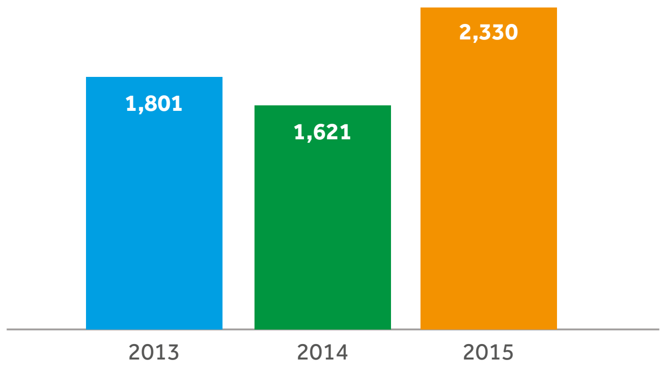
1

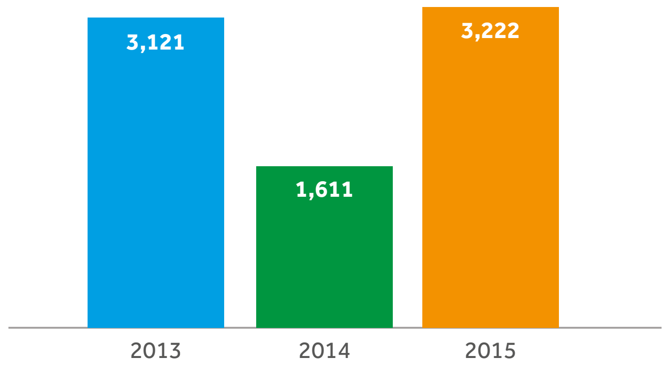
OVERVIEW

FINANCIAL HIGHLIGHTS

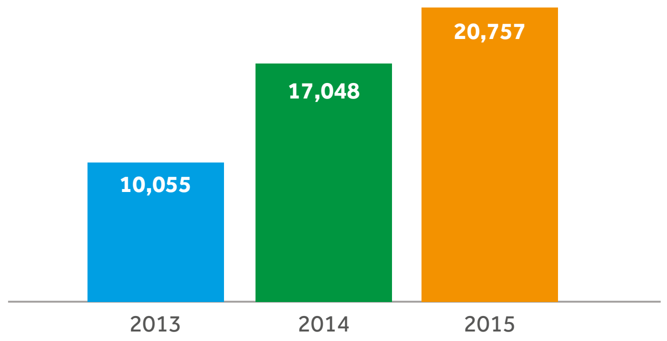
Profit Before Tax
N'million
43.7%



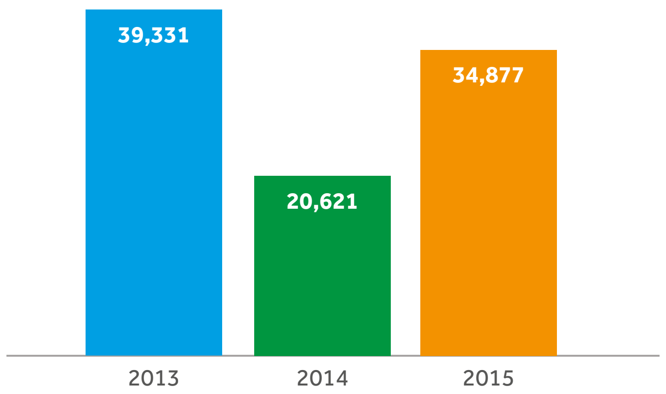
Profit after Tax
N'million
100.1%



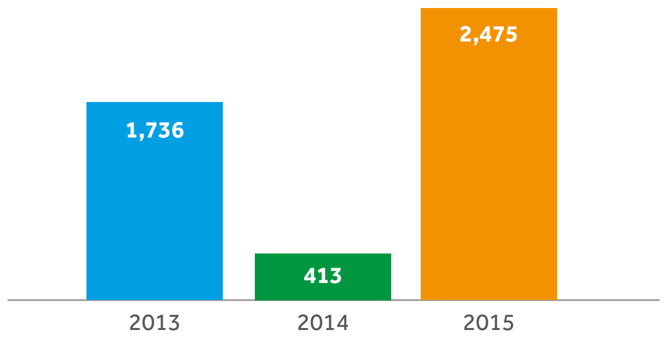
Shareholders funds
N'million
21.8%



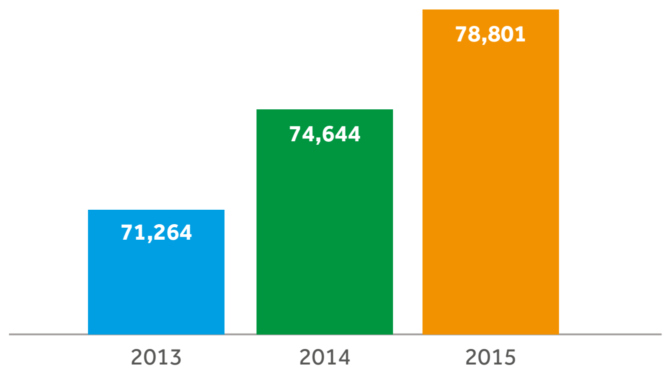
Due to countdown
N'million
69.1%



Loans
N'million
499.3%



Total Assets
N'million
5.6%



CHAIRMAN'S STATEMENT

Dear Distinguished Shareholders,

On behalf of the Board of Directors of Coronation Merchant Bank Limited, it is with great pleasure and delight that I welcome you to the 1st Annual General Meeting of Coronation Merchant Bank (though, the 22nd Annual General Meeting for our institution) and to present to you the financial statements for the year ended December 31, 2015. Also, this is my maiden Chairman Statement as I became the Chairman of the Board of this institution on May 1, 2015.

I will like to congratulate the Board of Directors and the entire Management and Staff of Coronation Merchant Bank for securing the approval of the Central Bank of Nigeria to operate as a merchant bank in Nigeria and transiting the organisation from a Discount House to a full-fledged Merchant Bank seamlessly.

It is instructive to note that while we received the Merchant Banking license on the 30th of April 2015, merchant banking operations commenced on July 1, 2015. Thus, our 2015 result of operations represent six months each for discount house and merchant banking operations.

Global Economic Environment

The year 2015 was of particular significance for natural resources dependent economies, as it marked the end of a decade-long commodity boom. We saw Brent crude oil price fall by 34% from US$ 55.39 per barrel at the beginning of the year to US$ 36.61 per barrel by December 31, 2015 as global oil supply exceeded demand by about 1-2 million barrels per day for most part of the year. The global oil supply glut persisted amidst weak economic prospect for China and the Euro Zone. This same trend was observed globally for several other countries. According to the International Monetary Fund ("IMF") in its World Economic Outlook report of January 2016, global growth was estimated at 3.1% for 2015 representing a 0.2% drop when compared to 2014 global growth data.

Emerging markets and frontier markets generally experienced sharp depreciation in their currencies for most of the later part of the year. Conversely, exchange rate movement across major advanced economies was relatively stable. Capital inflows slowed, and the United States Fed rate hike led to further depreciation of emerging market currencies and slump in oil and commodity prices.

The risks to the outlook remained elevated particularly for emerging markets and developing economies where the economic environments are marked by declining commodity prices, reduced capital flows, pressure on currencies and increasing financial market volatility.

Operating Environment

Economic activities in the country were affected in the first quarter of 2015 by the postponement of the elections from 14th of February 2015 to 25th of March 2015 on account of poor distribution of permanent voters' cards across the country. More importantly, the 2015 general elections in Nigeria validated the strength of Nigeria's democratic process as, for the first time in Nigeria's history, an incumbent President lost a re-election bid to an opposition candidate.

On 29 May 2015, there was a seamless hand-over of government by the erstwhile President from the ruling party to the newly elected President, General Muhammed Buhari. On resumption of office, the new Government inaugurated its executive cabinet in November 2015 following a satisfactory clearance by the Senate.

According to the National Bureau of Statistics, Nigeria's Gross Domestic Product (GDP) grew by 2.84% (year-on-year) in the third quarter of 2015 showing a huge decline when compared to the growth rate of 6.23% in the third quarter 2014. However, the third quarter of 2015 showed a sign of recovery for Nigeria's economy after hitting a low of 2.35% (year- on-year) in the second quarter of 2015. The non-oil sector was responsible for most of the growth in 2015 growing by 3.05% as against the oil sector growth of 2.06 %. Nigeria closed the year with an inflation rate of 9.6% due to the impact of weak currency on imported food items and essentials.

In order to support lending to the real sector, the Central Bank of Nigeria eased the interest rate environment with treasuries trading at new lows. Aside from implementing a Treasury Single Account to consolidate all the cash accounts of Federal Government Ministries, Departments and Agencies, the Central Bank reduced the cash reserve requirement to 20% and relaxed the monetary policy rate from 13% to 11%.

The 2016 Appropriation Bill described as the "Budget of Change" was presented to the National Assembly on the 22nd of December 2015 with an estimated total expenditure of N6.8 trillion (N4.28 trillion recurrent expenditure and N1.8 trillion capital expenditure) the budget is expansionary and designed to propel growth. 2016 projected revenue is N3.86 trillion resulting into a deficit of N2.2 trillion expected to be financed by a combination of foreign borrowing of N900 billion, domestic borrowing of N984 billion and recoveries of N380 billion.

The equities market continued its lacklustre performance in 2015 as the Nigerian Stock Exchange All Share Index declined by 17.37% to close at 28,642.45. Thus, the market shed over 33% between 2014 and 2015. The continuing decline in foreign portfolio investments, crude oil prices and dwindling external reserves continued to drive the decline in the equities market. On the other hand, the fixed income

market continued to improve despite JP Morgan and Barclays Bank's announcement of intention to phase out Nigerian Bonds from their respective emerging markets government bond indices.

Performance Review for 2015 Financial Year

Despite the tough market and economic conditions, the Bank recorded significant improvement from the performance of the previous year. The Bank realized a Profit Before Tax of N2.3 billion as against N1.6 billion reported for the financial year end 2014 representing an increase of 44%. Due to tax credit from deferred tax assets recognized in the period, there was 100% increase in Profit After Tax from N1.6 billion achieved for the year ended 2014 to N3.2 billion in 2015. Earnings per Share was 0.69 kobo for 2015 as against 0.35 for 2014.

Net interest income grew to N3.06 billion from N2.19 billion for FY 2014 driven by increased earnings from treasury assets and modest loan growth. The Bank took advantage of market opportunities to rebalance its funding mix and this led to the substantial decrease in the bank's cost of funds. The set-up and structural costs for the new business line accounted for 56.3% of operating expenses. This is expected to normalize as resourcing of the business stabilizes in the near future.

The balance sheet size grew from N 74.12 billion to N 78.28 billion. Shareholders' funds increased from N 16.5 billion to N 20.3 billion, signifying a healthy growth of 22.4%. Loan to deposit ratio stood at 4.31% from 0.73% reflecting growth in our loan portfolio. Due to the economic situation in the country for most part of last year, we made conscious efforts to create only high quality risk assets. We hope to continue to be guided by a moderate risk appetite as we grow our loan book. Asset quality improved with reduction in non- performing loans from 0.76% in 2014 to 0.40%, which is way below the prudential guidance of 5%.

Following our performance in the year, the Directors propose a dividend of N0.105 per ordinary share of N1.00 upon approval at the Annual General Meeting to shareholders whose names were in the register of members of the Bank as at March 7, 2016. It is worthy of note to mention that this will be first dividend pay-out in the last three (3) years.

Board Changes

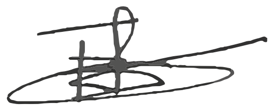
As part of the activities leading to the conversion of the institution from a discount house to a merchant bank, the Board representatives from the three shareholder banks namely; the erstwhile Chairman - Mr. Aigboje Aig-Imoukhuede, Mr. Herbert Wigwe (CEO Access Bank Plc), Mr. Segun Oloketuyi (CEO Wema Bank Plc) and Mr. Nurudeen Fagbenro (Executive Director, Wema Bank Plc) retired from the Board during the year following divestments by their respective institutions. We thank the retired Directors for their significant contributions and wish them the best in their future endeavours. To fill these vacancies, we obtained the approval of the Central Bank of Nigeria for Ms Evelyn Oputu and Mr. Adamu Mahmoud Atta, to join the Board as Non-Executive Directors along with myself as your Company's Chairman. Together, we bring banking and other relevant experience, industry knowledge and strong business relationships to strengthen our position as a leading regional Merchant Bank.

Outlook

In line with our Merchant Bank focus, we intend to build a formidable franchise in the areas of corporate banking, investment banking, private banking/wealth management and global markets/treasury. We will continue to recruit highly skilled and motivated people that will enable us deliver superior services and take advantage of emerging opportunities within our chosen markets.

Finally, I would like to acknowledge and sincerely thank our clients and business partners for their unflinching loyalty, my colleagues on the Board for the leadership, the Management and Staff for their commitment and dedication to duty and to the shareholders for their continued support to our great Bank.

Thank you.



MR. TIJANI BABATUNDE FOLAWIYO
Chairman

CEO'S STATEMENT

WELCOME TO A NEW BEGINNING

It is my privilege and honor to bring to you the first CEO's statement and also present to you our first annual report as Coronation Merchant Bank, the year 2015 was an important one for us, as we concluded our transition journey from the erstwhile Associated Discount House to becoming a full-fledged Merchant Bank.

This transition has provided various business opportunities for us and we successfully commenced our Investment and Corporate Banking Operations as well as strengthened our footprint in securities dealing. Thanks to the dedicated efforts and expertise of our people and with the unwavering support of our board and shareholders Coronation Merchant Bank is on its way to becoming Africa's premier Investment Bank.

Strong Financial Results

Notwithstanding the challenges in our operating environment, the bank has capitalised on its new Merchant Bank status to announce impressive financial results in our first business year. Profit-Before-Tax (PBT) of N2.33bn, was 43.7% better than in 2014, while Profit-After-Tax (PAT) grew over 100% from N1.61bn in 2014 to N3.22bn in 2015. Our net-interest income grew from N2.21bn in 2014 to N3.07bn in 2015 and so did our non-interest income from N.70bn to N1.29bn within the same period.

Due to our focus on operational efficiency we record improvements in our margins with ROA increasing by 201bps to 4.23%in 2015 (2014:2.22%) and ROE by 510bps to 17/5 in 2015 (2014: 12.4%).

Our impressive results in the first year of operations signal the emergence of a strong merchant bank in Nigeria.

Measured risk, secured profit

To continue to insulate our operations from market volatility, we will continue to adhere to rigorous risk management standards. Maintaining a capital adequacy ratio of 77.3% above the regulatory minimum is indicative of our risk management outlook, and commitment to safeguard our stakeholders' interest. Beyond the aspiration of surpassing our 'A-' Agusto risk rating and earning the endorsements of other leading global rating agencies, our deployed risk management strategy will guarantee business continuity and crisis management.

Looking Ahead

In 2016 we will continue to align our business processes, resources and infrastructure to ensure that we

- Build a strong and deeply rooted Corporate and Investment Banking businesses
- Commence operations of our Asset Management and Securities trading subsidiaries
- Consistently invest in the infrastructure, processes and people required to provide superior service for our customers.

While we are optimistic about our performance in 2016, we cannot ignore the current macroeconomic realities facing us. We are aware of these challenges and see them as an opportunity to differentiate ourselves and move closer to becoming a premier institution in Africa. We will ensure that our actions and decisions mitigate the negative effects that the macroeconomic environment has on the industry.

I would like to appreciate the support of our customers, shareholders and regulators who have believed in us and continue to support us. With your continued support, we believe we will attain much greater heights in this first year of our new beginning.

Once again welcome to a New Beginning

Thank you,

ABUBAKAR JIMOH
Managing Director/Chief Executive Officer

BUSINESS REVIEW

CORPORATE PHILOSOPHY

OUR VISION

To be Africa's premier Investment Bank

We are a fast paced, result driven and innovative organization boldly setting standards of excellence in the Nigerian Banking sector and beyond. Although the Bank is still young, we are embarking on a remarkable ongoing transformation journey that will see us emerge as one of Africa's leading Investment banks from a hitherto obscure position. The Bank's vision requires committed and dedicated people who are willing to make sacrifices to bring the vision to fruition.

We are constantly looking to set new and higher benchmarks by which to assess ourselves and we are constantly improving and seeking superior platforms from which to practise the business of Banking & Finance. It is the DNA that drives us forward.

A guide to understanding elements of our vision

Top People

Our human capital is one of our most important assets. Each employee will be treated with dignity and fairness. Our recruitment model and brand essence is 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 they will be best when it comes to professional aspects of merchant banking. We will always operate a system of participative management that allows each employee to pursue their own career development while contributing to the growth of the Company.

Compensation will be competitive while the Company will encourage self-actualization by aligning personal goals with that of the organization. We strive to become the best place to work within the West African region.

Global Recognition

We strive to attain world wide recognition for high performance, service delivery excellence and innovation. Our aspiration is to be recognized globally as the reference point for investment banking transactions in Africa.

The world is our stage. In the longer term, we seek to excel not only within Nigeria but regionally. We will build up a global recognition which will give us presence across the world. In this context, we see the world as all major markets on all continents of the earth.

The transformation we will introduce will be such that global industry players will reckon with Coronation MB 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. We will operate above and beyond all other investment banks in any market we operate.

Service and Solution Innovations

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

Strong Risk Management / Governance

At Coronation MB we would not under any circumstances compromise on sustainable long term growth and reputation for short term gains. We will continuously employ World-class risk management capabilities that balance risk and return

We will employ high corporate governance standards that become the benchmark in the industry

Market Leadership

We are committed to being the first among peers - first to develop innovative products and industry leaders in chosen markets and segments. Throughout our history, we will constantly strive to set the pace for others to follow.

Coronation MB hopes to be known publicly for pioneering industry redefining initiatives. The bank's innovativeness and creativity will earn it the confidence of regulatory authorities and gained the attention of international financial organizations for credible partnerships and collaborations.

OUR MISSION

To be the engine room of Africa's financial markets

What does this mission statement mean to us?

Understanding what it means to win in our chosen markets is the next step to understanding the basis for our decisions.

Just as the engine room on a ship houses the source of power – the engine, Coronation Merchant Bank houses the source of power in the investment banking space; our people and solutions are the power required to revolutionise the Merchant banking space in Africa

Coronation MB will therefore be an influential player in the market, setting the pace for transaction and all external stake holders will seek to be recognised with us.

This implies that We must strive at ALL times to EXCEED our customers' expectations through continuous learning, innovation and development while we continue to gain customer insight, and seek solutions to diverse customer problems.

Just as yesterday products, services and solutions are not compatible with today's markets challenges, we are determined to raise our game and secure our place as a dominant player in Africa. We will exceed our customers' expectations by surpassing industry standards in everything we do.

OUR VALUES

At Coronation MB, our values represent another important step in our decision making process. Our values represent our core priorities and what we say we live by. This is what enables us to deliver on our vision and mission.

The six values are;

Innovation

We will demonstrate innovation by developing solutions to diverse customer problems, differentiating ourselves from competition with creative products and service offerings and proactively initiating change and improvement measures

Teamwork

Through teamwork we build corporate intelligence, increase efficiency and enhance performance and bring diverse capabilities to bear from the wide range of professional capabilities.

We hold the interest of the team above those of the individual while showing mutual respect for all employees and sharing information throughout the organisation. Being part of the team is what makes the whole more than the sum of the parts and provides the needed synergy.

If you see an opportunity to take the team to the next level -- perhaps the need to change an operating procedure or the products we provide– then you need to act to make that improvement a reality. Your team counts on you to find better ways to execute our goals, this helps drive us toward our vision.

Integrity

We demonstrate a high level of integrity by being ethically unyielding and honest, inspiring trust by unambiguous communication, matching behaviors to words and taking responsibility for actions.

Our operations are transparent and always comply with all regulations and applicable laws.

Excellence

We are tenaciously determined and disciplined in ensuring that the customer agenda is achieved, striving to achieve the highest possible standards. We strive to attain and exceed the highest possible standards through our passionate and painstaking attention to details.

Our vision to transform Coronation MB is a continuous journey. Every employee is expected to know the importance of serving with excellence, whether it's dealing with a customer's query, manning the gates, or working at the service counter, we have to get it right the first time – The Coronation MB depends on you.

Developing People

We are committed to continuous growth and career development, Equipping our people with the right tools and experience that enable them to provide solutions. This principle is applied at all levels and across all functions.

Leadership

We achieve clear market leadership by challenging the status quo. We are the catalyst for change industry wide. We will be the first to embrace all things worthy and sometimes the only.

