair value changes on debt investments during the year	Dec-22	Dec-21
Marked to market on OCI instruments		
Government bonds	(555,887)	(286,943)
Treasury bills	(189,848)	(90,838)
Special bills	1,071,250	(945,062)
State bonds	422,772	(90,552)
Corporate bonds	1,752,471	(740,823)
Promissory notes	-	(262,979)
Eurobonds	(1,282,992)	(371,593)
	1,217,766	**(2,788,791)**

	Dec-22	Dec-21
Impairment on OCI instruments (see note 9)		
Treasury bills	(11,764)	3,551
Special bills	13,681	11,034
Government bonds	(8,406)	110
Promissory notes	-	3,664
State bonds	8,693	2,112
Corporate bonds	(154,704)	193,269
Eurobonds	52,182	10,081
	(100,318)	**223,822**
	1,117,448	**(2,564,969)**
Total fair value movement	**1,375,490**	**(650,650)**

18. Earnings per share

(a) Basic and diluted from continuing operations

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Dec-22	Dec-21
(Loss)/profit for the year from continuing operations	(8,791,243)	2,007,112
Weighted average number of ordinary shares in issue	5,067,289	5,050,546
In kobo per share		
Basic earnings per share from continuing operations	(173)	40
Total basic earnings per share	(173)	40

There are no dilutive component in the Bank's capital

There were no diluted shares during the year. The bank has no convertible debt instrument.

19. Cash and balances with banks

In thousands of Naira	Dec-22	Dec-21
Balances with banks (see note (i))	32,960,337	12,903,621
Unrestricted balances with central banks	5,424,842	102,503
Impairment on cash (see note 9)	(47)	(2,995)
	38,385,132	**13,003,129**

(i) "Included in balances with banks is an amount of N0.68bn (31 Dec 2021: N1.3bn) representing the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability is included in trade related liabilities reported in other liabilities (see Note 34). This has been excluded for cash flow purposes.

20. Due from financial institutions

Financial assets at amortized cost

In thousands of Naira	Dec-22	Dec-21
Placements	6,262,972	11,594,180
Impairment on placements (see note (i) below)	(7,579)	(5,819)
	6,255,393	**11,588,361**
Current	6,262,972	11,588,361
Non current	-	-
	6,262,972	**11,588,361**

Placements are with other financial insitutions fully secured with acceptable government securities. The current portion has been considered for purpose of cash flows.

(i) Movement in impairment on placements	Dec-22	Dec-21
Balance at the beginning of the year	5,819	5,819
Addition to /(writeback) for the year (see note 9)	1,760	-
Balance at the end of the year	**7,579**	**5,819**

20.1 Reconciliation of Cash and cash equivalents

Cash and cash equivalents for purposes of the statement of cash flow comprise balances with less than three months' maturity from the date of acquisition, including balances with banks, deposits held at call with central banks and other short-term highly liquid investments with original maturities less than three months.

a. Cash and Bank Balances and Due from financial instituitions	Dec-22	Dec-21
Balances with banks	32,960,337	12,903,621
Unrestricted balances with central banks	5,424,842	102,503
Due from financial institutions - Placements	6,262,972	11,594,180
Impairment on cash	(47)	(2,995)
Impairment on placements	(7,579)	(5,819)
	44,640,525	**24,591,490**

b. Non-cash equivalents		
Cash collateral on customer's LCs	844,513	1,344,972
Money market placements (above 90 days) less impairment	-	650,128
	844,513	**1,995,100**
Cash and cash equivalents (a-b)	43,796,012	22,596,390

21. Non pledged trading assets and liabilities

(a) Non pledged trading assets

In thousands of Naira	Dec-22	Dec-21
Treasury bills	680,195	6,034,271
Unquoted securities - FVTPL	3,127,783	1,852,512
Corporate Eurobond	37,226	1,510,145
Government bonds	5,064,429	7,182,645
	8,909,633	**16,579,573**
Current	3,978,659	6,034,769
Non current	4,930,974	10,544,804
	8,909,633	**16,579,573**

(b) Non pledged trading liabilities	Dec-22	Dec-21
Treasury bills	4,117,869	27,828
Corporate Bonds	-	-
Government bonds	3,038,368	-
Corporate Eurobond		-
Special bills	3,918,713	-
	11,074,950	**27,828**
Current	11,074,950	27,828
Non current	-	-
	11,074,950	**27,828**

22. Derivative financial instruments

	Derivative assets Dec 2022		Derivative liabilities Dec 2022	
In thousands of Naira	Notional amount	Fair Value Assets / (Liabilities)	Notional amount	Fair Value Assets / (Liabilities)
Foreign exchange forward contracts	5,894,248	(86,274)	(5,887,839)	(980,424)
Foreign exchange swap contracts	1,887,290	1,406,813	-	-
	5,894,248	**5,894,248**	**(5,887,839)**	**(980,424)**

	Dec 2021		Dec 2021	
In thousands of Naira	Notional amount	Fair Value Assets / (Liabilities)	Notional amount	Fair Value Assets / (Liabilities)
Foreign exchange forward contracts	5,894,248	1,975,148	(5,887,839)	(3,332,522)
Foreign exchange swap contracts	1,887,290	1,406,813	-	-
	7,781,538	**3,381,961**	**(5,887,839)**	**(3,332,522)**

All derivative contracts are current in nature. Derivative financial instruments consist of forward and swap contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. The contracts have intended settlement dates of between 30 days and 180 days. All derivative contracts are considered to be valued with reference to data obtained from the Financial Market Dealer Quotation (FMDQ).

Included in other liabilities are security deposits for swap and future deals which are deposits (collaterised deposits) by counter parties.

The movement in fair value is as a result of a devaluation of the functional currency of the Bank (Naira) within the year and an increase in the volume of transactions.

23. Investment securities

(a). At fair value through other comprehensive income	Dec-22	Dec-21
In thousands of Naira		
Debt securities		
Federal government bonds	-	209,597
Treasury bills	6,987,576	900,901
Special bills	43,783,245	22,878,371
Promissory notes	-	6,970,555
State government bonds	-	1,393,687
Eurobonds	10,959,614	6,612,379
Corporate bonds	-	6,627,999
	61,730,435	45,593,489
Equity securities (designated)		
Quoted equity securities	-	-
Unquoted equity securities at FVTOCI(i)	15,724,490	15,466,448
	77,454,925	61,059,937

i) No unquoted equity investment was derecognised during the period.