BUSINESS OVERVIEW

INVESTMENT BANKING DIVISION

Strategic Thrust

The strategic thrust of Coronation MB's investment banking business is to position Coronation MB as an Africa's premier investment bank through provision of innovative finance solutions to our esteemed clientele using our strong execution capabilities, deep market knowledge and extensive relationships across major financial markets.

Our Investment Banking division is comprised of 3 product groups; Mergers & Acquisitions, Capital Markets and Project & Structured Finance. Each product group provides unique services to the Bank's broad clientele and are in line with the Bank's overarching strategic vision base

a) **Capital Markets:** Our Capital Markets group is responsible for providing clients (corporate, government and supranational institutions) with financial advice and capital raising services relating to the issuance of debt and equity securities in the capital markets.

b) **Mergers and Acquisition:** The Mergers and Acquisition group assists our investment banking clients in consummating business combinations, acquisitions and restructuring transactions. We also provide bespoke financial advisory services that seek to achieve our clients' financial objectives.

c) **Project and Structured Finance:** Coronation MB's Project &Structured Finance group is primarily focused on raising debt and equity finance for sponsors seeking to develop long term infrastructure and other large scale projects (across various economic sectors) via its project finance franchise. On the structured finance side, Coronation MB is focused on achieving client's financing objectives through the creation and issuance of structured debt and equity instruments while providing unparalleled structured finance advice.

Sector Focus

Due to the nature of investment banking activity and the structure of the Nigerian economy the following are the sectors in which the Bank is seeking to provide its services to Clients:

- Consumer Goods: Food & Beverage, Household & Personal Care and Distribution & Logistics
- Financial Services: Banking, Insurance and Payment Processing
- Oil and Gas: Upstream, Downstream, Midstream and Services
- Industrial: Heavy Industries, Steel Milling and Construction
- Telecommunications: Mobile, Fixed, Data, Infrastructure and Services
- Agriculture: Inputs, Cultivation and Processing
- Infrastructure: Power, Transport and Mining
- Real Estate: Commercial, Retail, Hospitality and Residential

Product Offering

Investment Banking Product Suite					
Capital Markets		Mergers & Acquisitions		Project & 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 Investments	• Government Bonds (Federal, State & Municipals) • Corporate Bonds • High Yield Bonds	• Buy Side M&A Advisory • Sell Side M&A Advisory • Take Overs • Leveraged/ Management Buy Outs • Distressed Sales	• Corporate Finance Advisory • Privatisation Advisory • Restructuring	• Advisory & Structuring • Debt Arrangement & Syndications • Public Private Partnership Advisory	• Multilateral Funding • Syndicated Loans • Bridge Financing • Asset Based Financing & Securitisation • Derivatives Structuring

CORPORATE BANKING DIVISION

Strategic Intent – Corporate Banking Division

To position Coronation Merchant Bank Limited as one of the leading Corporate Banking Institution in Nigeria, with a strong outlook within the next 5 years. This is driven by excellent customer satisfaction through efficient financial service delivery, which is expected to place the bank within the Top 3 bracket in Corporate Customer Satisfaction ranking within the next 5 years.

Our strategic intent is guided by Coronation Merchant Bank's Vision and Mission.

Corporate Banking Division is structured to provide tailor-made financial services to its customers in various sectors of the economy. The Division comprises of various business units that are structured along the major sectors to provide the much needed focus and financial solutions that are specific to customers' needs.

Business Units under Corporate Banking Division

- Fast Moving Consumer Goods (FMCG): This sector focuses on Food & Beverages, Breweries, Personal Care, Household & Utilities,
- Agriculture: The sector covers complete agricultural value chain ranging from large scale plantations, agro-processing, commodities trading, livestock farming and processing, agro based trading.
- Energy: The energy desk covers the entire sector – Upstream, Midstream, Downstream and Services.
- Power & Infrastructure: This Business Unit covers all the segments of the Power Sector (Generation, Transmission & Distribution), as well as Transport and other Infrastructures.
- Telecoms: The business unit covers Mobile Operators, Fixed & Data Service Providers and Services.
- Real Estate & Construction: The sector provides financial services to well-structured Real Estate Development Firms, Major Construction Firms.
- General Commerce: This covers General Trading, General Imports, and Value Chain Banking.

Products Offerings

Financing	**Working Capital** • Debt Factoring • Invoice Discounting • Overdrafts	**Corporate Lending** • Revolving Credit Facility • Time / Term Loans • Guarantees & Bonds • Commercial Papers • Bankers Acceptance	**Asset Finance** • Lease Purchase • Finance Lease
Trade Solutions	**Letters of Credit** • Export Letter of Credits • Import Letter of Credits	**ECA Financing** • Export Financing • Import Financing	
Fund Management	**Liquidity Management** • Call Accounts • Money Market	**Corporate Accounts** • Current Accounts • Payments • Escrow Account	

Achievements

Corporate Banking Division became fully operational and commenced business in September 2015. Within the period, we have been able to on-board key players and market leaders in our major area of focus i.e FMCG, Energy, Agriculture, Real Estate & Construction and General Commerce.

GLOBAL MARKETS AND TREASURY

Summary of the Purpose and Vision of the division

Coronation Merchant Bank Global Market & Treasury Unit was setup to manage the Bank's investments in securities, foreign exchange & asset/liability management.

GMT aims to achieve market dominance in sales and trading of financial instruments across multiple asset classes.

Global Market & Treasury Unit consists of seasoned professionals with the objective of achieving market dominance in sales and trading of financial instruments across various asset classes, and utilizing the bank's liquidity in the most efficient manner that maximizes return in a risk controlled environment.

Analysis of the units under the division

The Fixed Income Desk is focused on the trading of securities issued on behalf of the Sovereign Government where we have our presence. Over the years, we have also expanded the business to include local debt instruments issued by the state governments and companies operating in Nigeria and sub-Saharan Africa, subject to acceptable credit considerations.

The core objective of the ALM unit is to coordinate the bank's funding requirements, handle liquidity management across all currencies, implement interest rate risk programs for the Assets and Liabilities and assist with profit planning and financial decision making.

The Sales team in Treasury is responsible for transferring product from one market to another. In addition and to strengthen our presence, we seek to offer innovative solutions that help manage foreign exchange risk and provide liquidity in times of market illiquidity. We will develop cost-effective currency solutions that benefit our clients' bottom line and help minimize currency risk.

Summary of the sector been serviced

Our market focus is on banks and other professional services firms, UHNI/family offices, including HNIs, and domestic institutional clients.

Products available to customers

- **Fixed Income Products:** Bonds (Sovereign, Sub-national, Corporates, Eurobond)
- **Money Market products:** Treasury Bills, Treasury Notes, Certificate of Deposits, Commercial Papers
- **Structured Solutions:** Forwards, Swaps

Achievements so far.

Coronation MB already has a head start in the game having achieved some advantage with years of experience. Coronation MB shall consolidate towards achieving wide distribution coverage.

Hired experienced people in the international/multilateral business with the required experience of managing large balance sheet

Development of global standards for treasury management to ensure standardized market practices and treasury accounting through the respective desk

Redefining the treasury system to build an efficient & revenue focused Treasury Department which would ultimately reflect in the numbers.

OPERATIONS & INFORMATION TECHNOLOGY

Summary of the Purpose and Vision of the division

Operations and Technology is responsible for the delivery and fulfilment of service promises made by the bank. It ensures that all systems and processes are optimised and all aspects of risks involved in the bank's activities are evaluated and adequately mitigated based on extensively articulated policies and frameworks.

Operations and Technology ethos of being the fastest and best is hinged on the levers of Enjoyable Customer Experience and fully automated processes driven by a cache of process experts.

Innovation implemented so far

2015 witnessed a seamless transition from Discount House to Merchant Bank Operations with additional processes and controls in Investment products, Trade Operations, Cross Border and local market payments. This was driven by a cohesive technology team that achieved a smooth change of the Core Banking Application to the cutting edge technology offering of Finacle 10 and also achieved upgrade of the Bank's local and international payment systems.

Customer Experience

In 2016, our focus will be to leverage on best-in-class Technology and well-researched innovative processes to provide service delivery that are accessible and convenient for our customers. We will aim to surpass the desired speed and efficiency they expect in their financial transactions and ensure our customers enjoy their experience at every interaction with the Bank.

Operations and Technology will be driven by the following success factors; Enjoyable Customer Experience Delivery, Compliance to regulations and policy and Efficiency.

Information Technology

We will draw on innovation to deliver stable and resilient systems driven by professionalism; while ensuring continuous metrification, monitoring, analysis and evaluation of results to relentlessly define new industry standards in product offering and results.

This will be achieved with the deployment of world class applications and consolidation on function specific training of employees.

We will keep the Bank's Promise of being the fastest and the best and ensure our services are consistently ranked top two in the financial Industry.

RISK MANAGEMENT

Overview

Coronation Merchant Bank Limited (Coronation MB) engages in the business of merchant banking, with offerings across Corporate and Investment Banking, Project Finance, Private Banking, Wealth Management, Treasury and Global Markets.

Risk is inherent in the business of banking. The challenge is to actively manage these risks to reduce their possible impact and preserve the franchise of the bank. As part of the strategic planning process, the potential barriers that will be posed by the existence of these risks must be identified and understood in order to achieve bank's objectives.

The commencement of Merchant Banking with its complex transactions coupled with global economic issues and challenges in the operating environment require proactive and robust risk management strategic initiatives.

Coronation MB's risk management framework is guided by the following key themes:

- Risk Management is conceived and implemented to facilitate the achievement of organizational goals and objectives;
- Risk Management is applied in strategy setting and provides an effective role in establishing alternative strategies;
- Risk Management is linked to Risk Appetite. Risk appetite is the amount of risk that an organization and its individual managers are willing to accept in pursuit of achieving core purpose, mission and vision.
- It aims at minimizing the divergence between expectations and outcomes, thus ensuring the realization of more predictable results. This is achieved through a robust framework and clearly defined and transparent processes for the identification of all factors that may lead to the said divergences ("Risk Identification"); estimation of the likelihood of their occurrence and the extent or severity of their impact in the event of occurrence ("Risk Assessment/Measurement"); design of effective controls to minimize both the likelihood and the impact of risk events ("Risk Control"); establishment of procedures to ensure that these controls are effective and are being complied with ("Risk Monitoring"); regular reporting of risk events and controls ("Risk Reporting"); and provision of sufficient capital to absorb the adverse impact of expected and unexpected losses.

The bank's Risk Management framework entails the institutionalization of processes that enables it to:

- Identify and understand the full spectrum of risks facing it;
- Define its appetite for risk, based on its strategic objectives;
- Assess, measure and quantify the risks;
- Develop risk mitigation and control techniques;
- Enhance the overall performance of the firm; and
- Comply with all regulatory requirements with respect to risk management practices, including the Central Bank of Nigeria (CBN) guidelines on risk management practices.

Risk Management Philosophy and Culture

At Coronation MB, Risk Management is a central part of the strategic management of the organization. It is the process whereby Coronation MB methodically addresses the risks attached to its activities. Coronation MB realizes that a successful enterprise risk management framework should be:

- Proportionate to the level of risk in the organization;
- Aligned with other corporate activities;
- Comprehensive in its scope;
- Embedded into routine activities and
- Dynamic by being responsive to changing circumstances.

The bank considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices characterizing how the firm considers risk in everything it does, from strategy development and implementation to its day-to-day activities.

Risk management philosophy is a continuous process that supports the development and implementation of the bank's strategy. The bank believes that risk management will provide the superior capabilities to identify and assess the full spectrum of risks and to enable staff at all levels to better understand and manage risks. This is to facilitate:

- Increase in the likelihood of successful delivery on its goals and objectives;
- Proactive identification, management and reporting to all stakeholders;
- Assumption of risks that falls within the defined risk appetite;
- Compliance with all government laws and regulations;
- Better assessment of risks associated with changes in its environment;
- Better description of Coronation MB's risk management strategies to customers and other stakeholders;
- Responsible Risk Acceptance;
- Adequate support for Risk Management by Executive Management and Board;
- Better management of uncertain outcomes;
- Strengthening of accountability;
- Enhancement of stewardship.

Guiding Principles
Coronation MB has identified the following attributes as guiding principles for its risk culture. The board and senior management shall:

- Establish and promote a strong culture of adherence to limits in managing risk exposure and ensure that the long time survival and reputation of Coronation MB is not jeopardized while expanding the market share;
- Promote awareness of risk and risk management across the company;
- Consider all forms of risk in decision-making;
- Create and evaluate business-unit and company-wide risk profile to consider what is best for individual business units and department and what is best for the company as a whole;
- Retain ownership and accountability for risk and risk management at the business unit or other points of influence level;
- Accept that enterprise risk management is mandatory, not optional;
- Strive to achieve best practices in enterprise risk management;
- Document and report all significant risks and enterprise-risk management deficiencies;
- Adopt a holistic and integrated approach to risk management and bring all risks together under one or a limited number of oversight functions;
- Empower risk officers to perform their duties professionally and independently without undue interference;
- Ensure a clearly defined risk management governance structure;
- Ensure clear segregation of duties between market facing business units and risk management control functions;
- Strive to maintain a conservative balance between risk and profit considerations; and
- Continue to demonstrate appropriate standards of behavior in development of strategy and pursuit of objectives.

Objectives, Scope and Coverage

Core Objective
Core objective of risk management is to provide a reasonable degree of assurance to the Board of Directors (BOD) that the risks threatening Coronation MB's achievement of its vision of 'being the most efficient and profitable Merchant Bank are identified, measured, monitored and controlled through effective integrated risk management system covering Credit risk, market risk, operational risk, investment risk, liquidity risk, reputational risk and other material risks. The risk management vision of Coronation MB is 'To institutionalize a world class risk management framework that supports the achievement of our corporate vision and preserves the wealth of our stakeholders.

Supporting Objectives
- To identify material risks and ensure that business plans are consistent with our risk appetite;
- To ensure that our business growth plans are properly supported by an effective and efficient risk management function;
- To optimize our risk and return trade-offs by ensuring our business units act as primary risk managers.
- To protect us against unexpected losses and reduce volatility of our earnings;
- To maximize opportunities, earnings potential and ultimately our stakeholders' value;
- To improve the control and coordination of risk taking across the bank.
- To build a risk-smart workforce and environment that allows for innovation and responsible risk-taking while ensuring that cost effective and legitimate precautions are taken to protect all stakeholders 'interests.
- To formalize and communicate Coronation MB's commitment to achieving compliance objectives of remaining fully compliant with regulatory requirements of the CBN and other regulatory and legal requirements that are relevant and applicable to Coronation MB

Risk Management Strategy

- To embed enterprise-wide risk management principles in our processes, with emphasis on protecting the company's shareholders and other stakeholders from risks;
- To institute a robust risk management governance structure for managing all major aspects of our activities through an integrated planning and review process that includes strategic, financial, customer and risk planning;
- To empower all staff to proactively identify, control, monitor, and regularly report risk issues to management;
- To strengthen the Risk Management Framework to fully support the strategic business units and the overall business strategy of the bank. The Risk Management Strategy is to develop an integrated approach to risk assessments, measurement, monitoring and control that captures all risks in all aspects of the firm's activities;
- To formally document the risk management policies and procedures, which are clearly communicated to all members of staff;
- To avoid products, businesses and markets that we do not fully understand or for which we cannot reasonably and objectively measure and manage their associated risks;
- To maintain a balance between risk / opportunities and revenue consideration with our risk appetite. Thus, risk-related issues will be considered in all our business decisions;
- The risk management strategy will be driven by the overall corporate objective with emphasis on protecting the firm from risks while increasing its market share;

- Ensure the existence and appropriate implementation of a risk management process that is well articulated to identify, assess/measure, monitor and control all the identified risk elements;
- To empower risk officers to perform their duties professionally and independently within clearly defined authority;
- To encourage staff to disclose inherent risks and actual losses openly, fully and honestly;
- To create a process for institutionalizing the lessons learned from a risk event and to penalize reoccurrence.

Risk Appetite

Coronation MB's risk appetite is the extent to which risks should be acceptable to it in pursuance of its business strategies. The Risk appetite process aims at balancing positive (sizeable improvement in returns) and negative (large losses) aspects of risk-taking. Risk appetite defined is consistent with business strategy and risk culture.

Risk Appetite Statement
This statement of Risk Appetite seeks to identify and formally communicate the strategies for the effective management of the key drivers of value in the attainment of the key strategies outlined in Coronation MB's corporate strategic plan. The Board of Directors has categorized the Risk Appetite into the following:

- Low
- Moderate
- Above Average
- High

Coronation MB would accept all medium/moderate risk in every activity it undertakes to achieve these strategic objectives. Coronation MB's overall Risk appetite is MODERATE but would implement the necessary strategies to attain its corporate objectives.

Operational Risk Appetite
The bank will not tolerate any unethical business practices under any circumstances. This means that losses due to unethical business practices, either in the form of Operational Risk (direct) or in the form of Reputation Risk (indirect) will not be acceptable to the bank under any circumstances.

- Zero tolerance for fraud both internal and external
- Zero tolerance for operational risk losses in the Strategic Support Groups

Reputational Risk Appetite
- Favourable reports from the auditors, regulators and external rating agencies;
- Adverse publicity in local and international press;
- Zero tolerance for association with disreputable individuals and organisations;
- Zero appetite for unethical or illegal and/or unprofessional conduct by our directors and staff.

S.No	Strategic Component	Target Value	Broad Statements
1	**Financial Management**	Optimum value creation	• The bank shall continue to maintain financial prudence and discipline and would not embark on projects that would adversely affect its financial performance/targets and shareholders value • The bank shall maintain unencumbered capital and liquidity capacity against uncertain future occurrences.
2	**Business Management**	Drives behaviour	• The bank's business strategy shall be driven by best standards of behavior and fair trading in Treasury, Marketing & Sales, Credit and Investments.
3	**Enterprise decision making**	Selection of products and Investments	• The bank shall strive to increase its market position with principal focus on the value driven products and Investments with moderate risk profile
4	**Risk Management**	Customised Risk Profile	• The bank shall proactively manage all risks by aligning its people, technology and processes with best risk management practices towards enhancing equity value and sustaining industry leadership.
5	**Prudential Compliance**	Meet Prudential requirements	• Zero tolerance for regulatory infractions • Full compliance with all regulatory requirements

Regulatory Risk Appetite

- Zero tolerance to payment of fines and other penalties associated with infractions and non-compliance with laws and regulations

- Minimum exception reporting by auditors and regulatory examiners

Capital Assessment and Planning

The Bank's Internal Capital Adequacy Assessment Process (ICAAP) consists of comprehensive risk assessment, risk appetite determination, capital planning and management; and governance structure. The bank adopts a forward looking approach for effective implementation of its ICAAP with the following main components.

- Risk Governance Structure
- Sound capital assessment and planning
- Comprehensive assessment of risks
- Stress testing
- Monitoring and reporting
- Internal control review

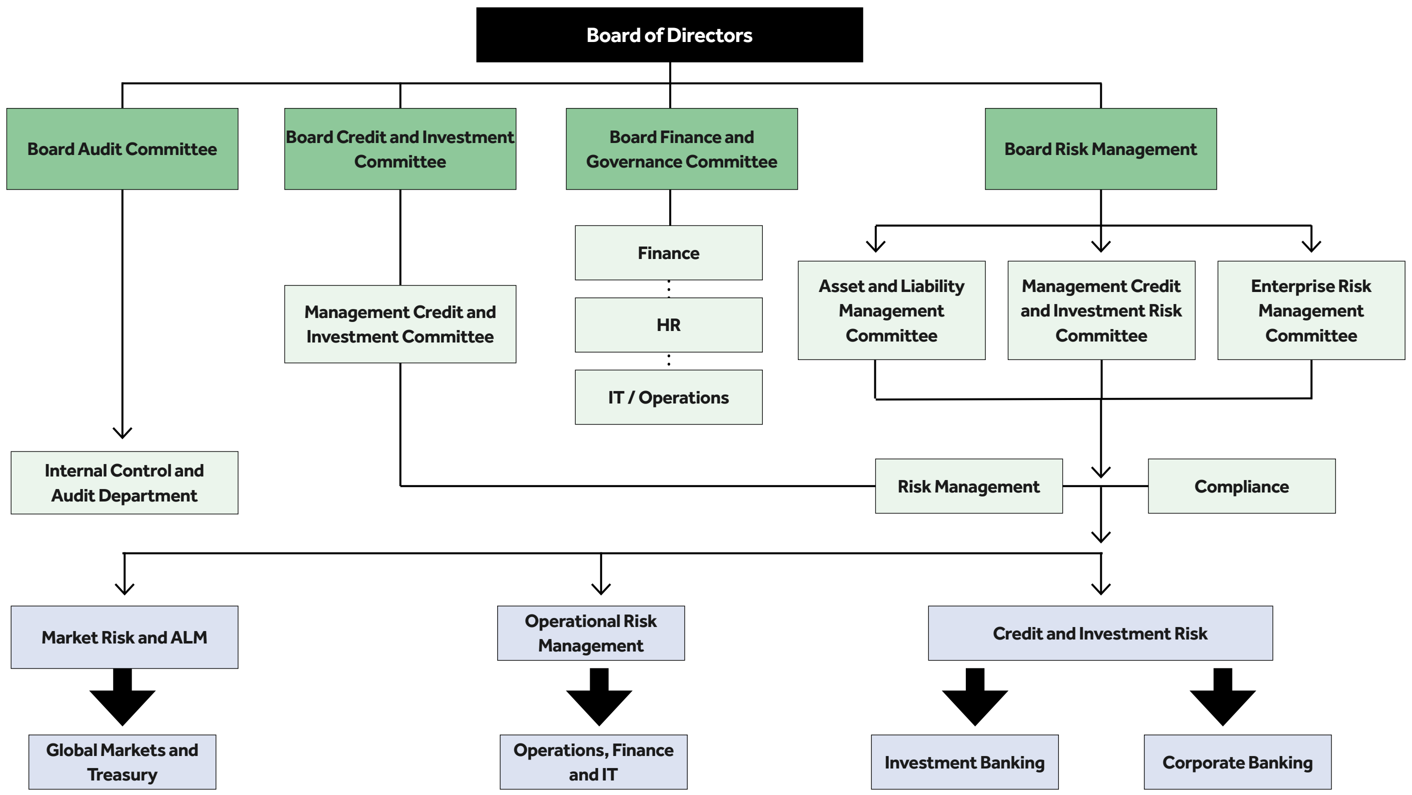
Capital planning is carried out by the bank in alignment with its strategic objectives and business plans. The capital requirements are assessed to ensure adequacy of capital for supporting business growth envisaged in the business plans. Changes expected in the risk profile of the bank in the near future are adequately considered. Consequently an internally determined buffer in excess of regulatory minimum level and preferably higher than the average industry level capital is maintained.

Risk Governance Structure, Roles and Responsibilities

The risk management governance structure ensures that the Board of Directors has oversight functions through its standing Board 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 Board Committees.

The day-to-day risk management function in Coronation MB is effectively anchored through the machinery of subsisting risk management governance structures as depicted below.

Risk Management Governance Structure



First Line of Defense - Risk Management and Ownership

This consists of business units and line functions with primary responsibilities for risk management. The first line of defense involves the actual business operations where the transactions are entered, executed, valued and recorded. Most preventive controls are implemented at this level and detective controls help to manage control breaks at the transaction level. The primary responsibilities and objectives of the first line of defense are:

- Managing risks/implementing actions to manage and treat risks at a transaction level;

- Implementing risk management processes on an ongoing basis as changes occur with business mix, systems, or regulatory and other requirements; and

- Executing risk assessments and identifying emerging risks at the transaction/business case level.

Second Line of Defense - Risk Oversight

The second line of defense consists of risk management & compliance departments responsible for providing independent risk oversight, monitoring and challenging the effectiveness of Coronation MB's risk management processes. The main objective of the second line of defense is to provide oversight of the execution of the frontline controls. The second line of defense is responsible for monitoring the internal controls that have been designed with the following main responsibilities:

- Establishing risk management policies and processes;

- Strategically linking the controls of risk enterprise-wide;

- Providing guidance and coordination among all monitoring participants (risk management, compliance and legal departments);

- Identifying enterprise trends, synergies and opportunities for change;

- Initiating change, integrating and making new monitoring processes operational; and

- Oversight over key risks like credit, market, operational, liquidity, etc.

Third Line of Defense - Risk Assurance

The third line of defense consist of Internal Control & Audit department with primary responsibilities for assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of Coronation MB's overall risk management framework, policy and risk plan implementation. It provides independent perspectives on the overall control framework and tests the adequacy of the controls design and effectiveness. The main duties of this line of defense include:

- Performing internal control reviews based on a rationalized and systematized approach that allows for risk assessment and governance reporting;

- Providing oversight on the risk management process;

- Reporting to the executive management committee, the audit committee and the board of directors on:

  i. the state of the control environment;

  ii. gaps in the controls or monitoring environment;

BUSINESS OVERVIEW CONT'D

Roles and Responsibilities

Coronation MB's risk management framework deals with the roles and responsibilities of the Board of Directors, Board Committees, Executive Committees and various departments.

It entails the following:

Board of Directors

Board of Directors (BOD) representing the interests of stakeholders, has the ultimate responsibility for risk management. The BOD has the primary responsibility for:

- Approval of risk policies to mandate a set of standards for risk management throughout Coronation MB that include risk identification, measurement, setting of exposure and risk limits, monitoring and control and risk reporting.
- Setting appetite for risk taking at the firm level and at various levels in consistence with business strategies.
- Ensuring effectiveness, independence and integrity of risk management system through internal control & audit.
- Periodically (at least annually) reviewing the risk strategy and significant risk policies of Coronation MB.
- Establish Coronation MB's overall strategy and policies relating to the management of individual risk elements to which the Company is exposed.
- Approve and periodically review the risk management framework, risk strategy, risk policies, and risk management procedures for all risks in Coronation MB.
- Approve Coronation MB's risk appetite and monitor the risk profile against this appetite.
- Ensure risk strategy reflects Coronation MB's risk tolerance.
- Ensure that Coronation MB has an appropriate and adequate communication plan for managing individual risk elements.
- Periodically receive risk reports from management highlighting key risk areas, control failures and remedial action steps taken by management.
- Ensure that senior management as well as individuals responsible for managing individual risks facing Coronation MB possess the required expertise and knowledge to accomplish the functions of the risk management division.
- Ensure senior management takes necessary steps to identify, measure, monitor, control and report all risks Coronation MB is exposed to.
- Ensure that management maintains an appropriate system of internal control and review its effectiveness.

The Board of Director's Risk Management oversight roles and responsibilities shall be delegated to the Board Risk Management Committee & Board Audit Committee. Without prejudice to the roles of these committees, the full board retains the ultimate responsibility for risk management.

Board Risk Management Committee (BRMC)

BRMC is responsible for all Material Risks in Coronation MB. The committee is established by the BOD as a standing committee to assist the BOD in Risk Management. The committee has full responsibility of assisting the BOD in formulating strategies for Enterprise-Wide Risk Management, evaluating overall risks faced by Coronation MB, aligning risk policies with business strategies, the level of risks which will be in the best interest of the bank.

The Roles and Responsibilities of the BRMC are:

- Primary role of the BRMC is to effectively coordinate the efforts of Risk Committees to provide an integrated view of risks faced by the firm to the BOD at regular intervals and to effectively implement the BOD's strategy for risk management
- Based on the reports received, BRMC will take decisions and provide guidance / mandate to risk committees and relevant functions of the firm on management of risks.
- Make suitable recommendations to the BOD as it deems fit and examine any other matters referred to it by the BOD.
- BRMC will review issues raised by Internal Audit that impact risk management and make suitable recommendations to the BOD.
- The Committee, by virtue of powers delegated to it by the BOD, will approve any changes in risk policies. Changes to the policy approved by BRMC have to be ratified by the BOD within an acceptable timeframe set by the BOD.
- Approval of exceptions to the risk policies upon thorough enquiry into circumstances leading to exceptions, nature, size and genuineness of exceptions. Repetition of exceptions of similar nature should lead to changes in the policy. Repeated instances of similar exceptions are handled through changes in the policies rather than approved as exceptions.
- BRMC will review the roles of the risk committees, at least on an annual basis, based on revision in policies and provide suitable recommendations to the BOD.
- Ensure that adequate policies and controls are in place to manage the adverse effects of risks in the operations of Coronation MB;
- Evaluate the adequacy of Coronation MB's risk management systems and control environment;
- Evaluate Coronation MB's risk profile, the action plans in place to manage risks, and progress against plan;
- Review Coronation MB's processes for assessing and improving internal controls, particularly those relating to areas of significant risk;
- Approve the provision of risk management services by external service providers;
- Monitor compliance with established policies through periodic review of reports provided by management, statutory auditors and the supervisory authorities;
- Approve the appointment of senior officers to manage risks; and
- Review reports on Coronation MB's risk profile, the action plans in place to manage high risks, and monitor progress against plan to achieve these actions.

Board Credit and Investment Committee

The Board Credit and Committee shall under delegated authority be responsible for the following:

- Facilitate the effective management of credit and investment risks by the Bank
- Approve definition of risk and return preferences and target risk portfolio
- Approve the Bank's credit rating methodology and ensure its proper implementation
- Approve credit risk appetite and portfolio strategy
- Approve lending decisions and limit setting
- Approve new credit products and processes
- Approve assignment of credit approval authority on the recommendation of the Management Credit and Investment Committee (MCIC)
- BCIC will review the roles of the Management Credit and Investment Committee and Criticized Assets Committee, at least on an annual basis, based on revision in policies and provide suitable recommendations to the BOD
- Approve credit facility requests and proposals within limits defined by Coronation MB's credit policy and within the statutory requirements set by the regulatory/ supervisory authorities
- Recommend credit facility requests above stipulated limit to the BOD
- Review credit risk reports on a periodic basis.

Roles & Responsibilities of Asset & Liability

Management Committee (ALCO)

- Approve Coronation MB's ALM and market risk strategies and the policies and procedures for identifying, measuring, controlling, monitoring and reporting market and liquidity risks;
- Endorse the Funding and Liquidity Plan;
- Establish significant funding source limits and review exposure reports;
- Approve a course of action for rectifying any breach of liquidity limits;

- Direct the acquisition and allocation of funds, while managing asset/liability volumes, mix, maturity, yield and rate to achieve a net interest margin that is suitable and supportive of income objectives with consideration of the constraints imposed by the regulatory requirements, liquidity needs, and market factors;
- Approve risk control limits such as position, concentration, currency, dealing, gap, total portfolio and counterparty limits;
- Ensure implementation of liquidity strategies, funding and trading activities and assets and liability mix;
- Establish significant funding source threshold and review exposure reports for reasonableness, consistency and completeness;
- Set targets for liquidity ratios, review ratios against their targets and approve a course of action for rectifying any breach of the targets;
- Approve Market Triggers, address 'trip' of Market Triggers, including documentation of decisions and actions;
- Review the economic, political and regulatory environment for asset/ liability and liquidity planning purposes;
- Assess Coronation MB's liquidity strategies, key assets and funding programmes and balance sheet composition;
- Monitoring the performance of Coronation MB's Net Interest Income (NII), the expected trend of NII based on implied interest rates and the sensitivity of the NII to changes in interest rates;
- Review the Contingency Funding Plan prepared by the Treasurer;
- Address the overall capital plan including capital planning, capital allocation and risk-based capital adequacy;
- Assist in the quality control process by reviewing reports for reasonableness, consistency and completeness.

Roles & Responsibilities of Enterprise Risk Management Committee (ERMC)

- Address all categories of key risks, and their components, to which the company is exposed;
- Manage significant/material risk exposures (individually or in the aggregate) at a much higher level than the individual business units;
- Place the interests of what is best for the company ahead of individual business unit interests;
- Provide for and champion enterprise-wide risk management (as earlier defined) and achievement of Coronation MB's risk philosophy, culture and objectives;
- Provide for consolidated supervision of the company's different activities and legal entities, alliances and joint ventures;
- Overseeing the establishment of a formal written policy on Coronation MB's overall risk management framework. The policy shall define risks and risk limits that are acceptable to Coronation MB.
- Ensuring compliance with established policy through periodic review of reports provided by the risk management unit, internal auditors, external auditors and the regulatory authorities;
- Approving the appointment of qualified officers for the risk management function;
- Overseeing the management of all other risks in the Company except for Credit and Investment risks;
- Evaluating the adequacy of Coronation MB's risk management systems and the adequacy of the Company's control environment with management, and the internal and external auditors;
- Evaluating Coronation MB's risk profile, developing action plans to manage risks, and monitor progress against plan;
- Approving the provision of risk management services by external service providers;
- Reviewing risk reports for presentation to the Board and/or Board committees;
- Developing policies and procedures for identifying, measuring, controlling, monitoring and reporting risk;
- Reviewing risk reports on a regular and timely basis;
- Providing all reports required by the Board and its committees for the effective performance of their risk management oversight functions;
- Ensuring that adequate policies are in place to manage and mitigate the adverse effects of business and control risks in its operations and accommodate major changes in internal or external factors;
- Provide for formal interaction between business units and the sharing of specialized knowledge/research for the mutual benefit of all and the promotion of risk management and corporate governance; and
- Provide assurance to shareholders, policy holders, investors, rating agencies, analysts, regulators and others that sound corporate governance and effective risk management prevail throughout the organisation.

BUSINESS OVERVIEW CONT'D

Roles & Responsibilities of Management Credit & Investment Risk Committee (MC&IRC)

- Recommend the credit risk framework for approval by BOD through BRMC and oversee the implementation across the enterprise. All amendments/enhancements to the credit risk framework or Policy will be recommended to BRMC for approval by BOD.
- Formulation and Implementation of Investment policy and recommend the policy to the Board Credit & Investment Committee for approval.
- Be responsible for the implementation of the credit risk policy and investment strategy approved by the BOD
- Review the methodologies and tools for identification, measurement, monitoring and control of credit & investment risk.
- Monitor credit risk, Investment risk and ensure compliance with exposure and risk limits approved by the BOD
- Review the reports from Credit Risk Management Department, internal audit and business lines and take decisions and reports as necessary to the BRMC and/or to BOD
- Review and recommend Investment proposals to Board Credit & Investment Risk Committee.
- The Management Credit & Investment Risk Committee shall approve, recommend or reject such proposals that fall within the powers delegated to the Committee.
- Coordinating with other committees over Asset Liability management and Liquidity issues and carrying out actions based on the same.

Roles & Responsibilities of Risk Management Department

- Champion the implementation of the enterprise-wide risk management framework across Coronation MB for the management of risks viz market risk, reputation risk, legal and compliance risk, credit risk, investment risk and operational risk etc.
- Develop risk policies, principles, process and reporting standards that define Coronation MB's risk strategy and appetite in line with Coronation MB's overall business objectives;
- Ensure that controls, skills and systems are in place to enable compliance with Coronation MB's policies and standards;
- Ensure that processes are in place to facilitate the identification, measurement, controlling, monitoring and reporting of risks in Coronation MB;
- Establishing an integrated risk management framework for all aspects of risks across the bank;
- Extending risk principles into wider business strategy;
- Ensuring business continuity, defined as the ability to sustain operations in the event of major losses and have crisis management policies in place;
- Identifying and monitoring emergent risks that may be material for the company in future due to changes in the risk environment;
- Understanding the business strategy of the company and use necessary measures to influence both the board and the managers and employees responsible for making day-to-day decisions;
- Enable the company to make decisions based on a better appreciation of the relationship between risk and reward;
- Capturing data on risk events and integrating those data from a multitude of systems to build a clear and accurate view of risks across the business;
- Ensuring development and implementation of appropriate information systems for risk measurement and reporting, which identify losses, key risks to be managed, incidents etc.;
- Informing the board of directors of significant risk issues in the company and risk transfer strategies taken in order to achieve mitigation of such risks;
- Educating the stakeholders of the company on its risk management strategy;
- Improving Coronation MB's risk management readiness through communication and training programmes for the workforce on risk management policies and structures, and other change management programmes;
- Ensuring that the organisation is in full compliance with regulations;
- Review compliance with regulatory ratios and guidelines and
- Promote risk awareness and provide education and training on risk management.

Roles & Responsibilities of Compliance Department

- Develop, implement and maintain the Bank's Anti Money Laundering and Compliance Programs
- Establish operating framework for the identification, management, monitoring and reporting of Compliance risks and issues to the Board and Management.
- Responsible for ensuring that the Bank's operating framework meets internal and regulatory requirements.
- Develop and implement an effective compliance and Money Laundering training programs.
- Develop and implement compliance communication strategy.
- Responsible for the development, review and implementation of Compliance Policies and standards and ensuring consistent application across the Bank.

- Participate in industry bodies to ensure alignment of Compliance methodology and influence national trends in Compliance Risk Management.
- Provides advice/guidance to business units, management and the Board on all compliance issues.
- Promote a compliance culture throughout Bank.
- Responsible for ensuring that internal policies and procedures do not contravene current and/or proposed legislation, rules and regulations.
- Review and evaluate new laws and regulations and keep abreast of all legislative and regulatory developments both locally and globally that might have an impact on the Bank.
- Monitor cases of non-compliance and escalate any issues where non-compliance is not addressed and partner with the responsible unit to ensure timely and conclusive remediation
- Liaise with Risk Management and Internal Audit on risk related issues, as well as non-compliance with internal policies, legislation, rules and regulations and participate in the development of corrective action plans and track it to closure.
- Provide operational and advisory support in the implementation, management and evaluation of all compliance concerns
- Develop, implement and maintain quality plans and procedures that allow the organization respond to industry standards, regulations, statutory laws and requirements.

Market Risk, ALM & Investment Risk Management

Unit

- Ensure that Coronation MB's Market Risk Policy & Investment policy is strictly adhered to.
- Formulate and implement the risk measurement methods within the parameters set by risk management.
- Monitor the various limits set for Market Risk and Asset Liability mismatch in Coronation MB's portfolio
- Ensure that the company complies with investment limits placed on exposure to instruments.
- Perform mark to market computation for trading portfolio on a daily basis
- Perform mark to model valuation of instruments for which models have been approved by the senior management of Coronation MB
- Periodically assessing the quality and availability of market inputs to the valuation process, level of market turnover, sizes of position traded in the market.
- Computing the sensitivity based measures for the various risk factors in the trading book
- Perform capital computation for the trading book and investment book periodically
- Conduct back testing for capital computation models and report the results
- Conduct stress testing of positions in the trading book and identification of hidden risks
- Conducting Non-maturity analysis of the liabilities on a periodic basis
- Perform model validation exercise on a periodic basis to test the effectiveness of models
- Ensure that risk reporting is carried out on a daily basis and any exceptions are reported accurately to all the relevant stakeholders

Operational, Reputational & Strategic Risk

Management Unit

- Evaluating internal processes for identifying, assessing, monitoring, managing and continuously improving key operational risk areas
- Recording of the Operational Risk losses and developing controls to reduce losses from operational failures and in particular avoid potentially large operational risk losses
- Conduct periodic Risk Control & Self-Assessment procedures for all the departments
- Provision of early warning signals of deterioration in the Coronation MB's internal control system
- Raise awareness of operational risk in the Organisation from top to bottom through the implementation of operational risk policy and conducting workshops for various departments
- Identification & continuous updating of Key Risk Indicators and maintaining risk registers for all the departments in the Organisation
- Define the thresholds for various key risk indicators identified within Coronation MB
- Computation of the capital charge for Operational Risk using the methodology approved by the Senior Management and regulator
- Involvement in setting of the Operational Risk Appetite setting process and ensure the adherence to the same
- Analyze the reports by external examiners, including auditors for exceptions and shall carry out a comparison of these reports over time for a noticeable trend of improvement or deterioration of Coronation MB's reputation
- Review of Risk and Control Self-Assessment (RCSA) reports in other to identify Reputation risk factors
- Backward-looking and forward-looking analysis of Reputation risk events to be performed and breaking down of reputation value in manageable components/elements so that practical actions can be undertaken by Management
- Assess impact length/ horizon of reputation events (how long effects last and response actions to recover lost value)Use

both internal and external data

- Strategic Risk Assessment workshops to assess the likelihood of occurrence and impact of the risk events.
- Develop the Strategic Risk Matrix in consultation with Senior Management
- Report the Strategic risks on a periodic basis to the Senior Management

Role of Internal Audit

Internal Audit (IA) is an independent appraisal function established within the company to examine and evaluate its internal control systems, improve the effectiveness of risk management, control, and governance processes, including controls over financial reporting. Internal auditing's core role with regard to risk management is to provide objective assurance to the board on the effectiveness of Coronation MB's risk management activities to help ensure key business risks are being managed appropriately and that the system of internal control is operating effectively.

The Roles and Responsibilities of Internal Audit Department (IAD) are as follows:

- Examination and evaluation of the adequacy and effectiveness of the internal control systems;
- Review of the application and effectiveness of risk management policies, procedures and risk assessment methodologies;
- Evaluating risk management processes;
- Reviewing the management & reporting of key risks;
- Review of the management and financial information systems, including the electronic information system;
- Review of the accuracy and reliability of the accounting records and financial reports;
- Review of the means of safeguarding assets;
- Review of the systems established to ensure compliance with legal and regulatory requirements, codes of conduct and the implementation of policies and procedures;

IAD evaluates:

- Coronation MB's compliance with policies and risk controls (both quantifiable and non-quantifiable);
- Reliability (including integrity, accuracy and comprehensiveness) and timeliness of financial and management information;
- Continuity and reliability of the electronic information systems;
- Functioning of the staff departments;

It is the responsibility of the IAD to report the findings of their review to the Board Audit Committee of the bank for corrective actions to be taken.