Amount in thousands of Naira (N'000) unless otherwise stated

(b) At Amortised cost

In thousands of Naira	Dec-22	Dec-21
Debt securities		
Federal government bonds	54,152,937	2,990,807
Promissory notes	7,209,695	
State government bonds	2,656,322	-
Corporate bonds	8,055,210	-
Gross Total	72,074,164	2,990,807
Impairment on investment securities at amortized cost	(27,404)	(4,416)
	72,046,760	2,986,391
Total investment securities	149,501,685	64,046,328
Current	61,116,139	23,830,026
Non current	88,385,546	40,216,302
	149,501,685	64,046,328

(i) Impairment movement

In thousands of Naira	Dec-22	Dec-21
Balance, beginning of year	4,416	-
(Writeback) / charge for the year [see note 9]	22,988	4,416
Balance, end of year	27,404	4,416

24. Pledged assets

	Dec-22	Dec-21
Financial instruments at FVTOCI		
Special bills	10,390,677	47,096,446
Treasury bills	-	13,077,034
	10,390,677	**60,173,480**
Financial instruments at amortised cost		
Government bonds	11,249,832	6,352,045
	11,249,832	6,352,045
Impairment on pledged assets	-	-
	11,249,832	**6,352,045**
Financial instruments at FVTPL		
Treasury bills	-	3,366,563
	-	3,366,563
	21,640,509	**69,892,088**
Current	15,650,509	63,540,043
Non Current	5,990,000	6,352,045
	21,640,509	**69,892,088**
The related liability for assets pledged as collateral include:		
Deposits from financial institutions [see note (ii) below]	**105,959,982**	**44,795,696**

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. The pledges have been made in the normal course of business of the Bank. In the event of default, the pledgee has the right to realise the pledged assets.

Amount in thousands of Naira (N'000) unless otherwise stated

25. Loans and advances to customers

Financial assets at amortized cost

a. Loans and advances to individuals	Dec-22	Dec-21
In thousands of Naira		
Non-retail exposures		
Personal loan	235,694	188,685
Mortgage loan	533,383	546,042
	769,077	734,727
Less: Allowance for impairment losses	(10,481)	(10,481)
Loans to corporate entities and other organizations		
Overdraft	6,625,549	8,472,361
Term Loan	178,828,312	142,292,543
	185,453,861	150,764,904
Less: Allowance for impairment losses	(106,801)	(266,147)
	185,347,060	**150,498,757**
Total loans and advances to customers	186,222,938	151,499,631
Less: Allowance for impairment losses	(117,282)	(276,628)
Grand Total	**186,105,656**	**151,223,003**
Current	113,395,285	146,708,946
Non current	72,710,371	4,514,057
	186,105,656	**151,223,003**

b . Impairment allowance on loans and advances to customers

Loans to corporate entities and other organizations	Dec 2022			
In thousands of Naira				
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Standard grade	769,077	-	-	769,077
Total	**769,077**	**-**	**-**	**769,077**

	Stage 1	Stage 2	Stage 3	Total
Impairment allowance as at 1 January 2022	10,481	-	-	10,481
- Charge for the year	(9,854)			(9,854)
At 31 December 2022	**627**	**-**	**-**	**627**

Loans to corporate entities and other organizations	Dec 2022			
In thousands of Naira				
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment	71,721,881	-	-	71,721,881
Standard grade	79,043,023	-	-	79,043,023
Total	**150,764,904**	**-**	**-**	**150,764,904**

	Stage 1	Stage 2	Stage 3	Total
Impairment allowance as at 1 January 2022	266,147	-	-	266,147
- Charge for the year	(159,346)			(159,346)
At 31 December 2022	**106,801**	**-**	**-**	**106,801**

Investment grades are loans with ratings from AAA to A-, and standard grades are loans with ratings from BBB+ to B-

Loans to individuals	Dec 2021			
In thousands of Naira				
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	-	-	-	-
Standard grade	734,727	-	-	734,727
Total	**734,727**	**-**	**-**	**734,727**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021	62,263	-	-	62,263
- Charge for the year	(51,782)			(51,782)
At 31 December 2021	**10,481**	**-**	**-**	**10,481**

Loans to corporate entities and other organizations	Dec 2021			
In thousands of Naira				
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	71,721,881	-	-	71,721,881
Standard grade	79,043,023	-	-	79,043,023
Total	**150,764,904**	**-**	**-**	**150,764,904**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2021	62,263	-	-	62,263
- Charge for the year	203,884			203,884
At 31 December 2021	**266,147**	**-**	**-**	**266,147**

26. Other assets

In thousands of Naira	Dec-22	Dec-21
Financial assets at amortized cost		
Accounts receivable (see note (i) below)	5,525,009	7,886,405
Contribution to AGSMEIS (See note 26(a) below)	1,348,655	1,248,299
Restricted deposits with Central Bank (See note 26(b) below)	99,335,092	121,850,717
	106,208,756	130,985,421
Allowance for impairment on account receivables	(273,798)	(225,957)
Net financial asset	**105,934,958**	**130,759,464**

Movement in allowance for impairment on account receivables	Dec-22	Dec-21
Balance at the beginning of the year	225,957	118,450
Charge for the year (see note 9)	47,841	107,507
Balance at the end of the year	**273,798**	**225,957**

(i) Included in account receivables is N6.553 billion (2020: N2.979 billion) correspondent bank charges on letter of credit transactions on behalf of customer awaiting foreign exchange purchase, the payable amount in respect of this is captured under trade related liabilities (refer to note (34)). N496 million (2020: N580 million) receivable from investment banking client in respect of several projects and N112 million (2020: nil) net settlement in suspense account as at 31 December.

Non-financial assets Non-financial assets		
Prepayments	1,430,564	470,381
Prepaid employee benefits	271,603	290,280
Net non-financial asset	**1,702,167**	**760,661**
Net other assets	**107,637,125**	**131,520,125**
Current	6,953,378	8,421,109
Non current	100,683,747	123,099,016
	107,637,125	131,520,125

(a). The Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS) is a voluntary initiative of the Bankers' Committee approved at its 331st meeting held on 9 February 2017. The Scheme requires all banks in Nigeria to set aside 5% of their audited profit after tax (PAT) annually to support the Federal Government's efforts and policy measures for the promotion of agricultural businesses and small and medium enterprises (SMEs) as vehicles for sustainable economic development and employment generation.
The Funds are currently held with the Central Bank of Nigeria pending investments in such agricultural businesses and SMEs.

(b). Restricted deposits with central banks comprise the cash reserve requirements of the Central Bank of Nigeria. These balances are not available for day to day operations of the Bank.

(c). Movement in allowance for impairment on other assets:

In thousands of Naira	Dec-22	Dec-21
Balance as at 1 January	225,957	118,450
- Charge for the year (see note 9)	47,841	107,507
Balance, end of the year	**273,798**	**225,957**

27. Right of use assets

Bank	Building
In thousands of Naira	Dec-22
Cost	
Balance at 1 January 2022	106,767
Acquisitions	237,602
Balance at 31 December 2022	**344,369**
	Dec-21
Balance at 1 January 2021	96,246
Acquisitions	10,521
Balance at 31 December 2021	**106,767**
Amortization	Dec-22
Balance at 1 January 2022	70,819
Amortization for the year	22,742
Balance at 31 December 2022	**93,562**
Balance at 1 January 2021	42,252
Amortization for the year	28,567
Balance at 31 December 2021	**70,819**
Carrying amounts:	
Balance at 31 December 2022	**250,808**
Balance at 31 December 2021	35,948
b. Lease liabilility	
Balance at 1 January 2019	(62,372)
Interest expense	9,039
Balance at 31 December 2019	**(53,333)**

*The Bank has, as permitted by IFRS 16, elected not to restate its comparative financial statements. Therefore, comparability will not be achieved by the fact that the comparative financial information has been prepared on an IAS 17 basis. Refer to note 3.6 for more detail on the adoption of IFRS 16.

Amount in thousands of Naira (N'000) unless otherwise stated

28. Intangible assets

Bank

In thousands of Naira

	Purchased Software	Total
In thousands of Naira		
Cost		
December 2022		
Balance at 1 January 2022	2,277,390	2,277,390
Acquisitions	644,736	644,736
Balance at 31 December 2022	**2,922,126**	**2,922,126**
December 2021		
Balance at 1 January 2021	1,594,470	1,594,470
Acquisitions	682,920	682,920
Balance at 31 December 2021	**2,277,390**	**2,277,390**
Amortization and impairment losses		
Balance at 1 January 2022	860,036	860,036
Amortization for the year	473,044	473,044
Balance at 31 December 2022	**1,333,080**	**1,333,080**
Balance at 1 January 2021	477,888	477,888
Amortization for the year	382,148	382,148
Transfer	-	-
Write off	-	-
Balance at 31 December 2021	860,036	860,036
Carrying amounts:		
Balance at 31 December 2022	**1,589,047**	**1,589,047**
Balance at 31 December 2021	1,417,354	1,417,354

- Amortization method used is straight line.
- There were no contractual commitments for the acquisition of intangible assets (31 December 2021: Nil)
- Intangible assets are non-current assets

29. Property and equipment

Bank

In thousands of Naira

Cost	Office Equipment	IT Equipment	Furniture and Fittings	Motor Vehicles	Freehold Improvements	Building	Land	Work in Progress	Total
Balance at 1 January 2022	287,889	706,807	395,192	1,280,824	526,181	3,995,492	1,209,213	162,318	8,563,916
Additions	40,129	47,129	1,653	193,766	89,098	-		208,829	580,604
Disposals	(168)	(431)	(17,346)	(139,664)					(157,609)
Reclassification	402	907	1,642		160,496			(163,447)	-
Balance at 31 December 2022	**328,253**	**754,412**	**381,142**	**1,334,926**	**775,774**	**3,995,492**	**1,209,213**	**207,700**	**8,986,912**
Balance at 1 January 2021	284,274	497,246	384,400	1,210,479	289,092	3,991,152	1,181,758	34,005	7,872,406
Additions	24,966	209,781	48,447	110,245	213,785	4,340	27,455	160,657	799,677
Disposals	(3,778)	(22)	(2,677)	(39,900)	-	-	-	-	(46,376)
Write offs	(19,336)	(1,797)	(40,658)	-	-	-	-	-	(61,791)
Reclassification	1,762	1,599	5,679	-	23,304	-	-	(32,344)	-
Balance at 31 December 2021	287,889	706,807	395,192	1,280,824	526,181	3,995,492	1,209,213	162,318	8,563,916

Depreciation and impairment losses	Office Equipment	IT Equipment	Furniture and Fittings	Motor Vehicles	Freehold Improvements	Building	Land	Work in Progress	Total
Balance at 1 January 2022	142,945	423,271	167,001	654,675	99,072	288,093	-	-	1,775,057
Charge for the year	52,038	91,244	54,421	244,099	72,008	79,910			593,720
Disposal	(168)	(431)	(8,716)	(82,362)					(91,677)
Transfers	(280)	238	115		(73)	-	-	-	-
Balance at 31 December 2022	**194,536**	**514,322**	**212,820**	**816,412**	**171,007**	**368,003**	**-**	**-**	**2,277,100**
Balance at 1 January 2021	106,344	328,853	146,569	441,067	54,686	208,290	-	-	1,285,809
Charge for the year	55,569	96,236	53,514	253,508	44,386	79,803	-	-	583,016
Disposal	(2,457)	(22)	(2,161)	(39,900)	-	-	-	-	(44,539)
Write-Offs	(16,511)	(1,797)	(30,922)	-	-	-	-	-	(49,229)
Balance at 31 December 2021	142,945	423,271	167,001	654,675	99,072	288,093	-	-	1,775,057
Carrying amounts:									
Balance at 31 December 2022	**133,717**	**240,090**	**168,322**	**518,514**	**604,767**	**3,627,489**	**1,209,213**	**207,700**	**6,709,812**
Balance at 31 December 2021	144,944	283,536	228,191	626,149	427,109	3,707,399	1,209,213	162,318	6,788,859