3

GOVERNANCE

THE BOARD

MR. BABATUNDE FOLAWIYO
Chairman

Mr. Folawiyo is the Group Managing Director of Folawiyo Group of Companies and the pioneer Managing Director/ CEO of Yinka Folawiyo Petroleum Company Limited. He has been actively involved in both the upstream and the downstream sector of the petroleum industry in Nigeria.

He currently sits on the board of several institutions, including MTN Nigeria Communications Limited, Board of Trustees and Governing Council of the Crescent University, Abeokuta and the African Leadership Academy. He is also, a Goodwill Ambassador and Honorary Citizen of the City of Houston, USA, the Honorary Consul of Barbados in Lagos State, an African Business Leadership Awardee and an Honorary Doctorate Degree in Business Administration by Crescent University, Abeokuta.

He has two University First Degrees from the London School of Economics in Economics (1980) and Law (1984) and LL.M in Law from University College London (1985).

He is a member of the Bar of England & Wales and Nigerian Bar and was involved in Private Legal Practice with the firm of Messrs. Ogunsanya & Ogunsanya for five years before going into full time business.

MR. Abubakar Jimoh
Managing Director / CEO

Abubakar is the Managing Director / chief Executive Officer, a role which he has held since April 2011.

He has worked for more than 20 years in Treasury, credit risk management and project management capacities. He was a pioneer staff of Express Discount Limited where he rose to the level of Head of Trading before relocating to Canada in 1998. He held various positions at RBC Financial Group (Royal Bank of Canada) between 1999 and 2005.

He then proceeded to African Development Bank (ADB) where he rose to the position of Divisional Chief in charge of Private Sector Portfolio Management.

Prior to his employment in ADH, he was GM and Divisional Head, UBA Group Balance Sheet Management, Market Risk and Investor Relations.

Abubakar is a graduate of Finance and holds Bachelors and Master's degrees from the University of Lagos. He is a member of the Chartered institute of Bankers of Nigeria (ACIB), the Chartered Institute of Accountants of Nigeria (ACA). In Addition, Chartered Internal Auditor (CIA), A Certified General Accountant, A Chartered Financial Analyst (CFA) and a Financial Risk Manager (FRM).

MR LARRY ETTAH

Mr. Larry Ephraim Ettah Group Managing Director of UAC of Nigeria PLC, a position he attained on January 1, 2004.

He served as one time Divisional Meals/Component Director, UAC Foods Division, Ag Divisional Managing Director Fast Foods and pioneer Divisional Managing Director. He currently serves as Chairman of the Board of UNICO CPFA Limited

Mr Ettah holds an MBA in Finance and Marketing and a B.SC in Industrial Chemistry both from the University of Benin and has attended Executive Program at the Michigan School of Business, University of Michigan.

MR. BABATUNDE DABIRI

Mr. Dabiri was the former Managing Director & Chief Executive of Sterling Bank Plc. He had outstanding competencies in all facets of Banking Products such as Marketing, Portfolio Management and Financial Advisory Services amongst others.

He currently serves on the Board of many Companies as Chairman and he is also a Council Member of Nigerian Indian Chamber of Commerce and Industry (NICCI) Lagos. He joined the board in May 2011

MRS. SUZZANE OLUFUNKE IROCHE

Mrs Iroche was the Group Managing Director/CEO of Finbank Plc. She is an accomplished banker with over 28 years of diversified work experience in the banking industry.

Susan Iroche graduated from the University of Lagos with a B.Sc. Economics (Honours) and received a Master's degree in Management from the J. L. Kellog Graduate School of Management, Northwestern University, Illinois USA. She was appointed as an Independent Director on the Board of Associated Discount House Limited on October 31, 2012

MR. ADAMU MAHMOUD ATTA

Mr Atta, through his Company, Matad Group Nigeria Limited ("Matad"), has established himself as an Entrepreneur of repute with over twenty years of experience in consulting on different businesses. Matad under his leadership, continues to evolve and has recorded several feats in its Consulting services having handled different projects funded by the World Bank, African Development Bank, Department For International Developments, United Nations Development Programme and others in the areas of socio-economic and feasibility studies, analysis, diagnostic reviews etc.

Mr. Atta holds a Bachelor of Arts Degree in International Relations/International Economics which he obtained in 1996 from United States International University San Diego, Post-Graduate Degrees in International Development Economics from University of California, Los Angeles and Political Science from Ahmadu Bello University, Zaria Nigeria in 1988 and 1994 respectively.

His board experience cuts across Boards of the several companies including WAPIC Insurance PLC, Access Investment & Securities Limited, Inter Foods Limited, Workwell Engineering & Tractor Nigeria Limited and Supertex Limited amongst others.

MS EVELYN OPUTU

Ms. Oputu is the immediate past Managing Director/CEO of the Bank of Industry, a position which she held for 9 years until her retirement in April 11, 2014.

She holds a Bachelor of Science Degree in Business Administration from University of Lagos, (1975) and Diploma in General Management from Harvard Business School in 1987.

She has been exposed to several local and foreign based trainings during her banking career and currently sits on the Board of many Companies with interests in Insurance, Mining, Medical Services, Real Estates, Agriculture, Manufacturing and Oil & Gas.

CORPORATE INFORMATION

Chairman	Mr. Babatunde Folawiyo (Appointed effective 1 May 2015)
Directors	Mr. Abubakar A. Jimoh
	Mr. Larry Ettah
	Mr. Babatunde Dabiri
	Mrs. Suzanne Iroche
	Mrs Evelyn Oputu (Appointed effective 1 May 2015)
	Mr. Adamu Atta (Appointed effective 1 May 2015)
	Mr. Aigboje Aig-Imoukhuede (Resigned effective 30 April 2015)
	Mr. Herbert Wigwe (Resigned effective 30 April 2015)
	Mr. Olusegun Oloketuyi (Resigned effective 30 April 2015)
	Mr. Nurudeen Fagbenro (Resigned effective 30 April 2015)
Registered Office	St. Nicholas House, 6th Floor 28A Catholic Mission Street P.M.B. 12511 Marina, Lagos, Nigeria E-Mail: cmb@coronationmb.com Website: http//www.coronationmb.com
Auditors	PricewaterhouseCoopers 252E Muri Okunlola Street Victoria Island, Lagos Tel: (01) 2711700 www.pwc.com/ng
Company Secretary	Mrs. Cornelia Utuk
Bankers	Access Bank Plc
	Guaranty Trust Bank Plc
	Sterling Bank Plc
	Wema Bank Plc
RC No.	207138
FRC Registrar No.	FRC/2012/0000000000246

OUR PEOPLE

Our people, being human, are unique. They constitute the ultimate difference between us and any other organization.

We recognize the prevalence of the same primary technology in the market place, but the functionalities of this equipment have been transformed through our people's ingenuity and proficiency.

Our staff strive to employ their immense talents in aspiring to make a transaction as commonplace as a telephone call an indelibly delightful experience for our customers.

Abubakar is the Managing Director / chief Executive Officer, a role which he has held since April 2011.

He has worked for more than 20 years in Treasury, credit risk management and project management capacities. He was a pioneer staff of Express Discount Limited where he rose to the level of Head of Trading before relocating to Canada in 1998. He held various positions at RBC Financial Group (Royal Bank of Canada) between 1999 and 2005.

He then proceeded to African Development Bank (ADB) where he rose to the position of Divisional Chief in charge of Private Sector Portfolio Management.

Prior to his employment in ADH, he was GM and Divisional Head, UBA Group Balance Sheet Management, Market Risk and Investor Relations.

Abubakar is a graduate of Finance and holds Bachelors and Master's degrees from the University of Lagos. He is a member of the Chartered institute of Bankers of Nigeria (ACIB), the Chartered Institute of Accountants of Nigeria (ACA). In Addition, Chartered Internal Auditor (CIA), A Certified General Accountant, A Chartered Financial Analyst (CFA) and a Financial Risk Manager (FRM).

ABUBAKAR JIMOH
MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Onome is the Divisional Head, Operations and Information Technology. Her 18 years banking career started in 1997 with Guaranty Bank Plc where she held various management positions and responsibilities such as the Head, Branch Operations, Head, Treasury Operations, as well as Head, Domestic Operations.

She joined Access Bank Plc in 2007, as Head of Treasury Operations and rose to Senior Management position overseeing Centralized Operations Group of Access Bank Plc.

She is a graduate of Accounting from Obafemi Awolowo University, Ile Ife and holds an MBA from the same University. She also possesses International Certification -Association Cambiste Internationale (ACI) -in Treasury Operations.

ONOME KOMOLAFE
CHIEF OPERATING OFFICER

Olusegun is the Group Head Risk Management. He acquired an extended and rich experience in Banking and Financial services, spanning through functions and roles such as Financial Planning and Control, Credit and Marketing, Corporate and Commercial Banking (including SMEs, Healthcare, Trade, Education and Agriculture Financing) Oil and Gas Financing, Project Financing, and Credit Risk Management. He was Group Head Credit Policy and Product Programs and subsequently Deputy Chief Credit Risk Officer at United Bank for Africa Plc (UBA) between 2006 and 2011, and served as Chief Credit Risk Officer at African Development Bank (AfDB) from 2011 up until joining Coronation Merchant Bank Limited as Chief Risk Officer.

He is a Chartered Accountant with over 20years post qualification experience. He graduated with a BSc in Industrial Relations and Personnel Management from University of Lagos in 1990, and Masters in International Law and Diplomacy from the same University in 1997. In addition, he holds MSc in Development Studies from the London School of Economics (2006) and also an Alumni of Harvard Kennedy School of Government.

OLUSEGUN ALEBIOSU
CHIEF RISK OFFICER

Funke is currently Group Head, Corporate Banking Group of Coronation Merchant Bank Limited.

Funke joined Associated Discount House in October 2013 as the Project Manager in charge of the Transition Project for conversion to a Merchant Bank. She was also in charge of the seamless implementation of the new core banking software application for the Merchant Bank.

She has over 13 years' experience in Marketing and 2 years' experience in Credit Risk Management and has worked in management capacity for a minimum of 8 years.

She graduated with a Bachelor of Science Degree in Business Administration from University of Lagos. She is also a Certified Pension Administrator. Funke started her banking career in 1999 with Ecobank Nigeria Plc in Credit Administration as a Management Trainee, where she was exposed to all aspects of Credit, Risk Management and Commercial Banking. She left the bank in July 2003 to join Access Bank Plc as the team lead, Hospitality group.

FUNKE OKOYA
GROUP HEAD, CORPORATE BANKING

Abiodun is the Group Head, Investment Banking. He has over 13 years' experience in the financial service industry.

Abiodun started his career in June 2003 as an Assistant Staff in the Information Risk Management Department of KPMG Professional Services. He joined Vetiva Capital Management Limited on the cadre of Analyst, Investment Banking in July 2004, and rose to deputize as Head, Investment Banking group of the Investment Firm. He joined Renaissance Capital as Vice president, Investment Banking after his internship with Africa Finance Corporation.

Abiodun holds a first class degree in Accounting from the University of Lagos. He has an MBA with majors in Private Equity and Venture Capital from the Wharton School, University of Pennsylvania. He is a Chartered Financial Analyst (CFA), Associate Chartered Accountant (ACA) and a member of the Chartered Institute of Taxation (CITN)

ABIODUN SANUSI
GROUP HEAD INVESTMENT BANKING

Cornelia is the Group Head, Company Secretariat , Legal and Administration Group. She joined the services of Associated Discount House Limited in September 2014 as the Company Secretary/Legal Adviser and Group Head, Corporate Services. She has over 17 years experience.

She holds an MBA from University of Calabar obtained in 2008 and Second Class (Hons) Upper Degrees in Law from University of Uyo, Akwa Ibom State and Nigerian Law School, Lagos obtained in 1996 and 1998 respectively. She was enrolled as a Solicitor and Advocate of the Supreme Court of Nigeria in 1998.

CORNELIA UTUK
GROUP HEAD COMPANY SECRETARIAT, LEGAL AND ADMINISTRATION

Ademola joined Coronation Merchant Bank Limited in August, 2015 as Assistant General manager Corporate Banking Group.

He is an experienced banker with over 14 years' core banking experience with focus on Financial and Business Advisory, Wealth Management, Corporate Finance and Credit & Marketing. He began his banking career in August 2002 with Guaranty Trust Bank Plc as an Executive Trainee in the Energy Unit of the Credit and Marketing Group of the Bank. Prior to joining Guaranty Trust Bank Plc. Ademola worked as Head of Property Management, Leke Sanni & Associates. In May 2003 he joined Access Bank Plc on the cadre of Senior Banking Officer, under the Global Financial Markets Group.

He holds a Bachelor's of Science degree in Estate Management from the University of Lagos.

ADEMOLA ADEKOYA
GROUP HEAD, CORPORATE BANKING

Iyobosa joined Coronation Merchant Bank in August, 2015 as Head, Securities Dealing.

She commenced her career after attending the traineeship programme in the Access Bank School of Banking Excellence in May 2006 she was made Assistant Branch Operations Head. In April 2007 she was posted to lead the Fixed Income Department of Access Bank Plc. From there she was moved to the Corporate Finance Unit of the Bank.

She joined Dunn Loren Merrifield in March 2011 as Head, Fixed Income Sales and Trading. She was charged with the key responsibility to set up the fixed income unit as the firm was startup investment banking firm as at that time.

She holds a bachelor's degree in Business Administration from the University of Benin and an MBA from the Imperial Business College, London. She also possess a dealership certification from Association Cambiste Internationale (ACI).

IYOBOSA SORAE

Onayimi is the Group Head Human Resources, Strategy and Corporate Communications.

She started her career in 2007 with Ariosh Limited Nigeria. In October 2008, she joined the Management Consulting practice of KPMG Professional Services, Nigeria where she played key roles on engagements, giving her intricate knowledge of the Oil and Gas and Financial Service industries in Nigeria. Her core experience is in HR and Strategy advisory, project management and business planning. She was part of the KPMG team responsible for the transition of ADH from Discount House to Merchant Bank.

She holds a Bachelors degree in Chemical Engineering from the University of Benin and an MSc with majors in Chemical Process Engineering with distinction from University College London (UCL).

ONAYIMI AIWERIOGHENE
GROUP HEAD, HUMAN RESOURCES, STRATEGY AND CORPORATE COMMUNICATIONS

Chukwuka joined Coronation Merchant Bank in November, 2015 as Head, Financial Control, he is experienced in Financial & Management Reporting, Risk Assessments & Controls, Equity Valuations & Corporate Finance and Financial Assurance & Analysis.

His accounting practice started in 2008 in Pricewaterhousecoopers Ltd (PwC) Nigeria, where he trained under the Assurance, Advisory and Tax services. He was involved in several IFRS Conversion Engagements for the firm's clients.

After his time in consulting, he joined United Bank for Africa as the Team Lead Financial Control and Head, Financial and Technical Analysis with core responsibilities of General Ledger review (on Finacle and Maxim), compliance with IFRS and Management Account consolidation in 22 subsidiaries of the Bank across Africa and Europe. He also played the part of Treasury and Credit subject matter expert with respect to accounting for novel products and initiatives.

He holds a Bachelor degree in Metallurgical and Materials Engineering from the Federal University of Technology, Owerri and a Postgraduate Diploma in Business Administration from the Edinburgh Business School, UK (Heriot-Watt University) He is also a Chartered Accountant of the Association of Chartered Certified Accountants.

CHUKWUKADIBIA OKOYE

DIRECTORS' REPORT

The Directors have the pleasure in presenting their report on the affairs of Coronation Merchant Bank Limited and its subsidiary (the Group), and the Group and Bank's Audited Financial Statements and External Auditors' Report for the financial year ended December 31, 2015

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 July 1, 2015.

2. Principal activity and business review

The Bank is primarily engaged in the following activities:

i. Corporate Banking

ii. Investment Banking

iii. Private Banking and Wealth Management

iv. Global Markets and Treasury

v. Assets /Investment Management and;

vi. Securities Trading.

3. Operating results

Highlights of the Group's operating results for the year under review are as follows:

OPERATING RESULTS

	GROUP 2015 N'000	**BANK 2015 N'000**	**GROUP 2014 N'000**	**BANK 2014 N'000**
Net operating income	4,356,045	4,356,045	2,890,806	2,890,806
Operating expenses	(2,019,134)	(2,019,134)	(1,291,585)	(1,291,585)
Profit before tax	2,330,177	2,330,177	1,621,062	1,621,062
Tax Credit/(charge)	892,223	892,223	(10,527)	(10,527)
Profit after tax	3,222,400	3,222,400	1,610,535	1,610,535

4. Directors' shareholding

The direct and indirect interests of Directors in the issued share capital of the Bank as at December 31, 2005 recorded in the register of Directors shareholding and/or as notified by the Directors for the purposes of Sections 275 and 276 of the Companies and Allied Matters Act is noted below:

Shareholder	Number of ordinary shares held 2015	Number of ordinary shares held 2014
ACCESS BANK PLC	-	1,067,117,591
WEMA BANK PLC	-	902,834,743
WAPIC INSURANCE PLC	1,151,522,548	701,184,354
MARINA SECURITIES LIMITED	902,834,743	-
REGALI ESTATES LIMITED	377,358,491	377,358,491
TRUST AND CAPITAL LIMITED	672,530,309	377,358,491
UNITED SECURITIES	350,000,000	
MIKEADE INVESTMENT COMPANY LIMITED	283,018,868	283,018,868
DTD HOLDINGS LIMITED	226,415,094	226,415,094
SHARE WAREHOLDING	209,232,019	209,232,019
AFDIN CONSTRUCTION LIMITED	188,679,245	188,679,245
UNICO (CPFA) LIMITED	186,718,491	186,718,491
CREAM COWRY LINKS LIMITED/TONIBSO	169,811,321	169,811,321
TROPICS FINANCE * INVESTMENT LTD	68,449,624	68,449,624
UNICO (CPFA) GRATUITY FUND	48,679,250	48,679,250
STERLING BANK PLC	-	28,392,420
TONIBSO LIMITED	18,867,925	18,867,925

5. Retiring Directors

Mr. Aigboje Aig Imoukhuede (The former Chairman), Mr. Herbert Wigwe (CEO Access Bank Plc), Mr. Segun Oloketuyi (CEO Wema Bank Plc) and Mr. Nurudeen Fagbenro (Executive Director, Wema Bank Plc) retired from the Board during the year following the divestments by their respective institutions. We obtained the approval of the Central Bank of Nigeria for Mr. Tijani Babatunde Folawiyo (Chairman), Ms Evelyn Oputu and Alhaji Adamu Mahmoud Atta to join the Board.

6. Directors Retiring By Rotation

The Directors to retire every year shall be those who have been longest in office since their last appointment. In accordance with the provisions of Section 259 of the Companies and Allied Matters Act CAP C20, Laws of the Federation of Nigeria, 2004 and the Memorandum and Articles of Association of the Company, Mr. Babatunde Dabiri shall retire by rotation and being eligible have offered himself for re election.

7. Directors interests in contracts

For the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, none of the Directors had direct or indirect interest in contracts or proposed contracts with the Bank.

8. Property and equipment

Information relating to changes in property and equipment is given in Note 22 to the Financial Statements. In the Directors' opinion, the net realizable value of the Group's property and equipment is not less than the carrying value shown in the Financial Statements.

9. Analysis of shareholding

The shareholding pattern of the Bank as at 31 December, 2015 is as stated below:

Share Units Range	No of Shareholders	Percentage of Shareholders	No. of Units Holdings	Percentage Holdings
10,000,001 - 50,000,000	1	7.14	18,867,925	0.39
50,000,001 - 100,000,000	2	14.29	117,128,874	2.41
100,000,001 - 500,000,000	7	50.00	1,613,875,038	33.25
500,000,001 - 1,000,000,000	3	21.43	1,952,723,543	40.23
1,000,000,001 Above	1	7.14	1,151,522,548	23.72

1o. Substantial interests in shares

According to the register of members as at 31 December, 2015, no shareholder held more than 5 of the issued share capital of the Bank other than the following:

SHAREHOLDER	No. of Units of Shares Held	Percentage of Shareholding
WAPIC INSURANCE PLC	1,151,522,548	24%
MARINA SECURITIES	902,834,743	19%
TRUST AND CAPITAL LIMITED	672,530,309	14%
REGALI ESTATES LIMITED	377,358,491	8%
UNITED SECURITIES	350,000,000	7%
MIKEADE INVESTMENT COMPANY LIMITED	283,018,868	6%

11. 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 many charitable and non charitable organizations during the period.

12. Post balance sheet events

There were no significant events after the balance sheet date.

13. Human resources

i. Diversity in Employment

The Group 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.