- There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2021: Nil).
- There was no impairment loss (31 December 2021: Nil) on the office equipment class during the year.
- There were no property and equipment pledged as securities for liabilities (31 December 2021: Nil).
- There were no contractual commitments for the acquisition of property and equipment (31 December 2021: Nil).
- Property and equipment are non-current assets

30. Deferred tax assets and liabilities

(a).Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2022			December 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	-	81,682	(81,682)	-	166,220	(166,220)
Allowances for loan losses	31,858	-	31,858	7,661	-	7,661
Tax loss carried forward	4,470,697	-	4,470,697	4,752,096	-	4,752,096
Exchange loss unrealised	-	-	-	-	88,273	(88,273)
Derivative transactions	-	110,515	(110,515)	-	16,068	(16,068)
Deferred tax assets (net)	4,502,555	192,197	4,310,358	4,759,757	270,561	4,489,196

	Bank December 2022	Bank December 2021
Deferred income tax assets		
– Deferred income tax asset to be recovered after more than 12 months	4,470,697	4,752,096
– Deferred income tax asset to be recovered within 12 months	31,858	7,661
	4,502,555	4,759,757
Deferred income tax liabilities		
– Deferred income tax liability to be recovered after more than 12 months	81,682	166,220
– Deferred income tax liability to be recovered within 12 months	-	-
	81,682	166,220

(b). Movement on the net deferred tax assets / (liabilities) account during the year:

In thousands of Naira

December 2022

Bank	1 Jan 2022	Recognised in P&L	Recognised OCI	31 Dec 2022
PPE and intangible assets	(166,220)	84,538	-	(81,682)
Allowances for loan losses	7,661	24,197	-	31,858
Tax loss carry forward	4,752,096	(281,399)	-	4,470,697
Exchange loss unrealised	(16,068)	16,068		-
Derivative transactions	-	(110,515)		(110,515)
	4,577,469	(267,111)	-	4,310,358

December 2021

Bank	1 Jan 2021	Recognised in P&L	Recognised OCI	31 Dec 2021
PPE and intangible assets	(166,220)	-	-	(166,220)
Allowances for loan losses	7,661	-	-	7,661
Tax loss carry forward	5,208,453	(456,357)	-	4,752,096
Exchange loss unrealised	452	(88,725)		(88,273)
Derivative transactions	-	(16,068)		(16,068)
	5,050,346	(561,150)	-	4,489,196

(c). Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	December 2022		December 2021	
Bank	Gross amount	Tax effect	Gross amount	Tax effect
PPE and intangible assets	3,707,257	1,204,858	3,707,257	1,204,858
Allowances for losses	637,958	207,336	637,958	207,336
Tax loss carry forward	33,331,382	10,832,699	33,331,382	10,832,699
Exchange loss unrealised	-	-	-	-
	37,676,596	12,244,894	37,676,596	12,244,894

(d). Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows:

	December 2022		December 2021	
In thousands of Naira	2022	Expiry date	2021	Expiry date
Expire	-	-	-	
Never Expire	33,331,382	-	33,331,382	-

31. Due to financial institutions

In thousands of Naira	December 2022	December 2021
Secured takings	105,959,982	44,795,696
	105,959,982	**44,795,696**

Deposit from financial institutions are all current in nature

32. Due to customers

In thousands of Naira	December 2022	December 2021
Current deposit	16,546,184	33,617,927
Call deposit	1,524,332	1,402,767
Customers' investment fund	193,656,399	142,338,337
	211,726,915	**177,359,031**

Due to customers are all current in nature

33(a). Commercial paper liabilities

In thousands of Naira	December 2022	December 2021
Commercial papers	8,257,130	55,355,146
	8,257,130	**55,355,146**

Commercial paper liabilities are all current in nature

The movement in commercial papers during the year is as follows:

	December 2022	December 2021
Balance at 1 January 2021	55,355,146	8,887,242
Inflow	61,138,441	71,291,624
Interest expense	4,592,866	4,337,223
Interest payment	(3,379,765)	(854,464)
Principal payment	(109,449,558)	(28,306,479)
Balance at 31 December 2021	**8,257,130**	**55,355,146**

33(b). Surbodinated Liabilities

In thousands of Naira	December 2022	December 2021
Subordinated unsecured bond (see note (i) below)	24,918,279	24,860,099
	24,918,279	**24,860,099**
Current	-	-
Non current	24,918,279	24,860,099
	24,918,279	**24,860,099**

The movement in subordinated liabilities during the year is as follows:

	December 2022	December 2021
Balance at 1 January 2021	24,860,099	24,806,884
Interest expense	1,773,797	1,687,599
Interest payment	(1,715,617)	(1,634,384)
Balance at 31 December 2021	**24,918,279**	**24,860,099**

33(c). Other Borrowings

In thousands of Naira	December 2022	December 2021
Other borrowings (see note (ii) below)	9,037,329	8,405,291
	9,037,329	**8,405,291**
Current	9,037,329	8,405,291
Non current		-
	9,037,329	**8,405,291**

The movement in other borrowings during the year is as follows:

	December 2022	December 2021
Balance at 1 January 2021	8,405,291	-
Inflow	-	8,482,200
Interest expense	550,946	13,568
Fee payment	-	(90,477)
Balance at 31 December 2021	**8,956,237**	**8,405,291**

(i). The unsecured subordinated bond was issued by the Bank on 30 November 2020 in connection with the N100billion Coronation Merchant Bank Funding SPV PLC Bond issuance programme. The amount issued is N25 billion for a duration of 5 years and at a coupon rate of 6.25% per annum, payable semi-annually in arrears and the principal payable at maturity in 2025.

(ii). The other borrowings relates $20 million working capital loan availed to the Bank by the International Finance Corporation (IFC) effective 22 December 2021. The loan is for an initial duration of 1 year and at an interest rate of the fixed based rate of 0.63% (determined by the IFC) plus a spread of 4.25% totaling 4.88% which is payable quarterly in arrears and the principal payable in tranches of $5 million quarterly till maturityin 2023.