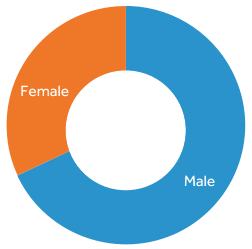
As part of our commitment to gender diversity, the Board has approved Gender Diversity Policy which is targeted at addressing gender equality within the Bank and to actively facilitate a more diverse and representative workforce across management structure.

a. Composition of employees by gender

Male = 32

Female = 15

Total = 47

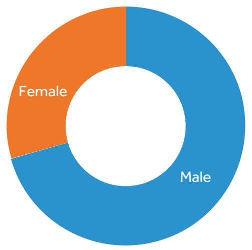


b. Senior Management's composition by gender

Male = 12

Female = 5

Total = 17

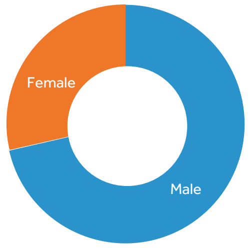


c. Board Member's Composition by Gender

Male = 5

Female = 2

Total = 7



In line with CBN's directive, management has achieved a minimum of 30 female representation at Senior Management level. However, at Board level we have 28 female representation; efforts are being made to achieve similar ratio of the Senior Management level at Board level.

d. Employment of disabled persons

In the event of any employee becoming disabled in the course of employment, the Group 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, 2015, the Bank had no physically disabled person in its employment.

ii. 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 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.

iii. 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 Group 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.

iv. Statement of commitment to maintain positive work environment

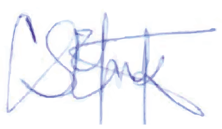
The Group shall strive to maintain a positive work environment that is consistent with best practice to ensure that business is conducted in a positive and professional manner and that equal opportunity is given to all qualified members of the Group's operating environment. Fire prevention and fire fighting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

14. Dividends
In respect of the current year, the Directors propose a dividend of No.105 kobo per ordinary share of N1 each

15. Auditors
The Auditors, PRICEWATERHOUSECOOPERS, have indicated their willingness to continue in office and will so do pursuant to section 357(2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004.

A resolution will be passed at the Annual General Meeting to authorize the Directors to fix their remuneration.

BY ORDER OF THE BOARD



CORNELIA UTUK
COMPANY SECRETARY& LEGAL ADVISER
FRC/2014/NBA/00000007492

CORPORATE GOVERNANCE REPORT

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 Bank 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/CORONATION MB/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 Coronation Merchant Bank Limited's principles of Corporate Governance collectively provide the basis for promoting sound corporate governance in 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 process (depicted below) shows a complete and effective way of monitoring the five components of internal control.

Control Environment

The Internal organizational environment which is 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 s 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 follows:

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

Governance Structure

Shareholders' Meeting: Shareholders meeting are duly convened and held in line with the Bank's Articles of Association and existing statutory and regulatory regimes in an open manner, for the purpose of deliberating on issues affecting the Bank'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 seven (7) members made up of the Chairman, five (5) non-Executive Directors and the Managing Director. 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. This ensures independence of Board decisions.. The Board meets quarterly and emergency meetings are convened as may be required by circumstances.

S/no	Name	Designation
1	Mr Babatunde Folawiyo	Chairman
2	Mr. Larry Ettah	Non-Executive Director
3	Mr. Babatunde Dabiri	Non-Executive Director
4	Mrs Suzanne Iroche	Non-Executive Director
5	Ms Evelyn Oputu	Non-Executive Director
6	Mr. Adamu Atta	Non-Executive Director
7	Mr. Abubakar Jimoh	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 Finance & Governance Committee; and
- The Board Credit & Investment Committee.

In assessment of the Bank's compliance with Corporate Governance Best Practice, which is complementary to its financial performance in 2015. Agusto & Co, Nigeria's foremost rating agency maintained Coronation MB's at '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.

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 2015 financial year, 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 Merchant Bank, 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 customers' 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@coronation.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 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 two women, Mrs. Suzanne Iroche and Ms Evelyn Oputu as Non-Executive Director to sustain compliance with this policy.

DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR YEAR ENDED 31 DEC 2015

The Companies and Allied Matters Act of Nigeria (CAMA) and the Banks and Other Financial Institutions Act (BOFIA), Financial Reporting Council Act (FRCN Act) require the directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the Bank and Group at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank and Group;

I. Keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and Group 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 annual 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 Institutions Act;
- The requirements of the Companies and Allied Matters Act; and
- Financial Reporting Council of Nigeria Act

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 Group and of the financial performance and cash flows for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Mr. Babatunde Folawiyo Chairman	**Mr. Abubakar Jimoh** Managing Director/CEO

REPORT OF THE BOARD AUDIT COMMITTEE

TO MEMBERS OF CORONANTION MERCHANT BANK

In accordance with the provision of Section 359[6] of the Companies and Allied Matters Act CAP 20 Laws of the Federation of Nigeria 2004, we the members of the Audit Committee of Coronation Merchant Bank Limited hereby report as follows:

1. We have exercised our statutory functions under section 359 [6] of the Companies and Allied Matters Act CAP 20 Laws of the Federation of Nigeria 2004 and acknowledge the co-operation of Management staff in the conduct of these responsibilities.

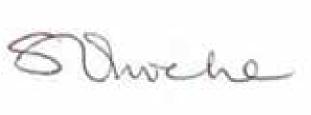
2. We have reviewed the planning and scope of the audit programmes.

3. We have reviewed the External Auditor's Management Letter on the audit of the accounts of the Bank as well as management's responses thereon.

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

5. As required by the provisions of the Central Bank of Nigeria circular 85D/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 as at December 31, 2015.

In our opinion, the plan & scope of the audit for the period ended 31st December, 2015 were adequate. We have reviewed the Auditors' findings and we are satisfied with the Management responses thereon.



SUZANNE IROCHE (MRS)
Chairperson Audit Committee

MEMBERS OF THE AUDIT COMMITTEE ARE:

1 Suzanne IROCHE (Mrs)

2 Babatunde DABIRI (Mr)

3 Larry ETTAH (Mr)

4 Evelyn OPUTU (Ms)

WHISTLE BLOWING PROCEDURE

In line with the bank's Whistle Blowing Policy, Coronation MB 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 Bank's Whistle-Blowing Policy covers the conduct of all its stakeholders including staff, vendors, and customers. 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 lines or email provided below.

Telephone
KPMG lines:
0703-000-0026; 0703-000-0027; 0808-822-8888;
E-Mail
kpmgethicslineng.kpmg.com

The Bank's Chief Internal Auditor 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
ethicsoffice@cbn.gov.ng anticorruptionunit@cbn.gov.ng

Ernst & Young
10th Floor
UBA House
57, Marina
P. O. Box 2442, Marina
Lagos, Nigeria

Tel: +234 (01) 63 14500
Fax: +234 (01) 46 36 30481
Email: services@ng.ey.com
www.ey.com

Building a better working world

REPORT OF EXTERNAL CONSULTANTS ON THE BOARD PERFORMANCE APPRAISAL

We conducted the appraisal of the Board of Coronation Merchant Bank Limited, formerly known ·as Associated Discount House Ltd for the year ended 31st December, 2015 in accord with the guidelines of section 2.8 of the Central Bank of Nigeria Code of Corpora te Governance 2014 for Banks and other financial Institutions in Nigeria "CBN Code".

The CBN code mandates an annual appraisal of the Board and Individual directors with specific locus on the Board structure and composi tion, responsibilities, proceedings and relationships, ind ividual director's competences and respective roles in the performance of the Board.

The field work was pertormed between 13th and 29th January, 2016. The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the company or reveal irregularities, if any, in the underlying information.

Our approach included the review of Coronation Merchant Bank Limited Corporate Governance structure, policies and procedures. We obtained written representation through questionnaires administered to the Board members and conducted face to face interviews with the Board of Directors and key personnel of the bank. On the basis of our work, the Board of Coronation Merchant Bank Limited has largely complied with the requirements of the CBN CCG during the year ended December 31, 2015.

The outcome of the review and our recommendations have been articulated and included in our detailed report to the Board. Specifically our recommendations are in the area of Directors induction and training, composition of Board finance and Governance Committee.

BUNMI AKINDE
Partner AdVvsory Services
FRC/2012 /I CAN/00000000187

March 10 , 20 16

pwc

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF CORONATION MERCHANT BAN K LIMITED

Report on the financial statemen ts

We have audited the accompanying separate and consolidated financial statements of Coronation Merchant Bank Limited ("the bank") and its subsidiary (together "the group"). These financial statements comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with international Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act and for such internal control, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement , including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity 's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors , as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank and the group at 31 December 2015 and of the financial performance and

cash flows of the group for the year then ended in accordance with International Financial Reporting

Standards and the requirements of the Companies and Allied Matters Act , the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

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

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

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

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

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 34D to the financial statements

v) the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

Anthony Oputa

Engagement Partner: Anthony Oputa
FRC/2013/ICAN/00000000980
For: PricewaterhouseCoopers
Chartered Accountants
Lagos , Nigeria

25 February 2016

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2015

	Notes	GROUP 2015 N'000	BANK 2015 N'000	GROUP 2014 N'000	BANK 2014 N'000
Interest and similar income	5	9,949,388	9,949,388	10,923,949	10,923,949
Interest and similar expense	6	(6,882,393)	(6,882,393)	(8,736,442)	(8,736,442)
Net interest income		3,066,995	3,066,995	2,187,507	2,187,507
Net (impairment)/ writeback on financial assets	7	(6,734)	(6,734)	21,842	21,842
Net Interest income after impairment charge on financial assets		**3,060,261**	**3,060,261**	**2,209,349**	**2,209,349**
Fee and commission income	8	65,701	65,701	29,679	29,679
Trading income	9	1,219,903	1,219,903	673,416	673,416
Net gains / (losses) from financial instruments at fair value	10	1,263	1,263	(5,273)	(5,273)
Other income	11	2,183	2,183	5,476	5,476
Operating expenses	12	(2,019,134)	(2,019,134)	(1,291,585)	(1,291,585)
Profit before tax		**2,330,177**	**2,330,177**	**1,621,062**	**1,621,062**
Income tax credit / (charge)	13	892,223	892,223	(10,527)	(10,527)
Profit for the period		**3,222,400**	**3,222,400**	**1,610,535**	**1,610,535**
Other comprehensive income (OCI) net of income tax:					
Items that may be reclassified subsequently to profit or loss					
Net fair value gains/(losses) on available for sale financial assets		444,062	444,062	71,284	71,284
Other comprehensive income for the year (net of tax)		**444,062**	**444,062**	**71,284**	**71,284**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,666,462**	**3,666,462**	**1,681,819**	**1,681,819**
Earnings per share for profit attributable to equity holders					
Basic	14	0.69	0.66	0.35	0.33
Diluted	14	0.69	0.66	0.35	0.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2015

	Notes	GROUP 2015 N'000	BANK 2015 N'000	GROUP 2014 N'000	BANK 2014 N'000
Assets					
Cash and balances with banks	15	23,770,743	23,770,743	11,570,356	11,570,356
Financial assets held for trading	16	-	-	470,490	470,490
Investment securities:					
Held-to-maturity	17a	11,746,851	11,746,851	16,402,421	16,402,421
Available for sale securities	17b	12,611,114	12,611,114	8,332,907	8,332,907
Pledged assets	18	20,086,561	20,086,561	32,296,487	32,296,487
Loans and advances to customers	19	2,475,468	2,475,468	413,078	413,078
Other assets	20	203,258	203,258	194,887	194,887
Intangible assets	21	388,435	388,435	44,207	44,207
Property, plant and equipment	22	1,732,500	1,732,500	165,106	165,106
Investment in subsidiaries	23	-	520,260	-	520,260
Deferred tax	24	5,217,194	5,217,194	4,184,550	4,184,550
		78,232,124	78,752,384	74,074,489	74,594,749
Assets held for sale	25	48,756	48,756	48,756	48,756
Total assets		**78,280,880**	**78,801,140**	**74,123,245**	**74,643,505**
Liabilities					
Due to customers	26	34,877,290	34,877,290	20,620,987	20,620,987
Due to financial institutions	27	22,852,261	22,852,261	36,645,218	36,645,218
Current income tax liabilities	28	137,911	137,911	96,382	96,382
Other liabilities	29	176,677	176,677	233,301	233,301
Total liabilities		**58,044,139**	**58,044,139**	**57,595,888**	**57,595,888**
Equity					
Share capital	30	4,854,118	4,854,118	4,854,118	4,854,118
Share premium	31	3,331,241	3,331,241	3,331,241	3,331,241
Statutory reserve	31	3,968,782	3,968,782	3,002,062	3,002,062
Treasury stock	31	(520,260)	-	(520,260)	-
Available for sale reserve	31	443,156	443,156	(43,828)	(43,828)
Credit risk reserve	31	60,948	60,948	113,890	113,890
Retained earnings	31	8,098,756	8,098,756	5,790,134	5,790,134
Total equity		**20,236,741**	**20,757,001**	**16,527,357**	**17,047,617**
Total liabilities and equity		**78,280,880**	**78,801,140**	**74,123,245**	**74,643,505**

The notes on pagespage 27 to page 39 are an integral part of these consolidated financial statements.

The financial statements on pages page 21 to page 77 were approved by the Board of Directors on 28 January 2016 and signed on its behalf by:

Mr. Babatunde Folawiyo
Chairman
FRC/2014/NBA/00000006371

Mr. Abubakar Jimoh
Managing Director
FRC/2013/ICAN/00000001481

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2015

GROUP	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Statutory Reserves N'000	Credit Risk Reserve N'000	Treasury Stock N'000	Available for Sale Reserve N'000	Total N'000
Balance at 1 January 2015	**4,854,118**	**3,331,241**	**5,790,134**	**3,002,062**	**113,890**	**(520,260)**	**(43,828)**	**16,527,357**
Profit for the year	-	-	3,222,400	-	-	-	-	3,222,400
								-
Other comprehensive income, net of tax								-
Net loss recycled to profit&loss on disposal of available-for-sale instruments	-	-	-	-	-	-	42,922	42,922
Changes in fair value of available for sale financial assets	-	-	-	-	-	-	444,062	444,062
Total comprehensive income	-	-	3,222,400	-	-	-	486,984	3,709,384
Additional capital through private placement	-	-	-	-	-	-	-	-
Transfer between reserves			(913,778)	966,720	(52,942)	-	-	-
Transactions with equity holders, recorded directly in equity	-	-	(913,778)	966,720	(52,942)	-	-	-
At 31 December 2015	**4,854,118**	**3,331,241**	**8,098,756**	**3,968,782**	**60,948**	**(520,260)**	**443,156**	**20,236,741**

GROUP	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Statutory Reserves N'000	Credit Risk Reserve N'000	Treasury Stock N'000	Available for Sale Reserve N'000	Total N'000
Balance at 1 January 2014	**2,784,600**	**90,281**	**4,383,780**	**2,760,482**	**151,289**	**(520,260)**	**(115,112)**	**9,535,060**
Profit for the year	-	-	1,610,535	-	-	-	-	1,610,535
								-
Other comprehensive income, net of tax								
Net changes in fair value of available for sale financial assets	-	-	-	-	-	-	71,284	71,284
Total comprehensive income	-	-	1,610,535	-	-	-	71,284	1,681,819
Additional capital through private placement	2,069,518	3,240,960	-	-	-	-	-	5,310,478
Transfer between reserves			(204,181)	241,580	(37,399)	-	-	-
Transactions with equity holders, recorded directly in equity	2,069,518	3,240,960	(204,181)	241,580	(37,399)	-	-	5,310,478
At 31 December 2014	**4,854,118**	**3,331,241**	**5,790,134**	**3,002,062**	**113,890**	**(520,260)**	**(43,828)**	**16,527,357**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2015

BANK	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Statutory Reserves N'000	Credit Risk Reserve N'000	Available for Sale Reserve N'000	Total N'000
Balance at 1 January 2015	**4,854,118**	**3,331,241**	**5,790,134**	**3,002,062**	**113,890**	**(43,828)**	**17,047,617**
Profit for the year	-	-	3,222,400	-	-	-	3,222,400
							-
Other comprehensive income, net of tax							-
Net loss recycled to profit&loss on disposal of available-for-sale instruments	-	-	-	-	-	42,922	42,922
Changes in fair value of available for sale financial assets	-	-	-	-	-	444,062	444,062
Total comprehensive income	-	-	3,222,400	-	-	486,984	3,709,384
Transfer between reserves	-	-	(913,778)	966,720	(52,942)	-	-
Transactions with equity holders, recorded directly in equity	-	-	(913,778)	966,720	(52,942)	-	-
At 31 December 2015	**4,854,118**	**3,331,241**	**8,098,756**	**3,968,782**	**60,948**	**443,156**	**20,757,001**

BANK	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Statutory Reserves N'000	Credit Risk Reserve N'000	Available for Sale Reserve N'000	Total N'000
Balance at 1 January 2014	**2,784,600**	**90,281**	**4,383,780**	**2,760,482**	**151,289**	**(115,112)**	**10,055,320**
Profit for the year	-	-	1,610,535	-	-	-	1,610,535
Other comprehensive income, net of tax							
Net changes in fair value of available for sale financial assets	-	-	-	-	-	71,284	71,284
Total comprehensive income	-	-	1,610,535	-	-	71,284	1,681,819
Additional capital through private placement	2,069,518	3,240,960		-	-	-	5,310,478
Transfer between reserves	-	-	(204,181)	241,580	(37,399)	-	-
Transactions with equity holders, recorded directly in equity	2,069,518	3,240,960	(204,181)	241,580	(37,399)	-	5,310,478
At 31 December 2014	**4,854,118**	**3,331,241**	**5,790,134**	**3,002,062**	**113,890**	**(43,828)**	**17,047,617**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

Amount in thousands of Naira (N'000) unless otherwise stated

	Notes	GROUP DECEMBER 2015 N'000	BANK DECEMBER 2015 N'000	GROUP DECEMBER 2014 N'000	BANK DECEMBER 2014 N'000
Cash flows from operating activities					
Cash generated from operations	32	5,446,998	5,446,998	(9,110,317)	(9,110,317)
Interest received		10,987,723	10,987,723	11,015,789	11,015,789
Interest paid		(7,045,351)	(7,045,351)	(8,832,126)	(8,832,126)
Income taxes paid	28	(98,892)	(98,892)	(69,253)	(69,253)
Net cashflows generated from/ (used) in operating activities		**9,290,478**	**9,290,478**	**(6,995,907)**	**(6,995,907)**
Cash flows from investing activities					
Dividend received		342	342	59	59
Purchase of property plant and equipment	22	(1,666,697)	(1,666,697)	(101,936)	(101,936)
Purchase of intangible assets	21	(432,810)	(432,810)	(6,936)	(6,936)
Purchase of held to maturity investment		-	-	(9,529,171)	(9,529,171)
Redemption of held to maturity investments		5,002,492	5,002,492	2,150,000	2,150,000
Proceeds from sale of property and equipment		6,582	6,582	3,333	3,333
Net cash generated from/ (used) in investing activities		**2,909,909**	**2,909,909**	**(7,484,651)**	**(7,484,651)**
Cash flows from financing activities					
Proceeds from issue of share capital		-	-	5,310,478	5,310,478
Net cash (used in)/generated from financing activities		-	-	5,310,478	5,310,478
Increase / (decrease) in cash and cash equivalents		**12,200,387**	**12,200,387**	**(9,170,080)**	**(9,170,080)**
Analysis of changes in cash and cash equivalents					
At start of year		11,570,356	11,570,356	20,740,437	20,740,437
At end of year		23,770,743	23,770,743	11,570,356	11,570,356
Increase / (decrease) in cash and cash equivalents		**12,200,387**	**12,200,387**	**(9,170,081)**	**(9,170,081)**
Cash and cash equivalents comprise:					
Cash and balances with Central bank		2,994,945	2,994,945	691,463	691,463
Placement with other financial institutions with maturity of 90 days		20,775,798	20,775,798	10,878,893	10,878,893
		23,770,743	**23,770,743**	**11,570,356**	**11,570,356**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DEC 2015

1. General information

Reporting Entity
These are the financial statements of Coronation Merchant Bank Limited (formerly known as Associated Discount House Limited), a Group incorporated in Nigeria on 22nd October, 1992 as a discount house.

The Group 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 Group 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 Group as a merchant bank will 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.

Statement of compliance with International Financial Reporting Standards
The Group's financial statements for the year ended 31 December have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Statndard Board (IASB) financial reporting and also comply with the requirements of the Nigerian Companies and Allied Matters Act (CAMA).

2. Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

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

2.2 Basis of preparation

These financial statements are the consolidated financial statements of Coronation Merchant Bank Limited ("the Group") and comprise the consolidated statement of comprehensive income prepared as a single statement, consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flow and the notes. The consolidated statement of financial position has been presented in their order of liquidity.