34. Other liabilities

	December 2022	December 2021
Financial liabilities		
Sundry creditors	399,826	4,177,349
Cash collateral on customer's LCs	844,513	1,344,972
Trade related liabilities1	124,041,014	112,712,407
Other financial liabilities [see (i) below]	922,549	10,441
Impairment on contingents [see (iii) below]	74,452	147,850
	126,282,354	118,393,019

(i). Other financial liablilities largely relates to non-deliverable forward

Non-financial liabilites		
Other current non-financial liabilities	2,104,422	1,389,625
	2,104,422	1,389,625
Total other liabilities	128,386,776	119,782,644

Other liabilies are all current in nature

1 This represents the Naira value of foreign currencies liabilities due to correspondent banks and customers on letter of credit transactions.

(ii). Movement lease liabilities

In thousands of Naira	December 2022	December 2021
Balance at 31 December 2021	-	-

(iii). Movement in impairment on contingents

In thousands of Naira	December 2022	December 2021
Balance, beginning of year	147,850	29,895
Charge for the year (see note 9)	(73,398)	117,955
Balance, end of year	74,452	147,850

35. Capital and reserves

A. Share capital

In thousands of Naira	December 2022	December 2021
(a). Authorised:		
Ordinary shares:		
"10,000,000,000 Ordinary shares of N1 each	10,000,000	10,000,000
	10,000,000	10,000,000

	December 2022	December 2021
(b). Issued and fully paid-up :		
5,050,546,281 ordinary shares of N1 each	5,050,546	5,050,546
Additions through share issuance (50,505,462 ordinary shares of N1 each)	50,506	-
Balance, end of year	5,101,052	5,050,546

Ordinary shareholding:

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 Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

In line with the deadline of 31 December 2022 as provided for in the Companies and Allied Matters Act (CAMA) 2020, the Bank is in the process of addressing the gap between the issued share capital and the authorised share capital in line with CAMA 2020.

B. Share premium

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

In thousands of Naira	December 2022	December 2021
Balance, beginning of year	3,655,348	3,655,348
Additions through share issuance	157,577	-
Balance, end of year	3,812,925	3,655,348

C. Reserves

Other Reserves

Other regulatory reserves

(i). Statutory reserves

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

(ii). Fair value reserve

The fair value reserve comprises the net cumulative change in investment carried at fair value through other comprehensive income until it is derecognised or impaired.

(iii). Regulatory risk reserve

The regulatory risk reserves warehouses the difference between the allowance for impairment losses on balance on loans and advances based on Central Bank of Nigeria prudential guidelines and Central Bank of the foreign subsidiaries regulations, compared with the loss incurred model used in calculating the impairment under IFRSs.

(iv). Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current year profit attributable to shareholders.

36. Other liabilities

(i). Legal proceedings

There were 7 (2021:8) outstanding legal proceedings with claims amounting to N1.8bn (31 December 2021: N2.1 bn) against the Bank as at 31 December 2022. The claims are being defended vigorously by the Bank as most of them are considered to be of no merit whatsoever. The Bank's claim/counterclaim is to the tune of N4.1bn. The Bank has made Nil provision for all the cases.The Directors believe that, based on currently available information and advice of external and internal legal counsels, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Bank, either individually or in the aggregate more than the provisions already made for the year ended 31 December 2022.

(a). These comprise:

In thousands of Naira	December 2022	December 2021
Contingent liabilities:		
Clean Line Letters of Credit	96,262,203	83,945,013
Guaranteed credit facilities	15,906,508	15,526,172
Balance, end of year	112,168,711	99,471,186

37. 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 one other party controls both. The definition includes subsidiaries and pension schemes, as well as key management personnel.

Transactions with key management personnel

The Bank's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as members of the Executive Management Committee of the Bank, executive and non-executive directors of the Bank. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Coronation Merchant Limited.

A number of transactions are entered into with related parties in the normal course of business. These include loans and deposits. The volumes of related-party transactions, outstanding balances at the year-end, and relating expense and income for the year are as follows:

(a). Related party oustanding balances

The transactions entered into with related parties in the normal course of business include deposits and other product placements, treasury bills and bonds dealings, Repo and reverse repo transactions.

(i). Changes in the board of directors

There were no changes in the composition of the board of directors during the year.

(ii). Changes in the shareholding

There were no changes in the related party shareholdings in the bank during the year

Other account balances with related parties are stated below:

(iii). Customer investment fund and deposits from related parties

	Relationship	Bank 31 Dec 2022 N'000	 31 Dec 2021 N'000
Coronation Registrars limited	Shareholder	8,459	363
Coronation Insurance Plc	Shareholder	2,899	203,072
Coronation Insurance Life	Common ownership	4,524	257,491
Coronation Securities Limited	Common ownership	3,220,406	1,765,527
Coronation Trustees Limited	Common ownership	80,824	107,468
Coronation Asset Management Limited	Common ownership	2,799,103	4,934,845
Coronation Capital Limited	Shareholder	0	546
Trium Networks Limited	Common ownership	652	652
Wooven Finance Ltd	Common ownership	136,307	-
Marina Mars Proprietary Investments Limited	Shareholder	718,181	70,067
UNICO CPFA	Shareholder	376	294
Trustbanc	Shareholder	10,139,872	590
DTD Holding Limited	Shareholder	130,881	97,813
Tigrine Technolgy Ltd	Shareholder	226	-
Coastal Properties Ltd	Shareholder	651,566	
Abubakar Jimoh	Former CEO/Chairman Trustbanc	1,322	1,216
Key management personnel	Employee	13,268	14,604
Directors	Directorship	344,634	125,689
		18,253,500	7,580,237

- Movement in related party deposit	Directors	Key management personnel	Shareholders and other affiliated companies
Year ended 31 December 2022			
At 1 January	125,689	14,604	7,439,944
Net funds (paid out)/received during the year	218,945	(1,336)	10,455,654
At 31 December 2021	344,634	13,268	17,895,598

Year ended 31 December 2021			
At 1 January	937,710	6,235	6,013,839
Funds received/(paid out) during the year	(812,021)	8,369	1,426,105
At 31 December 2020	**125,689**	**14,604**	**7,439,944**

The above balances are customer deposits and investment funds in treasury bills and bonds. They are unsecured by the Bank and carry variable interest rates and are repayable on demand or as specified in the investment guideline. The bank is licensed as a Portfolio/Funds Manager and Corporate Investment Adviser by the Security and Exchange Commission (SEC).