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial assets and financial liabilities measured at fair value as well as investment properties, which have been measured at fair value.

The statements are presented in Naira, which is the Group's functional and presentation currency. The figures shown in the financial statements are stated in thousands of Naira. The cash flows has been prepared using the indirect method. The Group's assignment of the cash flows to operating, investing and financing category depends on the Group's business model (management approach).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.3 Changes in accounting policy and disclosures

(i) Amended and new standards adopted by the group

There are no new standards that are effective for application as at 1 January 2015. The IFRSs and International Financial Reporting Interpretations Commitee (IFRIC) interpretations below are effective in the year beginning on or after 1 January 2016 that are relevant to the Bank. None of these standards were early adopted by the Bank.

Amendments to IAS 27, 'Separate financial statements' on the equity method (effective from 1 January 2016)
These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

IFRS 15 'Revenue from contracts with customers (effective from 1 January 2017 with no early adoption permitted)
IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply

to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The group is yet to assess the impact of IFRS 15.

IFRS 14 Regulatory Deferral Accounts (effective from 1 January 2016 with no early adoption permitted)
IFRS 14 is an interim standard which provides relief for first-adopters of IFRS in relation to the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). The standard permits these entities to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts.

Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations (effective from 1 January 2016)
The amendments to IFRS 11 clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.

This includes:

measuring identifiable assets and liabilities at fair value

expensing acquisition-related costs

recognising deferred tax, and

recognising the residual as goodwill, and testing this for impairment annually.

Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed."

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation – (effective from 1 January 2016)
"The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. The IASB has amended IAS 16 Property, Plant and Equipment to clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment.

IAS 38 Intangible Assets now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either;

The intangible asset is expressed as a measure of revenue (ie where a measure of revenue is the limiting factor on the value that can be derived from the asset), or

It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated."

Amendments to IAS 27 -Equity method in separate financial statements (effective from 1 January 2016)
The IASB has made amendments to IAS 27 Separate Financial Statements which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

Amendments to IFRS 10 and IAS 28-Sale or contribution of assets between an investor and its associate or joint venture(effective from 1 January 2016)
The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively.

IFRS 9 Financial Instruments (as revised in 2014) (Effective for annual periods beginning on or after 1 January 2018)
The impact of the new standard on financial instruments can be summarised under three phases:

(a) Classification and measurement of financial assets and financial liabilities

(b) Impairment methodology

(c) Hedge accounting.

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which will supersede IAS 39 Financial Instruments: Recognition and Measurement in its entirety upon the former's effective date. Compared to IFRS 9 (as revised in 2013), the 2014 version includes limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. It also adds the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit. The completed

IFRS 9 (as revised in 2014) contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting.

(a) Classification and measurement of financial assets and financial liabilities
With respect to the classification and measurement under IFRS 9, all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value. IFRS 9 introduces a two-step classification approach. First, an entity considers its business model – that is, whether it holds the financial asset to collect contractual cash flows rather than to sell it prior to maturity to realise fair value changes. If the latter, the instrument is measured at fair value through profit or loss (FVTPL). If the former, an entity further considers the contractual cash flow characteristics of the instrument. Specifically: (a) a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option; (b) a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option; (c) all other debt instruments must be measured at FVTPL; (d) all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

(b) Impairment methodology
The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

(c) Hedge accounting
The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced. The Group is yet to assess IFRS 9's full impact. Also, it does not plan to adopt IFRS 9 before its compulsory adoption date.

2.4 Basis of consolidation

Subsidiaries are all entities (including special purpose entities and other structured entities) over which the Group exercises control. Control is achieved when the Group can demonstrate it has:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee; and

(c) the ability to use its power over the investee to affect the amount of the investor's returns

The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The Group assesses existence of control where it does not have more than 50% of the voting power i.e. when it holds less than a majority of the voting rights of an investee. An investor considers all relevant facts and circumstances in assessing whether or not its voting rights are sufficient to give it power, including:

(a) a contractual arrangement between the investor and other vote holders

(b) rights arising from other contractual arrangements

(c) the investor's voting rights (including voting patterns at previous shareholders' meetings); and

(d) potential voting rights

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Subsidiaries are measured at cost less impairment in the separate financial statement.

(i) Business combinations
The Group applies IFRS 3 Business Combinations (revised) in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

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

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree;
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When this total is negative, a bargain purchase gain is recognised immediately in statement of comprehensive income, after a re-assessment to ensure correctness.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

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

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services , then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

(ii) Acquisitions from entities under common control
Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

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

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

(v) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(vi) Transactions eliminated on consolidation
Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Financial assets and liabilities

In accordance with IAS 39 all financial assets and liabilities have to be recognised in the statement of financial position and measured in accordance with their assigned category.

2.5.1 Financial assets

The Group allocates financial assets to the following IAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition. The Group uses settlement date accounting for regular way contracts when recording financial asset transactions.

Classes of financial instruments
The Group classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table as follows:

Category (as defined by IAS 39)		Classes as determined by the Group		Subclasses
Financial assets	Financial assets at fair value through profit or loss	Financial assets held for trading	Treasury bills and bonds	Debt securities
	Loans and receivables	Cash and balances with banks	Current account balances	Bank balances
			Placements with corporate entities	Tenored and/or collaterised placements
		Loans and advances to customers	Loans and adavances to customers	Bank Guarantees
				Staff loans
				Discounting facilities
			Loans and advances to corporate entities	Asset backed lendings
				Cash backed lendings
		Other assets	Other assets	Other receivables
	Held to maturity	Investment securities - debt instruments	Debt securities	Listed
	Loans and receivables			Unlisted
	Available for sales		Equity securities	Listed
				Unlisted
Financial liabilities	Financial liabilities at amortised cost	Deposits from bank	Deposits from banks	Interbank takings
				Other deposits from banks
				Open buy back transactions
		Due to customers	Due to customers	Tenored deposit
				Call funds/ placements
				Fund management services
		Other liabilities	Other liabilities	Accrued expenses
				Other liabilities

a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading and those designated by the Group as at fair value through profit or loss upon initial recognition.

Financial assets classified as held through profit or loss are those that have been acquired principally for the purpose of selling in the short term or repurchasing in the near term. Financial assets held for trading consist of debt instruments, including treasury bills, Federal Government bonds, and equity instruments. They are recognised in the statement of financial position as 'Financial assets held for trading'.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit and loss and are reported as 'Net gains/(losses) on financial instruments at fair value'. Interest income and interest expense and expenses on financial assets held for trading are included in 'Net interest income', while dividend income are included in 'Other income'.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(a) those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;

(b) those that the Group upon initial recognition designates as available for sale; or

(c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest method.

Loans and receivables are reported in the statement of financial position as 'Cash and balances with banks', 'Loans and advances to customers', 'Investment securities' (unquoted bonds issued by state governments and corporate entities) and other receivable balances in 'Other assets' (Note 17). Interest on loans is included in profit or loss and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in income statement as 'Net impairment gain/(losses) on financial assets'. The net impairment (charge)/writeback on financial assets reported in the statement of comprehensive income represents a recovery of impaired ex-staff loans.

(c) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

a. those that the Group upon initial recognition designates as at fair value through income statement;

b. those that the Group designates as available for sale; and

c. those that meet the definition of loans and receivables.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in profit or loss and reported as 'net interest income'. In the case of an impairment, the impairment loss is been reported as a deduction from the carrying value of the investment and recognised in profit or loss as 'Net Impairment (charge)/ writeback on financial assets'. Held-to-maturity investments are Money market instruments.

(d) Available-for-sale financial assets

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

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

2.5.2 Financial liabilities

The Group's holding in financial liabilities represents mainly 'Deposits from Bank', 'Due to Customers' and 'Other liabilities'. These are all classified as financial liabilities measured at amortised cost.

These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the proceed net of transaction costs and the redemption value is recognised in the income statement over the period of the liability using the effective interest method.

Fees paid on the establishment of the 'Due to customers' and 'Due to financial institutions' are recognised as transaction costs of the liability to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.5.3 Financial guarantee contract

Financial guarantee are contracts that require the Group to make specified payments to reimburse the holders for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Liabilities arising from financial guarantees are initially measured at fair value and the initial fair value is amortised over the life of the guarantee. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees are included within other liabilities.

2.5.4 Determination of fair value financial instruments

At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on valuation techniques such as discounted cash flow models and option pricing models whose variables include only data from observable markets.

Subsequent to initial recognition, for financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, Nigerian Stock Exchange (NSE) and broker quotes from Bloomberg, Reuters, Proshare and Financial Market Dealers Quotations (FMDQ).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

2.5.5 Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as pledged assets, if the transferee has the right to sell or repledge them.

2.5.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.5.7 Reclassification of financial assets

The Group may reclassify a non–derivative trading asset out of the 'held for trading' category and into the 'loans and receivables' category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the effective interest rate (EIR) from the date of the change in estimate.

2.6 Sale and repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Group retains substantially all of the risks and rewards of ownership. The cash received is recognised in the statement of financial position as a liability with an obligation to return it, including accrued interest. The financial assets are used as collateral on securities lent and repurchase agreement, reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the effective interest rate (EIR). Deposits and debt securities issued are the Group's sources of debt funding. When the Group sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements as 'assets pledged as collateral'.

Reverse repo agreement

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is recorded in 'Net interest income' and is accrued over the life of the agreement using the EIR. If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within 'Financial liabilities held for trading' and measured at fair value with any gains or losses included in 'Net gains on investment securities'.

Repossessed collateral are equities, investment properties or other financial or non- financial assets repossesed from a customer and used to settle his outstanding obligation. Such investments are classified in accordance with the intention of the Group in the asset class which they belong and are also seperately disclosed in the financial statement as assets held for sale.

2.7 Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability. Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in 'Net gains on investment securities'.

2.8 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;;
- Deterioration of the borrower's competitive position;;
- Deterioration in the value of collateral;;
- Downgrading below investment grade level;;
- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;;
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;;
- The disappearance of an active market for that financial asset because of financial difficulties; and;
- Observable data indicating that there is an measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets although the decrease cannot yet be identified with the individual financial assets in the portfolio, including: adverse changes in the payment status of borrowers in the portfolio; and national or local economic conditions that correlate with defaults on the assets in the portfolio.

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

a) Assets carried at amortised cost
Financial Assets classified as held to maturity and loans and receivables are measured at amortised cost. The amount of the impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for group of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data

to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for Groups of assets are reflected and directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in 'net impairment (charges)/writeback on financial assets" whilst impairment charges relating to investment securities (loans and receivables categories) are classified in 'Net gains/(losses) from financial instruments.

b) Assets classified as available for sale
The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in income statement. Impairment losses recognised in income statement on equity instruments are not reversed. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through income statement.

2.9 Revenue recognition

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

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

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fees and commission income
Fees and commission are reported in the income statement and are generally recognised on an accrual basis when the service has been provided. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party - such as the arrangement of the acquisition of shares and other securities are recognised on the completion of the underlying transaction.

Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Participation fees received for joining a loan syndication is also accorded this treatment.

Portfolio and other management advisory and services fees are recognised based on the applicable service contracts, usually on a time apportioned basis. Asset management fees related to investment funds, are recognised over the period in which the service is provided.

Net gains on investment securities
Net gains on investment securities is the net gain or loss on sale of proprietary investments (treasury bills, bonds, equity instruments) at fair value held by the Group. Interest earned whilst holding these securities are reported as 'Interest and similar income'. Net gains or loss on valuation of held for trading investment securities are reported as 'Net gains/losses from financial instruments at fair value'.

Dividend income
Dividends are recognised in the income statement in 'Other income' when the entity's right to receive payment is established.

2.10 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

2.11 Cash flow statement

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Cash and cash equivalents include highly liquid investments.

Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Interest received or paid are classified as operating cash flows.

The Group's assignment of the cash flows to operating, investing and financing category depends on the nature and classification of transactions.

2.12 Cash and cash equivalents

Cash and balances with banks comprise balances with less than three months' maturity from the date of acquisition. They include cash in hand, current account balances and short term placements with banks and other financial institution and/ or other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks, current account balances and short term placements with banks and other financial institutions and short term highly liquid debt securities with original maturities of three months or less.

2.13 Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4. They are divided into finance leases and operating leases.

(i) Operating lease

When assets are subject to an operating lease, the assets continue to be recognised as property and equipment based on the nature of the asset. Lease income is recognised on a straight line basis over the lease term. Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

(ii) Finance lease

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

The leases entered into by the Group are primarily operating leases. The total payments made under operating leases are charged to other operating expenses in the income statement on a straight line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.14 Property and equipment

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

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. 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 Group is not depreciated while it is classified as held for sale.

Land and buildings comprise mainly branches and offices. Land is not depreciated. Depreciation of other items of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Office equipment 3 years
- Furnitures and fittings 3 years
- IT equipments 3 years
- Motor Vehicles 4 years

The assets' residual values, which are insignificant, and useful lives are reviewed annually, and adjusted if appropriate. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment charges are recognised in the profit and loss under operating expenses.

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. No property and equipment were impaired as at 31 December 2015 (2014: nil).

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment. Payments in advance for items of property and equipment are included as Prepayments in "Other assets" (Note 20) and upon delivery are reclassified as additions in the appropriate category of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

The threshold for the capitalization of property and equipment has been defined and expenditure below N20,000 must be charged to the Income Statement when incurred.

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in 'Other income' in the income statement.

2.15 Intangible assets

Intangible assets comprise computer software licenses. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful life, generally not exceeding 3 years. Intangible assets with an indefinite useful life are not amortised.

The Group chooses to use the cost model for the measurement after initial recognition. Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Generally, the identified intangible assets of the Group have a definite useful life. At each date of the statement of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. See Note 2.10 on Impairment of non-financial assets.

Amortisation of software licenses is computed a straight line basis over the term of the license usually not exceeding 3 (three) years.

2.16 Discontinued operations and non-current assets classified as held for sale

The Group presents discontinued operations in a separate line in the income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and:

a. represents a separate major line of business or geographical area of operations;

b. is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

c. is a subsidiary acquired exclusively with a view to resale

Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group's operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the income statement."

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell except for asset held for sale which are investment property. Investment property classified as held for sale are measured at fair value. Gains and losses arising on revaluation to fair value are recognised in income statement for the period in which it arises and reported within 'Other income'.

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at fair value less costs to sell and reported within 'non-current assets classified as held for sale'. The fair value of investment properties does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those that a market participant would take into account when determining the value of the property. Investment properties classified as non-current assets held for sale are derecognized when they have been disposed.

2.17 Income taxation

(a) Current income tax

Income tax payable or receivable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense or income for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on equity instruments for which the entity has elected to present gains and losses in other comprehensive income).

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities, and carry-forwards and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. However, the 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.

The tax effects of carry-forwards of unused losses, unused tax credits and other deferred tax assets are recognised when it is probable that future taxable profit will be available against which these losses and other temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax related to fair value re-measurement of equity instruments, which are recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in the profit or loss together with the deferred gain or loss.

2.18 Employee benefits

Defined contribution scheme

The Group operates a defined contribution scheme as mandated by the Pension Reform Act of 2014. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to the designated pension fund administrator of each staff. Each pension fund administrator operates a pre-approved pension plan. These plans though privately administered are created by the Pension Reform Act of 2014. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.19 Provisions, contingent liabilities and assets

Provisions are liabilities that are uncertain in amount and timing. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of and the risks specific to the obligation. The increase in provision due to passage of time is recognised in Interest and similar expense'."

A contingent liability is a possible obligation that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of a past event. It is not recognised because it is not likely that an outflow of resources will be required to settle the obligation or the amount can not be reliably estimated. However, they are classified in the financial statements. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to occur.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingents assets are never recognised as assets in the statement of financial position but may be disclosed if they are likely to eventuate.

2.20 Share capital

(a) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(b) Dividends

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

(c) Treasury shares

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

(d) Statutory reserves

In compliance with regulations of the Central Bank of Nigeria, an appropriation of 15% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 10% of profit after tax if the statutory reserve is greater than the paid up share capital. For the purposes of making this appropriation, 'Profit for the year' as reported in the statement of comprehensive income is used. The appropriation is reported in the statement of changes in equity.

(e) Credit Risk Reserve

In compliance with the Prudential Guidelines for Licensed Banks, the Group assesses qualifying financial assets using the guidance under the Prudential Guidelines. These apply objective and subjective criteria towards providing for losses in risk assets. Assets are classed as performing or non-performing. Non-performing assets are further classed as substandard, doubtful or lost with attendants provision as per the table below based on objective criteria.

Classification	Basis	Percentage provided
Substandard	Interest and/or principal overdue by 90 days but less than 180 days.	10%
Doubtful	Interest and/or principal overdue by more than 180 days but less than 365 days.	50%
Lost	Interest and/or principal overdue by more than 365 days.	100%

A more accelerated provision may be done using the subjective criteria. A 2% (2014: 1%) provision is taken on all risk assets not specifically provisioned. The results of the application of Prudential Guidelines and the impairment determined for these assets under IAS 39 are compared. Where the Prudential Guidelines provision is greater, the difference is appropriated from retained earnings and included in a non-distributable reserve called ""Credit risk reserve"". Where the IAS 39 impairment is greater, no appropriation is made and the amount of the IAS 39 impairment is recognised in the statement of comprehensive income."

In subsequent periods, reversals or additional appropriations between the "Credit risk reserve" and retained earnings to maintain total provisions at the levels expected by the Regulator in line with the prudential guidelines.

2.21 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current period.

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2015

Amount in thousands of Naira (N'000) unless otherwise stated

3. Financial risk management

3.1 Introduction and overview

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk management is carried out by the Risk Management and Compliance Department (RMCD) under policies approved by the Board of Directors. RMCD identifies, evaluates and manages financial risks in close co-operation with the Group's Strategic Business Units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as, interest rate risk, credit risk. In addition, Internal Audit is responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which Coronation Merchant Bank (CMB) is exposed are financial risks, which include credit and investment risk, liquidity risk and market risk.

3.2 Financial instruments

The Group's financial instruments are categorised as stated below:

Treasury bills and bonds sold under repurchase agreements are classified as pledged assets. Assets pledged as collateral have been reclassified from the portfolio of assets classified as held for trading and available for sale.

Financial assets and financial liabilities in the Group are the same as the company financial statement except for Investment in Subsidiary. This has been stated at cost less impairment in line with IAS 27 - Separate Financial Statement.

			Financial assets		
	Maximum exposure to credit risk	**Held for trading**	**Available for sale**	**Held to maturity**	**Loans and receivables**
31 December 2015					
Cash and balances with banks	23,770,743	-	-	-	23,770,743
Loans and advances to customers	2,475,468	-	-	-	2,475,468
Investments securities:					
Federal Government Bonds	15,339,560	-	3,592,709	11,746,851	-
Treasury bills	6,338,065	-	6,338,065	-	-
State Government bond	50,543	-	50,543	-	-
Corporate bonds	2,482,034	-	2,482,034	-	-
Pledged assets	20,086,561	-	20,086,561	-	-
Other assets	5,542	-	-	-	5,542
	70,548,516	**-**	**32,549,912**	**11,746,851**	**26,251,753**

	Financial liabilities Amortised cost
Due to customers	34,877,290
Due to financial institutions	22,852,261
Other liabilities	
Accrued expenses	157,205
Other liabilities	19,162
	57,905,918

			Financial assets		
	Maximum exposure to credit risk	**Held for trading**	**Available for sale**	**Held to maturity**	**Loans and receivables**
31 December 2014					
Cash and cash equivalents	11,570,356	-	-	-	11,570,356
Loans and advances to customers	413,078	-	-	-	413,078
Investments securities	-				
Federal Government Bonds	11,990,558	-	176,175	11,814,383	-
Treasury bills	12,732,690	470,490	7,674,162	4,588,038	-
State Government bond	141,793	-	141,793	-	-
Corporate bonds	192,906	-	192,906	-	-
Pledged assets	60,500,570	-	30,250,285	30,250,285	-
Other assets	-	-	-	-	-
	97,541,951	**470,490**	**38,435,321**	**46,652,706**	**11,983,434**

	Financial liabilities Amortised cost
Due to customers	20,620,987
Due to financial institutions	36,645,218
Other liabilities	
Accrued expenses	84,607
Other liabilities	36,563
	57,387,375

3.3 Credit risk

3.1 Management of credit risk

Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counter parties. Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, endorsements and acceptances.

CMB is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets and settlement balances with market counterparties and reverse repurchase loans.

Credit risk measurement

(a) Loans and advances
The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

CMB has developed models to support the quantification of the credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring credit risk of loan and advances at a counterparty level, the Group considers three components: (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derive the 'Exposure At Default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'Loss Given Default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee) and are embedded in the Group's daily operational management. The operational measurements can be contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the reporting date (the 'incurred loss model') rather than expected losses.

(i) Probability of default

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgement. They are validated, where appropriate, by comparison with externally available data. The Group's rating method comprises four rating levels for loans. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projection in the light of all actually observed defaults

The Group's internal ratings scale and mapping of external ratings as supplemented by the Group's own assessment through the use of internal rating tools are as follows:

Group's internal investment rating system

Risk Rating Classification (RR)

It is very important to note that for the rating process to be effective it must be simple consistent, reliable, objective and efficient

Using a combination of the qualitative and quantitative factors, therefore, the various quality ratings to be used in CMB's investment process are follows:

Classification	Risk Rating	Business risk	Terms
Superior investments	RR1	Normal	Account officers can lend under subsisting investment approval system
Strong investments	RR2		
Good investments	RR3		
Satisfactory investments	RR4	Acceptable	Higher risk, higher returns. Appraisal of investment request must be more critical and require closer monitoring.
Acceptable investments	RR5		
High risk investments	RR6	Unacceptable	Investment request to be rejected
Watch list	RR7	Management attention risk	With the possibility of reverting to non-accrual basis on some of the fast deteriorating accounts. Any new investment in this category is not to be encouraged but can be done on EXCEPTION basis only with the approval of Executive Management.
Substandard	RR8	To be treated on non-accrual basis	CMB will not approve any investment in this category. To be treated in accordance with prudential guidelines.
Doubtful	RR9		
Lost	RR10		

(ii) Exposure At Default ("EAD")

EAD is based on the amounts the Group expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

(iii) Loss Given Default/Loss Severity

Loss given default or loss severity represents the Group's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel II.

(b) Debt securities

For debt securities, external rating such as Augusto & Co, Fitch, Standard & Poor's rating or their equivalents are used by Risk Management and Compliance Department (RMCD) for managing of the credit risk exposures as supplemented by the Group's own assessment through the use of internal ratings tools.

Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or banks of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and country are approved periodically by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items. Actual exposures against limits are monitored daily.

Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default. Some other specific control and mitigation measures are outlined below:

(a) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Cash
- Treasury Bills/Bonds
- Charges over financial instruments such as debt securities and equities.
- Bank guarantees
- Mortgages over landed properties

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument.

In order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

31 December 2015

Analysis of collateral held

Type of Facility	Value of Collateral N'000	Type of collateral
Cash/Treasury bills/bonds backed placements	19,246,050	Cash/Treasury bills
Bank guaranteed facility	-	Bank guarantee
Loans and receivables	298,343	Mortgage property
Total	**19,544,393**	

31 December 2014

Analysis of collateral held

Type of Facility	Value of Collateral N'000	Type of collateral
Cash/Treasury bills/bonds backed placements	10,878,893	Cash/Treasury bills
Bank guaranteed facility	-	Bank guarantee
Loans and receivables	298,343	Mortgage property
Total	**11,177,236**	

(b) Approval Limits (Loans & Advances)

There are approval limits for loans and advances depending on the amount, type and nature of collateral.

(c) Master netting agreements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities of the statement of financial position, as transactions are either usually settled on a gross basis or under most netting agreements the right of set off is triggered only on default. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

3.3.2 Maximum exposure to credit risk before collateral held or other credit enhancements

The Group's maximum exposure to credit risk at 31 December 2015 and 31 December 2014 respectively, is represented by the net carrying amounts of the financial assets set out in note 3.2 above.

3.3.3 Credit concentrations

The Group monitors concentrations of credit risk by sector. All credit risk exposures are maintained within Nigeria. An analysis of concentrations of credit risk at 31 December 2015 and 31 December 2014 respectively, is set out below:

31 December 2015	Finance and insurance	Real estate and construction	Public sector	Food and Manufacturing	Others	Total
Cash and balances with banks	11,570,356	-	-		-	11,570,356
Loans and advances to customers	-	335,672	-	2,014,236	125,560	2,475,468
Investment securities:						
Held to maturity	-	-	11,746,851	-	-	11,746,851
Available for sale securities	2,482,034	-	9,981,317	-	-	12,463,351
Pledged assets	-	-	20,086,561	-		20,086,561
Other assets	-	-	-	-	5,542	5,542
	14,052,390	**335,672**	**41,814,729**	**2,014,236**	**131,102**	**58,348,129**

31 December 2014	Finance and insurance	Real estate and construction	Public sector	Food and Manufacturing	Others	Total
Cash and balances with banks	11,570,356	-	-	-	-	11,570,356
Loans and advances to customers	-	298,343	-	-	114,735	413,078
Financial assets held for trading	-	-	470,490	-	-	470,490
Investment securities:						
Held to maturity	-	-	16,402,421	-	-	16,402,421
Available for sale securities	192,906	-	7,992,130	-	-	8,185,036
Pledged assets	-	-	32,296,487			32,296,487
Other assets	-	-	-	-	-	-
	11,763,262	298,343	57,161,528	-	114,735	69,337,868

3.3.4 Credit quality

	31 Dec 2015			31 Dec 2014		
	Cash and balances with banks	Loans and advances to customer and other assets	Investment securities	Cash and balances with banks	Loans and advances to customer and other assets	Investment securities
Neither past due nor impaired	23,770,743	2,475,543	44,296,763	11,117,514	413,078	57,354,434
Impaired	-	9,839	-	-	3,181	-
Gross	23,770,743	2,485,382	44,296,763	11,117,514	416,259	57,354,434
Specific impairment	-	(9,839)	-	-	(3,181)	-
Portfolio impairment	-	(75)	-	-	-	-
Net	**23,770,743**	**2,475,468**	**44,296,763**	**11,117,514**	**413,078**	**57,354,434**

Financial assets classified as neither past due nor impaired are all less than one year.

Reconciliation of impairment account

	31 Dec 2015	31 Dec 2014
At start of period	**3,181**	**25,023**
Increase/ (write back) in impairment	6,733	(21,842)
Amounts written off	-	-
At end of period	**9,914**	**3,181**

(a) Financial assets neither past due nor impaired

The credit quality of the portfolio of cash and cash equivalents (Placements with other financial institutions), loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

December 2015

Loans and receivables	Cash and balances with banks	To customers: Cash backed	To customers: Bank guarantee	Other assets: Asset backed	Other assets: Others	Total
31 December 2015						
Grades:						
RR1	2,832,000	-	-	-	-	2,832,000
RR3	20,938,743	-	-	2,475,543	5,542	23,419,828
	23,770,743	**-**	**-**	**2,475,543**	**5,542**	**26,251,828**

December 2014

Loans and receivables	Cash and balances with banks	To customers Cash backed	Bank guarantee	Asset backed	Other assets Others	Total
31 December 2014						
Grades:						
RR1	-	-	-	-	-	-
RR3	11,570,356	-	-	413,078	-	11,983,434
	11,570,356	**-**	**-**	**413,078**	**-**	**11,983,434**

The credit quality of Investments securities- Debt and equity Investments that were neither past due nor impaired can be assessed by reference to rating agency designation at 31 December 2015 and 31 December 2014:

Investment securities	Corporate bonds	FGN bonds	Treasury bills	State govt. bond	AMCON bond	Total
31 December 2015						
Grades:						
RR1	-	15,339,560	26,424,626	-	-	41,764,185
RR3	2,482,034	-	-	50,543	-	2,532,578
RR4	-	-	-	-		-
	2,482,034	**15,339,560**	**26,424,626**	**50,543**	**-**	**44,296,763**
31 December 2014						
Grades:						
RR1		11,990,558	45,029,177	-	-	57,019,736
RR3	192,906	-	-	141,793	-	334,698
RR4	-	-	-	-	-	-
	192,906	**11,990,558**	**45,029,177**	**141,793**	**-**	**57,354,434**

The credit risk associated with other facilities and other financial assets that were neither past due nor impaired are considered to be low at all 31 December 2015 and 31 December 2014:

(b) Financial assets individually impaired

The individually impaired financial assets are within other loans and receivables and relate to Ex-staff loans no collateral was held on this facilities and hence have been fully impaired. The breakdown of the gross amount of individually impaired other loans and receivables are can be seen in note 17.

Individually impaired				
181 - 365 says	8,559	8,559	-	-
over 365 days	1,280	1,280	3,181	3,181
	9,839	**9,839**	**3,181**	**3,181**

3.4 Liquidity risk

3.4.1 Management of liquidity risk

Liquidity risk is the risk to earnings and capital arising from the Group's inability to meet its obligations when they become due, without incurring unacceptable losses as a result of cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Group will be unable to do so is inherent in all Group's operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, systemic shocks and natural disasters.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by RMCD, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that daily requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers;
- Maintaining a portfolio of highly marketable assets (Treasury Bills and Federal Government of Nigeria Bonds) that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. The liquidity ratio is compared on monthly basis with the minimum regulatory ratio for compliance."

Trend analysis showing regulatory compliance:

	January	February	March	April	May	June	Regulatory Benchmark (CBN)
Liquidity ratio	121%	115%	96%	77%	139%	125%	60%

	July	August	September	October	November	December	Regulatory Benchmark (CBN)
Liquidity ratio	126%	174%	110%	80%	41%	144%	60%

Funding approach

Sources of liquidity are regularly reviewed by the Risk Management Team in Treasury to maintain a wide diversification by provider, product and term.

3.4.2 Maturity analysis

The table below analyses financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amount disclosed in the table below are contractual undiscounted cashflows, whereas the company manages the liquidity risk on a different basis (See note 3.4.1 above). This does not result in a significantly different analysis.

	0 - 30 days	31 - 90 days	91 - 180 days	181-365 days	Over 1 year but less than 5yrs	Over 5 years	Total
31 December 2015							
Financial assets							
Cash and balances with banks	7,570,082	16,389,579	-	-	-	-	23,959,661
Loans and advances to customers	14,621	199,801	2,220,697	97,565	9,141		2,541,825
Financial assets held for trading	-	-	-	-	-	-	-
Investment securities							
Held-to-maturity	103,425	338,098	121,455	562,978	9,736,133	11,824,041	22,686,130
Available for sale	26,716	230,017	307,600	7,024,833	5,657,398	3,409,361	16,655,925
Pledged assets	-	1,000	205,000	21,125,000	-	-	21,331,000
Other assets	-	5,542	-	-	-	-	5,542
Total relevant financial assets	**7,714,844**	**17,164,037**	**2,854,752**	**28,810,376**	**15,402,672**	**15,233,402**	**87,180,083**
Financial liabilities							
Due to customers	15,989,755	15,879,271	952,204	545,176	-	-	33,366,406
Due to financial institutions	21,351,757	3,500,504	-	-	-	-	24,852,261
Other liabilities	19,471	-	-	-	-	-	19,471
Total financial liabilities	**37,360,983**	**19,379,775**	**952,204**	**545,176**	**-**	**-**	**58,238,138**

	0 - 30 days	31 - 90 days	91 - 180 days	181-365 days	Over 1 year but less than 5yrs	Over 5 years	Total
31 December 2014							
Financial assets							
Cash and balances with banks	6,121,873	5,446,336	522,438	-	-	-	12,090,647
Loans and advances to customers	-	303,410		-	-	-	303,410
Financial assets held for trading	-	-	500,000	-	-	-	500,000
Investment securities							
Held-to-maturity	132,493	4,801,650	33,904,215	588,358	373,927	11,481,164	51,281,807
Available for sale	2,417,000	2,175,115	520,160	2,804,698	611,843	147,829	8,676,645
Pledged assets	3,500,000	27,820,000	2,300,000	-	-	-	33,620,000
Other assets	-	41,801	-	-	118,965	148,856	309,622
Total relevant financial assets	12,171,366	40,588,312	37,746,813	3,393,056	1,104,735	11,777,849	106,782,131
Financial liabilities							
Due to customers	13,497,522	6,984,151	276,833	25,557	-	-	20,784,063
Due to financial institutions	36,650,575	-	-	-	-	-	36,650,575
Other liabilities	121,169	-	-	-	-	-	121,169
Total financial liabilities	**50,269,266**	**6,984,151**	**276,833**	**25,557**	**-**	**-**	**57,555,807**

3.5 Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates, foreign exchange rates, equity prices and commodity prices.

3.5.1 Management of market risk

Market risk is the risk that the value of on and off balance sheet positions of CMB will be adversely affected by movements in market rates or prices such as interest rates , interbank lending rates etc. resulting in a loss to earnings and capital. The Group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in Group Treasury and monitored by Risk Management and Compliance Department. Regular reports are submitted to the Board of Directors and heads of each business unit.

Trading portfolios include those positions arising from market-making transactions. Non-trading portfolios primarily arise from the interest rate management of the entity's Held to Maturity financial assets. Market risk is the single largest risk for the Group's business; the Directors and Management carefully manage the exposure to market risk.

The Market Risk Management Unit is mandated to assess, monitor and manage market risk for the Group. The primary objective of the Market Risk Management unit is to establish a comprehensive and independent market risk control framework. This unit is well established in the Group and measurements and monitoring has since commenced in our journey to implement the most robust market risk practice in our environment.

3.5.2 Measurement of market risk

The Group's major measurement technique used to measure and control market risk is outlined below.

a 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 Group 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 and value at risk that may be undertaken, which is monitored daily by Risk Management and Compliance Department (RMCD).

The table below summarises the Group's interest rate gap position on non-trading portfolios:

	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
31 December 2015				
Financial assets				
Cash and balances with banks	23,770,743	-	20,775,798	2,994,945
Loans and advances to customers	2,475,468	-	2,475,468	-
Financial assets held for trading	-	-	-	-
Investment securities	-			
Held-to-maturity	11,746,851	-	11,746,851	-
Available for sale	12,611,114	-	12,463,351	8,104
Pledged assets	20,086,561	-	20,086,561	-
Other assets	5,542	-	-	5,542
	70,696,279	**-**	**67,548,029**	**3,008,591**
Financial liabilities				
Due to customers	34,877,290	-	34,877,290	-
Due to financial institutions	22,852,261	-	22,852,261	-
Other liabilities	19,162	-	-	19,162
	57,748,713	**-**	**57,729,551**	**19,162**

	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
31 December 2014				
Financial assets				
Cash and balances with banks	11,570,356	-	10,878,893	691,463
Loans and advances to customers	413,078	-	413,078	-
Financial assets held for trading	470,490	-	470,490	-
Investment securities	-			
Held-to-maturity	16,402,421	-	16,402,421	-
Available for sale	8,185,036	-	8,185,036	-
Pledged assets	32,296,487	-	32,296,487	-
Other assets	-	-	-	-
	69,337,868	**-**	**68,646,405**	**691,463**
Financial liabilities				
Due to customers	20,620,987	-	20,620,987	-
Due to financial institutions	36,645,218	-	36,645,218	-
Other liabilities	121,169	-	-	121,169
	57,387,374	**-**	**57,266,205**	**121,169**

Analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position was as follows:

	12 months to 31 December 2015		12 months to 31 December 2014	
Sensitivity of projected net interest income	**Increase/ Decrease in interest rate**	**Effect of changes**	**Increase/ Decrease in interest rate**	**Effect of changes**
	By 1%	98,185	By 1%	112,655
	By 3%	294,554	By 3%	337,964

b Equity risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The non–trading equity price risk exposure arises from equity securities classified as available for sale.

Equity position risk is the risk of change in value of investments in equity or equity index, on account of change in equity. Price risks associated with equities are often classified into two categories:

General (or undiversifiable) Equity Risk: General Equity-price refers to the sensitivity of a stock value to changes in the overall level of Equity prices. the All Share Index of the Nigerian stock Exchange can act as a broad indicator of General Equity price Risk for local equity market.

Specific (or diversifiable) Equity Risk: Specific equity-price risk refers to that portion of an individual equity instrument's price volatility that is determined by the firm specific characteristics. The group diversifies its portfolio to manage this risk

	31-Dec-2015		31-Dec-2014	
Equity analysis	**N'000**	**%**	**N'000**	**%**
Finance and insurance	90,618	61%	90,618	61%
Real estate and Construction	25,025	17%	25,025	17%
Oil and gas	2,702	2%	2,702	2%
Manufacturing	1,083	1%	1,083	1%
Others	28,336	19%	28,466	19%
	147,764	**100**	**147,894**	**100**

The group's investments in equity of other entities that are publicly traded on the Nigerian Stock Exchange. The table below summarizes the impact of increase/decrease of equity price index on the group's equity. The analysis is based on the assumption that equity price index increased or decreased by 1% or 5% with all other variables held constant. Other components of equity will increase or decrease as a result of gains or losses on equity securities classified as AFS.

	12 months to 31 December 2015		12 months to 31 December 2014	
Equity risk	**Increase/ Decrease in market price**	**Effect of changes N'000**	**Increase/ Decrease in market price**	**Effect of changes N'000**
	By 1%	1,478	By 1%	1,479
	By 5%	7,388	By 5%	7,394

3.6 Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible. There were no financial assets whose fair value was derived using level 3 approach.

	Level 1	Level 2	Level 3	Total
31 December 2015				
Financial assets				
Investment securities				
Debt Securities:				
Available for sale	9,930,774	2,532,577	-	12,463,351
Pledged assets	20,086,561			20,086,561
Equity Securities	139,659	8,104	-	147,763
	30,156,994	**2,540,681**	**-**	**32,697,675**

31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities				
Debt Securities:				
Held for trading	470,490	-	-	470,490
Available for sale	7,850,338	334,698	-	8,185,036
Pledged assets	2,046,202			2,046,202
Equity Securities	139,767	8,104	-	147,871
	10,506,797	**342,802**	**-**	**10,849,599**

(b) Financial instruments not measured at fair value

31 December 2015

	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Financial assets					
Cash and balance with banks	162,945	23,607,798	-	23,770,743	23,770,743
Loans and advances to customers	-	2,475,468	-	2,475,468	2,475,468
Investments securities					
Held-to-maturity	10,803,253	-	-	10,803,253	11,746,851
Other assets	-	5,542	-	5,542	5,542
	10,966,198	**26,088,808**	**-**	**37,055,006**	**37,998,604**
Financial liabilities					
Due to customers	-	34,877,290	-	34,877,290	34,877,290
Due to financial institutions	-	22,852,261	-	22,852,261	22,852,261
Other liabilities	-	19,162	-	19,162	19,162
	-	**57,748,713**	**-**	**57,748,713**	**57,748,713**

31 December 2014

	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Financial assets					
Cash and balance with banks	289,498	11,280,858	-	11,570,356	11,570,356
Loans and advances to customers	-	298,343	-	298,343	298,343
Investments securities				-	
Held-to-maturity	45,625,619	-	-	45,625,619	16,402,421
Pledged assets	30,250,285				
Other assets	-	114,735	-	114,735	114,735
	76,165,402	**11,693,936**	**-**	**57,609,053**	**28,385,855**
Financial liabilities					
Due to customers	-	39,331,967	-	39,331,967	39,331,967
Due to financial institutions	-	21,528,055	-	21,528,055	21,528,055
Other liabilities	-	140,602	-	140,602	140,602
	-	**61,000,624**	**-**	**61,000,624**	**61,000,624**

(i) Cash and cash equivalents include cash and restricted and non - restricted deposits with Central Bank of Nigeria, current account balances and placements with other financial institutions. The carrying amount of balances with other banks is a reasonable approximation of fair value which is the amount receivable on demand.

The estimated fair value of fixed interest bearing placement is based on discounted cash flows using prevailing money-market interest rates for the debts. The carrying amount represents the fair value which is receivable on maturity.

(ii) 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 using their effective interest rate to determine fair value as there is no active market.

(iii) Investment securities
The fair value for held-to-maturity financial assets is based on market prices or broker/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 or the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted using their effective interest rate to determine fair value as there is no active market..

Unlisted debt securities (available-for-sale): The fair value for these assets is based on estimations using market prices and earning multiples of quoted securities with similar characteristics. All other available-for-sale financial assets are already measured and carried at fair value.

The fair value of loans and receivables (debt instruments) is based on the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted using their effective interest rate to determine fair value as there is no active market..

(iv) The carrying amount of other assets are reasonable approximation of their fair value which are receivable at maturity.

(v) The estimated fair value of deposits, with no stated maturity, 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.

(vi) Carrying amounts of all other financial liabilities are reasonable approximation of their fair values which are payable on demand

3.7. Offsetting financial assets and financial liabilities

No financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements (2014: Nil)

3.8. Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the Central Bank;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the CBN, for supervisory purposes. The required information is filed with the Authority on a monthly basis.

The Group maintains a ratio of total regulatory capital to its risk-weighted assets (the 'Basel ratio') above a minimum level of 10% agreed with the CBN which takes into account the risk profile of the Group.

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December 2015 and 31 December 2014. During those two periods, the Group complied with all of the externally imposed capital requirements to which they are subject.