(iv). Other related party transactions includes:

	Nature of transaction	Notes	Relationship	31 Dec 2022 N'000	31 Dec 2021 N'000
Coronation Securities Limited	Intercompany payable	25	Common ownership	-	-
Coronation Asset Management Limited	Rental income	13	Common ownership	14,019	46,279
Coronation Asset Management Limited	Other receivables	25	Common ownership	0	36,164
Coronation Capital Limited	Consultancy and advisory fee		Shareholder	-	-
Coronation X	Professional Services	15	Common ownership	527,874	-
Coronation Insurance Plc	Payment for insurance premium	15	Shareholder	15,584	29,088
Coronation Life Assurance ltd	Payment for insurance premium	15	Common ownership	26,221	23,445
				583,697	**134,976**

(b). Loans to related parties

Balances and transactions with related party as at:

Bank

Relationship	Facility type	Status	31 Dec 2022	31 Dec 2021
Management and directors	Mortgage, Personal and Car loan	Not impaired	747,221	840,665
			747,221	**840,665**
Interest earned on staff loan			37,361	42,078

The loans issued to key management personnel as disclosed above represent staff loans and payable between tenors ranging from 1 to 15 years depending on the loan type. The significant loan type is the mortgage loans advanced to qualifying staff in employment of the Bank. The mortgage loans are collateralised by the underlying property

(c). Key management compensation	Bank 31 Dec 2022	Bank 31 Dec 2021
Salaries and other short-term employee benefits:		
Salaries and wages	688,216	606,090
Other staff benefits	362,028	340,448
	1,050,244	**946,538**

(d). Insider related credits

In compliance with Central Bank of Nigeria circular BSD/1/2004 on Insider related credits, the Bank had no insider related credits during the year.

38. Employees

The average number of persons employed by the Bank during the year was as follows:

	31 Dec 2022	31 Dec 2021
Executive directors	2	2
Management	17	19
Non-management	114	109
	133	**130**

Compensation for the above staff (excluding executive directors):

	Bank N'000 31 Dec 2022	Bank N'000 31 Dec 2021
Salaries and wages	1,652,589	1,763,541
Pension cost - defined contribution scheme	124,561	137,207
	1,777,150	1,900,748

The number of employees other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	Bank N'000 31 Dec 2022	Bank N'000 31 Dec 2021
N300,001 - N2,000,000	-	12
N2,000,001 - N2,800,000	-	2
N2,800,001 - N3,500,000	-	8
N3,500,001 - N5,500,000	48	41
N5,500,001 - N10,500,000	44	32
N10,500,001 - N20,000,000	24	20
Above N20,000,000	17	15
	133	130

In accordance with the provisions of the Pensions Act 2014 (ammended), the Bank operates a contributory pension scheme. The contribution by employees and the Company are 8% and 15% respectively of the employees' basic salary, housing and transport allowances.

39. Directors' emoluments and expenses

Remuneration paid to the Directors (excluding certain allowances) was:

	31 Dec 2022	31 Dec 2021
Fees and sitting allowances	185,250	186,750
Executive compensation	182,847	182,847
Pension cost - defined contribution scheme	15,611	15,611
Other director expenses	-	3,001
	383,708	388,209

Fees and other emoluments disclosed above include amounts paid to:

	31 Dec 2022	31 Dec 2021
Chairman	21,450	20,750
Highest paid director	24,200	24,600

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

	Number 31 Dec 2022	31 Dec 2021
N300,001 - N10,500,000	-	-
N10,500,001 - N20,000,000	-	-
Above N20,000,000	10	10
	10	10

40. Compliance with banking regulation

During the year under review, no penalties were paid

The Bank is committed to ensuring consistent compliance with banking regulations.

41. Dividends

No dividend (2021: 12 kobo) in respect of the year ended 31 Dec 2022 has been proposed.

42. Events after the reporting date

There were no subsequent events which could have a material effect on the financial position of the Bank as at 31 December 2022 or the profit for the year then ended on that date, that have not been adequately provided for or disclosed in the financial statements

43. Non- Audit Services

During the year, the auditors Mssrs KPMG performed the following non -audit services

Service provided	Fee N'm
Customer Experience Survey Insights	6
Certification of Deposit Liabilities to NDIC	2.3
IFC Loan Certification	2
Quality Assurance of Low Default Portfolio Probability of Default model	9
Vulnerability Assessment And Penetration Testing	3.3
Whistle blowing services	1.2
Total fees for non-audit services	10.3

44. Reclassification

Certain comparative figures have been reclassified in line with the current year's presentation.

45. Statement of cashflow notes

		Notes	Dec 2022	Dec 2021
(i).	Proceeds from disposal of property and equipment	29		
	Cost of property and equipment disposed during the year		157,609	46,376
	Cost of property and equipment written off during the year		-	61,791
	Accumulated depreciation on property and equipment disposed		(91,677)	(44,539)
	Accumulated depreciation on property and equipment written off		-	(49,229)
	Net book value of property and equipment disposed/written off		65,932	14,399
	Loss on disposal/write off of property and equipment	15	(4,419)	(12,597)
	Proceeds from disposal of property and equipment		**61,513**	**1,802**
(ii).	Non-pledged trading assets	21		
	Balance as at beginning of the year		16,579,573	10,343,935
	Balance as at end of year		(8,909,633)	(16,579,573)
			7,669,940	(6,235,638)
	Interest receivable	45(xvi)	49,413	294,731
	Unrealised fair value gain	11b	781,381	1,790,668
			8,500,734	**(4,150,239)**

(iii).	**Investment securities FVTOCI**	23(a)		
	Balance as at beginning of the year		61,059,937	96,629,160
	Balance as at end of year		(77,454,925)	(61,059,937)
			(16,394,988)	35,569,223
	Interest receivable	45(xvi)	195,744	489,032
	Unrealised fair value gain or loss	17	1,375,490	(650,650)
			(14,823,754)	**35,407,605**
	Explained by:			
	Purchase of FVTOCI investment securities		(77,085,443)	(46,998,547)
	Sale of FVTPL investment securities		63,715,101	82,406,152
			(13,370,342)	**35,407,605**
(iv).	**Investment securities at amortised cost**	23(b)		
	Balance as at beginning of the year		2,986,391	11,590,141
	Balance as at end of year		(72,046,760)	(2,986,391)
			(69,060,369)	8,603,750
	Interest receivable	45(xvi)	1,591,129	193,831
	Changes in ECL allowance	9	(27,404)	(4,416)
			(67,496,644)	**8,793,165**
	Explained by:			
	Purchase of FVTOCI investment securities		(77,267,198)	(2,207,900)
	Sale of FVTPL investment securities		10,816,330	11,001,065
			(66,450,868)	**8,793,165**
(v).	**Due from financial institutions**	20		
	Balance as at beginning of the year		650,128	10,700,930
	Balance as at end of year		-	(650,128)
			650,128	10,050,802
	Interest receivable	45(xvi)	64,058	43,185
	Changes in ECL allowance	9	(21,493)	(3,589)
			692,693	**10,090,399**
(vi).	**Derivative financial instruments**	22		
	Assets			
	As at January		3,381,961	5,500,493
	Balance as at end of year		(1,320,540)	(3,381,961)
			2,061,421	**2,118,532**
	Liabilities			
	As at January		3,332,522	5,429,271
	Balance as at end of year		(980,424)	(3,332,522)
			2,352,098	**2,096,749**
			(290,677)	**21,783**
(vii).	**Restricted deposit with CBN**	26(b)		
	As at January		121,850,717	72,327,019
	Balance as at end of year		(99,335,092)	(121,850,717)
			22,515,625	**(49,523,698)**

(viii).	**Loans and advances to customers**	25		
	As at January		151,223,003	122,682,497
	Balance as at end of year		(186,105,656)	(151,223,003)
			(34,882,653)	(28,540,506)
	Interest receivable	45(xvi)	9,219,210	2,117,103
	Changes in ECL allowance	9	159,346	(43,639)
			(25,504,097)	(26,467,042)

(ix).	**Pledged assets**	24		
	As at January		69,892,088	16,104,307
	Balance as at end of year		(21,640,509)	(69,892,088)
			48,251,579	(53,787,781)

(x).	**Other assets (excluding restricted deposit with CBN)**	26		
	As at January		9,669,408	15,625,756
	Changes in ECL allowance	9	(146,893)	(107,507)
	WHT utilization		-	-
	Balance as at end of year		(8,302,033)	(9,669,408)
			1,220,482	5,848,841

(xi).	**Due to customers**	32		
	As at January		177,359,031	195,161,465
	Balance as at end of year		(211,726,915)	(177,359,031)
			(34,367,884)	17,802,434
	Interest payable	45(xvii)	1,570,642	1,570,642
			(32,797,242)	19,373,076

(xii).	**Non-pledged trading liabilities**	21		
	As at January		27,828	4,643
	Balance as at end of year		(11,074,950)	(27,828)
			11,047,122	23,185

(xiii).	**Deposits from financial institutions**	31		
	As at January		44,795,696	52,319,291
	Balance as at end of year		(105,959,982)	(44,795,696)
			(61,164,286)	7,523,595
	Interest payable	45(xvii)	618,084	829,111
			(60,546,202)	8,352,706

(xv).	**Other liabilities**	34		
	As at January		119,782,644	85,303,814
	Changes in ECL allowance on contingents	9	(73,398)	117,955
	Customer liability for LCs		(1,344,972)	(1,344,972)
	Interest payable	45(xvii)	3,361,874	522,373
	Balance as at end of year		(128,386,776)	(119,782,644)
			6,660,628	35,183,474

(xvi).	**Interest received**			
	Interest income	7	33,531,351	34,107,042
	Interest receivable on loans - prior year	45(viii)	2,117,103	846,832
	Interest receivable on non-pledged trading assests - prior year	45(ii)	294,731	281,882
	Interest receivable on FVTOCI investment securities - prior year	45(iii)	489,032	383,245
	Interest receivable on amortised cost investment securities - prior year	45(iv)	193,831	160,346
	Interest receivable on placements - prior year	45(v)	43,185	210,998
	Interest receivable on loans	45(viii)	(9,219,210)	(2,117,103)
	Interest receivable on non-pledged trading assests	45(ii)	(49,413)	(294,731)
	Interest receivable on FVTOCI investment securities	45(iii)	(195,744)	(489,032)
	Interest receivable on amortised cost investment securities	45(iv)	(1,591,129)	(193,831)
	Interest receivable on placements	45(v)	(64,058)	(43,185)
			25,549,678	32,852,464

(xvii).	**Interest paid**			
	Interest expense	8	37,963,641	33,107,688
	Interest payable on due to customers - prior year	45(xi)	1,570,642	808,022
	Interest payable on deposits from financial institutions - prior year	45(xiii)	829,111	700,370
	Interest payable on subordinated liabilities - prior year	33(b)	53,215	142,566
	Interest payable on commercial papers - prior year	33(a)	3,482,759	360,648
	Interest payable on other liabilities - prior year	45(xv)	522,373	159,644
	Interest payable on due to customers	45(xi)	(1,570,642)	(1,570,642)
	Interest payable on deposits from financial institutions	45(xiii)	(618,084)	(829,111)
	Interest payable on subordinated liabilities	33(b)	(58,180)	(53,215)
	Interest payable on commercial papers	33(a)	(1,213,101)	(3,482,759)
	Interest payable on other borrowings	33(c)	(550,946)	(13,568)
	Interest payable on other liabilities	45(xv)	(3,361,874)	(522,373)
			37,048,915	28,807,269

VALUE ADDED STATEMENT

Bank	31 Dec 2022 N'000	%	31 Dec 2021 N'000	%
Gross income	37,921,827		43,950,813	
Interest paid	(37,963,641)		(33,107,688)	
	(41,814)		10,843,125	
Impairments	164,369		(503,923)	
Administrative expenses (local and foreign)	(5,167,119)		(4,410,753)	
Value (eroded)/added	(5,044,564)	100	5,928,449	100
Value added distribution				
To government				
- Taxation	509,328	-10%	788,886	14%
To employees				
- Salaries and other benefits	2,147,849	-43%	2,138,720	36%
The future:				
- Depreciation and amortisation of property and equipment, ROU assets and intangibles	1,089,502	-22%	993,731	17%
(Depletion)/expansion of reserves	(8,791,243)	174%	2,007,112	34%
Value (eroded)/added	(5,044,564)	100%	5,928,449	100%

STATEMENT OF FINANCIAL POSITION

	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018
Assets	N'000	N'000	N'000	N'000	N'000
Cash and balances with banks	38,385,132	13,003,129	12,773,734	8,956,378	3,211,035
Due from financial institutions	6,255,393	11,588,361	35,806,050	57,473,891	36,914,556
Non pledged trading assets	8,909,633	16,579,573	10,343,935	11,408,065	8,101,708
Derivative financial assets	1,320,540	3,381,961	5,500,493	2,410,142	1,388,676
Investment securities					
At Amortised cost	72,046,760	2,986,391	11,590,141	1,672,125	12,820,508
At fair value through other comprehensive income	77,454,925	61,059,937	96,629,160	58,635,755	74,805,578
Pledged assets	21,640,509	69,892,088	16,104,307	16,326,798	10,168,280
Loans and advances to customers	186,105,656	151,223,003	122,682,497	72,683,949	54,312,459
Other assets	107,637,125	131,520,125	87,952,775	10,745,065	7,845,696
Right of use assets	250,808	35,948	53,994	76,861	-
Intangible assets	1,589,047	1,417,354	1,116,582	706,412	622,503
Property, plant and equipment	6,709,812	6,788,859	6,586,596	6,472,233	2,974,252
Investment in subsidiaries	-	-	-	-	4,614,711
Deferred tax asset	4,310,358	4,489,196	5,050,346	5,777,715	4,998,887
	532,615,698	473,965,925	412,190,610	253,345,389	222,778,848
Assets held for sale	-	-	-	5,000	-
Total assets	**532,615,698**	**473,965,925**	**412,190,610**	**253,350,389**	**222,778,848**
Liabilities					
Due to financial institutions	105,959,982	44,795,696	52,319,291	25,978,923	12,159,545
Due to customers	211,726,915	177,359,031	195,161,465	138,087,891	126,896,867
Non pledged trading liabilities	11,074,950	27,828	4,643	523,876	8,169,494
Derivative financial liabilities	980,424	3,332,522	5,429,271	2,420,349	1,373,716
Commercial paper liabilities	8,257,130	55,355,146	8,887,242	12,610,440	18,053,345
Surbodinated liabilities	24,918,279	24,860,099	24,806,884	-	-
Other borrowings	9,037,329	8,405,291			
Current income tax liabilities	286,434	246,453	166,568	280,971	520,248
Other liabilities	128,386,776	119,782,644	85,303,814	38,712,890	24,457,369
Deferred tax liability	-	-	-	166,220	-
Total liabilities	**532,615,698**	**473,965,925**	**412,190,610**	**253,350,389**	**222,778,848**
Equity					
Share capital	5,101,052	5,050,546	5,050,546	5,050,546	5,050,546
Share premium	3,812,925	3,655,348	3,655,348	3,655,348	3,655,348
Statutory reserve	8,665,909	8,665,908	8,364,841	7,608,741	6,844,066
Fair value reserve	3,775,869	2,400,379	3,051,029	870,146	(545,267)
Credit risk reserve	4,252,917	3,549,085	3,577,093	2,460,504	1,403,384
Retained earnings	6,378,807	16,479,949	16,412,575	14,923,544	14,740,188
Treasury stock			-	-	-
Total equity	**31,987,479**	**39,801,215**	**40,111,432**	**34,568,829**	**31,148,264**
Total equity and liabilities	**532,615,698**	**473,965,925**	**412,190,610**	**253,350,389**	**222,778,848**

STATEMENT OF COMPREHENSIVE INCOME

	31 Dec 2022 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
	37,921,827	43,950,813	27,357,526	31,128,815	27,957,400
Interest and similar income	33,531,351	34,107,042	19,950,522	25,093,015	24,286,820
Interest and similar expense	(37,963,641)	(33,107,688)	(15,269,476)	(20,664,692)	(17,291,460)
Net interest income	(4,432,290)	999,354	4,681,046	4,428,323	6,995,360
Impairment (charge) / write back for credit losses	164,369	(503,923)	(228,240)	(90,521)	(85,559)
Net interest income after impairment charge for on financial assets	(4,267,921)	495,431	4,452,806	4,337,802	6,909,801
Fee and commission income	2,588,953	1,982,983	1,884,587	1,351,031	1,700,352
Net gains/(loss) on investment securities	1,056,225	1,813,122	4,748,985	4,011,964	1,661,263
Net foreign exchange income	234,785	5,643,437	386,249	314,810	129,349
Other operating income	510,513	404,229	387,183	357,995	179,616
Operating expenses	(8,404,470)	(7,543,204)	(6,075,388)	(5,349,718)	(5,384,634)
Profit before tax	(8,281,915)	2,795,998	5,784,422	5,023,884	5,195,747
Taxation	(509,328)	(788,886)	(743,758)	(257,172)	(711,375)
Profit for the year	(8,791,243)	2,007,112	5,040,664	4,766,712	4,484,372
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Net fair value (losses)/gains on FVTOCI financial instruments					
- Fair value changes during the year	1,375,490	(650,650)	(650,650)	175,520	(1,013,107)
- Net loss recycled to profit&loss on disposal of FVTOCI instruments		-	-	-	-
Other comprehensive income/(loss) for the year (net of tax)	1,375,490	(650,650)	(650,650)	175,520	(1,013,107)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(7,415,753)	1,356,462	4,390,014	4,942,232	3,471,265

CORONATION

The winning streak continues...

Best Investment Bank, Nigeria 2022

Your partnership has continuously propelled us to greater heights. You have earned us yet again the awards of the **Best Investment Bank, Nigeria 2022** from **World Finance, Business Day** and **Global Business Outlook.**

Thank you for believing in us.

@coronationmb