Tier 1 capital	2015	2014
Share capital	4,854,118	4,854,118
Share premium	3,331,241	3,331,241
Other reserves	3,509,470	2,595,692
Retained earnings	8,098,756	5,790,134
Less: Deferred tax	(5,217,194)	(4,184,550)
Less: Intangible assets	(388,435)	(44,207)
Total qualifying Tier 1 capital	**14,187,956**	**12,342,428**
Tier 2 capital		
Revaluation reserve – AFS investments	443,156	(43,828)
Total qualifying Tier 2 capital	443,156	(43,828)
Total regulatory capital	**14,631,112**	**12,298,600**
Risk-weighted assets:		
On-balance sheet	18,925,392	11,933,240
Total risk-weighted assets	**18,925,392**	**11,933,240**
Capital Adequacy Ratio	**77.31**	**103.06**

4 Critical accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and directors' judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

(a) Deferred tax assets

Under the Nigerian tax law, the income earned on government securities are not subject to tax for a minimum period at ten(10) years. Income on government securities represents about fifty-two percent (52%) of the total income earned during the year. This exemption resulted in a significant taxable loss position as at 31 December 2015. The group is permitted to recognize deferred tax assets on tax losses arising from income tax computation where the probability of recovery of the tax losses from future taxable profit is more than likely.

The deferred tax assets recognized at 31 December 2015 have been based on future profitability assumptions over a five (5) year horizon. In the event of changes to these profitability assumptions, the tax recognized may be adjusted. Were the final outcome (on the judgement areas) to reduce by 10% from management's estimates, the group would need to reduce the deferred tax assets arising from tax losses by N521.7m (2014: N418m).

(b) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment periodically at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss, the Group 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 Group. The directors use 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 Group has restricted expected future cash flows to the realisable collateral value of each loan. This is based on management's assumption that the collateral value will be the only realisable cash flow for loans tested under specific impairment. Should the Probability of default (PD) and Loss given default (LGD) change by 10%, an additional impairment charge of 1.4m (Dec 2014: 7.5m) would have been made on the statement of comprehensive income.

(c) Held-to-maturity investments

In accordance with IAS 39 guidance, the Group classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Group is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost. If all held-to-maturity investments were to be so reclassified, the carrying value would decreased by N0.971 billion and N3.235 billion in December 2015 and December 2014 respectively, with a corresponding entry in the fair value reserve in shareholders' equity.

(d) Impairment of available-for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgement, the Group evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Had all the declines in fair value been considered significant or prolonged, the Group would have recognised N0.425m loss in the financial statement (N43.829 million loss in the 2014 statement of comprehensive income). In 2015, the fair value of the available-for-sale equity investments improved and has been relatively stable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER

		GROUP 2015 N'000	BANK 2015 N'000	GROUP 2014 N'000	BANK 2014 N'000
5	**Interest and similar income**				
	Treasury bills	4,366,658	4,366,658	6,907,913	6,907,913
	Placements and short term funds	3,920,501	3,920,501	2,322,193	2,322,193
	Loans and advances to customers	117,421	117,421	156,273	156,273
	Bonds	1,544,808	1,544,808	1,537,570	1,537,570
		9,949,388	**9,949,388**	**10,923,949**	**10,923,949**
6	**Interest and similar expense**				
	Deposit from banks	3,764,607	3,764,607	4,832,863	4,832,863
	Deposit and investment funds	3,117,786	3,117,786	3,903,579	3,903,579
		6,882,393	**6,882,393**	**8,736,442**	**8,736,442**
7	**Net (impairment)/ writeback on financial assets**				
	- specific impairment (Note 19(b))	(8,559)	(8,559)	-	-
	- portfolio impairment (Note 19(b))	(75)	(75)	-	-
	Impairment no longer required	1,900	1,900	21,842	21,842
		(6,734)	**(6,734)**	**21,842**	**21,842**
8	**Fee and commission income**				
	Commission on turnover	4,880	4,880	-	-
	Investment bankings fees	5,000	5,000	-	-
	Treasury income	31,579	31,579	29,679	29,679
	Trade related income	22,315	22,315	-	-
	Other fees and charges	1,927	1,927	-	-
		65,701	**65,701**	**29,679**	**29,679**
9	**Trading income**				
	Treasury bills	931,981	931,981	50,302	50,302
	Bonds	287,922	287,922	171,594	171,594
	Equity	-	-	451,520	451,520
		1,219,903	**1,219,903**	**673,416**	**673,416**
10	**Net gains / (losses) from financial instruments at fair value**				
	Net gains/(losses) on financial instruments classified as held for trading	1,263	1,263	(4,938)	(4,938)
	Net (losses) on sale of available for sale financial assets	-	-	(335)	(335)
		1,263	**1,263**	**(5,273)**	**(5,273)**

11	**Other income**				
	Dividend income	342	342	59	59
	Recoveries on bad debt written off	2,430	2,430	4,860	4,860
	Foreign exchange earnings	11,407	11,407	-	-
	Profit/(loss) on disposal of property and equipment	(11,996)	(11,996)	(1,468)	(1,468)
	Other income	-	-	2,025	2,025
		2,183	**2,183**	**5,476**	**5,476**
12	**Operating expenses**				
	Staff cost (12a)	558,890	558,890	535,505	535,505
	Administration and general expenses (12b)	905,341	905,341	365,973	365,973
	Depreciation of property plant and equipment	80,725	80,725	56,941	56,941
	Amortization of intangible assets	88,582	88,582	22,328	22,328
	Auditor's remuneration	61,000	61,000	50,250	50,250
	Directors' emolument	135,318	135,318	148,357	148,357
	Legal and other professional fees	189,278	189,278	112,231	112,231
		2,019,134	**2,019,134**	**1,291,585**	**1,291,585**
12a	**Staff Cost**				
	Salaries and wages	491,448	491,448	498,399	498,399
	Defined contribution plan	33,100	33,100	29,468	29,468
	Staff training	34,342	34,342	7,638	7,638
		558,890	**558,890**	**535,505**	**535,505**
12b	**Administrative and general expenses**				
	Stationery	6,174	6,174	4,582	4,582
	Operating lease rentals and rates	35,473	35,473	38,942	38,942
	Subscriptions, publications, and communications	174,036	174,036	18,551	18,551
	Repairs and maintenance	47,040	47,040	22,812	22,812
	Other administration and general expenses	642,618	642,618	281,086	281,086
		905,341	**905,341**	**365,973**	**365,973**

Other administration and general expenses includes Computer and Agreement Fees N143.359m (2014: N88.1418m), Insurance N26.92m (2014: N21.66) and Contract Service cost N64.60m (2014: N26.084m)

13 Income tax

Current taxes on income for the reporting period	137,911	137,911	96,382	96,382
Current taxes referring to previous periods	2,510	2,510	441	441
Total current tax	**140,421**	**140,421**	**96,823**	**96,823**
Deferred tax (note 24)				
Recognition of additional deferred tax asset	(1,032,644)	(1,032,644)	(86,296)	(86,296)
Income tax credit / (charge)	**(892,223)**	**(892,223)**	**10,527**	**10,527**

The tax on the Company's profit before tax differs from the theoretical amount as follows:

Profit before income tax	**2,330,177**	**2,330,177**	**1,621,062**	**1,621,062**
Income tax using the domestic corporation tax rate of 30% (2012: 30%)	699,053	699,053	486,319	486,319
Minimum tax	137,911	137,911	96,382	96,382
Income not subject to tax	(1,731,697)	(1,731,697)	(603,552)	(603,552)
Expenses not deductible for tax purposes	-	-	30,937	30,937
Prior year under provision	2,510	2,510	441	441
Income tax	**(892,223)**	**(892,223)**	**10,527**	**10,527**
Reconciliation of effective tax rate				
Profit before income tax	30%	30%	30%	30%
Minimum tax	6%	6%	6%	6%
Income not subject to tax	-74%	-74%	-37%	-37%
Expenses not deductible for tax purposes	0%	0%	2%	2%
Prior year under provision	0%	0%	0%	0%
Effective tax rate	**-38%**	**-38%**	**1%**	**1%**

14 Earnings per share

14a Basic earnings per share (Basic EPS)

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

Profit attributable to equity holders of the Company	3,222,400	3,222,400	1,610,535	1,610,535
Weighted average number of ordinary shares in issue (in '000s)	4,644,886	4,854,118	4,644,886	4,854,118
Basic earnings per share (expressed in Kobo per share)	0.69	0.66	0.35	0.33

14b Diluted EPS

There were no dilutive interest during the period

15 Cash and balances with banks

Placement with other financial institutions	20,775,798	20,775,798	10,878,893	10,878,893
Current account balances and placement with Central Bank of Nigeria	2,832,000	2,832,000	401,965	401,965
Current account balances with other banks	162,945	162,945	289,261	289,261
Cash at hand	-	-	237	237
	23,770,743	**23,770,743**	**11,570,356**	**11,570,356**

16 Financial assets held for trading

Debt securities				
Treasury bills with original maturity greater than 90 days			470,490	470,490
			470,490	**470,490**

Financial assets held for trading are all Current

17 Investment securities

17a Held to maturity

Federal Government Bonds	11,746,851	11,746,851	11,814,383	11,814,383
Treasury bills	-	-	4,588,038	4,588,038
	11,746,851	**11,746,851**	**16,402,421**	**16,402,421**
Current	1,146,300	1,146,300	1,600,607	1,600,607
Non Current	10,600,551	10,600,551	14,801,814	14,801,814
	11,746,851	**11,746,851**	**16,402,421**	**16,402,421**

17b Available for sale (AFS)

Equity securities				
Quoted securities	139,659	139,659	139,767	139,767
Unquoted securities	8,104	8,104	8,104	8,104
	147,763	**147,763**	**147,871**	**147,871**
Debt securities				
Federal government bonds	3,592,709	3,592,709	176,175	176,175
State government bond	50,543	50,543	141,793	141,793
Corporate bonds	2,482,034	2,482,034	192,906	192,906
Treasury bills with original maturity greater than 90 days	6,338,065	6,338,065	7,674,162	7,674,162
Local contractor bond				
Total AFS securities	**12,611,114**	**12,611,114**	**8,332,907**	**8,332,907**
Current	8,734,192	8,734,192	5,562,260	5,562,260
Non Current	3,876,922	3,876,922	2,770,647	2,770,647
	12,611,114	**12,611,114**	**8,332,907**	**8,332,907**

18 Pledged assets

Treasury bills	**20,086,561**	**20,086,561**	**32,296,487**	**32,296,487**
Related liability (Note 27)	**22,852,261**	**22,852,261**	**33,644,273**	**33,644,273**

Assets pledged as collateral are treasury bills classified as available-for-sale. These are pledged as collateral under an Open Buy Back agreements with other banks and for security deposits. All collateral agreements mature within 12 months.

19 (a) Loans and advances to customers

Asset backed secuities	-	-	298,343	298,343
Term Loans	2,485,382	2,485,382	117,916	117,916
Others				
	2,485,382	**2,485,382**	**416,259**	**416,259**
Specific impairment	(9,839)	(9,839)	(3,181)	(3,181)
Portfolio impairment	(75)	(75)	-	-
Others				
	(9,914)	**(9,914)**	**(3,181)**	**(3,181)**
	2,475,468	**2,475,468**	**413,078**	**413,078**
Current	2,370,816	2,370,816	298,343	298,343
Non Current	114,566	114,566	117,916	117,916
	2,485,382	**2,485,382**	**416,259**	**416,259**

(b) Impairment allowance on loans and advances to customers
Specific impairment

Balance, beginning of period	3,181	3,181	25,023	25,023
Impairment charge for the period	8,559	8,559	-	-
Write-offs	-	-	-	-
Provision no longer required	(1,900)	(1,900)	(21,842)	(21,842)
Balance, end of period	9,840	9,840	3,181	3,181
Portfolio impairment				
Balance, beginning of period	-	-	-	-
Net impairment charge for the period	75	75	-	-
Balance, end of period	75	75	-	-

20 Other assets

Financial assets:

Other receivables	5,542	5,542	-	-
	5,542	**5,542**	**-**	**-**
Non-financial assets:				
Prepayments	80,042	80,042	41,801	41,801
Prepaid employee benefits	117,674	117,674	153,086	153,086
	197,716	**197,716**	**194,887**	**194,887**
Total	**203,258**	**203,258**	**194,887**	**194,887**
Current	77,897	77,897	41,801	41,801
Non Current	125,361	125,361	153,086	153,086
	203,258	**203,258**	**194,887**	**194,887**

21 Intangible assets

	GROUP		**BANK**	
	Computer software	**Total**	**Computer software**	**Total**
Cost				
At 1 January 2015	109,048	109,048	109,048	109,048
Additions	432,810	432,810	432,810	432,810
Dispoal/write off	(29,189)	(29,189)	(29,189)	(29,189)
At 31 December 2015	**512,669**	**512,669**	**512,669**	**512,669**
Accumulated amortisation				
At 1 January 2015	64,841	64,841	64,841	64,841
Amortisation charge	88,582	88,582	88,582	88,582
Dispoal/write off	(29,189)	(29,189)	(29,189)	(29,189)
At 31 December 2015	**124,234**	**124,234**	**124,234**	**124,234**
Net book value at 31 December 2015	**388,435**	**388,435**	**388,435**	**388,435**

	Computer software	**Total**	**Computer software**	**Total**
Cost				
At 1 January 2014	102,112	102,112	102,112	102,112
Additions	6,936	6,936	6,936	6,936
At 31 December 2014	**109,048**	**109,048**	**109,048**	**109,048**
Accumulated amortisation				
At 1 January 2014	36,938	36,938	36,938	36,938
Amortisation charge	27,903	27,903	27,903	27,903
Dispoal/write off	-	-	-	-
At 31 December 2014	**64,841**	**64,841**	**64,841**	**64,841**
Net book value at 31 December 2014	**44,207**	**44,207**	**44,207**	**44,207**

23 Investment in subsidiaries

	GROUP 2015 N'000	**BANK 2015 N'000**	**GROUP 2014 N'000**	**BANK 2014 N'000**
Staff share trust	**-**	**520,260**	**-**	**520,260**

Staff share trust scheme

The Group operated a staff share scheme, through a special purpose entity (SPE), up to March 2013. The scheme was however cancelled and staff rights monetised and paid. The shares are still held in the scheme pending commencement of the new scheme. As at the date of reporting, the Group is yet to commence the new scheme.

24 Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30 % (2013: 30 %)

PPE and intangible assets	129,552	129,552	101,408	101,408
Allowances for loan losses	(30,665)	(30,665)	954	954
Tax loss carry forward	5,118,307	5,118,307	4,082,188	4,082,188
	5,217,194	**5,217,194**	**4,184,550**	**4,184,550**
Deferred tax asset to be recovered after more than 12 months	5,118,307	5,118,307	4,082,188	4,082,188
Deferred tax asset to be recovered within 12 months	98,887	98,887	102,362	102,362
	5,217,194	**5,217,194**	**4,184,550**	**4,184,550**

Movement in temporary differences during the year

GROUP AND BANK	**1 Jan 2015**	**Recognised in P&L**	**Recognised OCI**	**31 Dec 2015**
PPE and intangible assets	101,408	28,144	-	129,552
Allowances for loan losses	954	(31,619)	-	(30,665)
Tax loss carry forward	4,082,188	1,036,119	-	5,118,307
	4,184,550	**1,032,644**	**-**	**5,217,194**

GROUP AND BANK	**1 Jan 2014**	**Recognised in P&L**	**Recognised OCI**	**31 Dec 2014**
PPE and intangible assets	83,609	17,800	-	101,408
Allowances for loan losses	7,507	(6,553)	-	954
Tax loss carry forward	4,007,138	75,050	-	4,082,188
	4,098,254	**86,297**	**-**	**4,184,550**

The Group has assessed that based on the projected income from investment securities for the financial year 2016 - 2019, the deferred tax asset of N5.217 billion for the year ended 31 December 2015 representing 38% of the total deferred tax available of N=13.8 billion is recoverable. The Group reckons it is probable that future taxable profit will be available against which the losses and other temporary differences that gave rise to the deferred tax asset can be utilized.

25 Assets held for sale

Investment property	**48,756**	**48,756**	**48,756**	**48,756**
The movement in investment property is analysed as follows:				
At 1st January	48,756	48,756	48,756	48,756
Fair value changes	-	-	-	-
Property at fair value	**48,756**	**48,756**	**48,756**	**48,756**

The properties were independently valued by Kene Onuora Consulting Estate Surveyors and Valuers. The market value of the Oniru property at 18 December, 2014 was N19,180,800, while the market value of the Sagamu Papalanto property also on 18 December, 2014 was N29,575,000, using open market valuation. The determination of the fair values of the properties were supported by market evidence.

Current	48,756	48,756	48,756	48,756
Non Current	-	-	-	-
	48,756	**48,756**	**48,756**	**48,756**

Fair value hierarchy

Level 1: Fair value measurements classified as Level 1 include exchange-traded prices of fixed maturities and equity securities unadjusted in active market for identical assets and liabilities.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Observable inputs generally used to measure the fair value of securities classified as Level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data.

Level 3: Valuation incorporate significant inputs for the asset or liability that is not based on observable market date (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. The tables below analyse Investment property measured at fair value at the end of the reporting period.

	Level 1	Level 2	Level 1	Level 2
31 December 2015:				
Assets held for sale	-	48,756	-	48,756
31 December 2014:				
Assets held for sale	-	48,756	-	48,756

Information about fair value measurements using significant unobservable inputs (Level 2):

Level 2 fair values of landed property have been generally derived using the cost/square metres of comparable properties. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

There were no transfers between Levels 1 and 2 during the period.

26 Due to customers

Current deposit	971,609	971,609	9,142	9,142
Call deposit	1,024,502	1,024,502	1,802,220	1,802,220
Customers' investment fund	32,881,179	32,881,179	18,809,625	18,809,625
	34,877,290	**34,877,290**	**20,620,987**	**20,620,987**

Customers investments funds are tenored based on the contractual terms of the investments and are all linked to various investments products offered by the Bank/Group

Current	33,852,788	33,852,788	18,818,767	18,818,767
Non Current	1,024,502	1,024,502	1,802,220	1,802,220
	34,877,290	**34,877,290**	**20,620,987**	**20,620,987**

27 Due to financial institutions

Interbank takings	-	-	3,000,945	3,000,945
Secured takings	22,852,261	22,852,261	33,644,273	33,644,273
	22,852,261	**22,852,261**	**36,645,218**	**36,645,218**
Current	22,852,261	22,852,261	36,645,218	36,645,218
Non Current	-	-	-	-
	22,852,261	**22,852,261**	**36,645,218**	**36,645,218**

28 Current income tax liabilities

Opening balance	96,382	96,382	68,812	68,812
Income tax charge (Note 13)	140,421	140,421	96,823	96,823
Payment	(98,892)	(98,892)	(69,253)	(69,253)
	137,911	**137,911**	**96,382**	**96,382**

29 Other liabilities

Accrued expenses	157,205	157,205	84,607	84,607
Accrued productivity bonus	310	310	112,131	112,131
Other liabilities	19,162	19,162	36,563	36,563
	176,677	**176,677**	**233,301**	**233,301**
Current	176,677	176,677	233,301	233,301
Non Current	-	-	-	-
	176,677	**176,677**	**233,301**	**233,301**

Other liabilities are expected to be settled within no more than 12 months after the date of the consolidated statement of financial position

30 Share capital

Authorised				
10 billion ordinary shares of N1 each	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**
Issued and fully paid				
4,854,118 ordinary shares of N1 each	**4,854,118**	**4,854,118**	**4,854,118**	**4,854,118**

31 Share premium and reserves

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

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

3,331,241	**3,331,241**	**3,331,241**	**3,331,241**

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

Statutory reserve: In accordance with existing legislation, the Bank transferred 15% (2014: 15%) of its profit after taxation to statutory reserves. This is a non distributable earnings required by the regulations of the Central Bank of Nigeria to be kept.

Treasury shares: Relates to shares held by the staff trust scheme. The staff trust scheme is a special purpose entity (SPE) controlled by CMB.

	GROUP 2015 N'000	BANK 2015 N'000	GROUP 2014 N'000	BANK 2014 N'000
Value of shares (Naira) - market value	520,260	-	520,260	-

Credit risk reserve: Non distributable reserves required by the regulations of the Central Bank of Nigeria to be kept for impairment loss on loans and advances to customers in excess of IFRS charge as derived using the incurred loss model. Summarised in the table (a) below is the statement of prudential adjustments showing the difference between the loan loss allowance per prudential guidelines and IFRS.

Available for sales reserves: The available for sale reserves shows the effects of the fair value measurement of financial instruments classified as available for sales. Gains or losses are not recognised in the consolidated income statement until the asset has been sold or realised.

Movement in available-for-sale reserve

As at 1 January	(43,828)	(43,828)	(115,112)	(115,112)
Unrealised net changes arising during the year	444,062	444,062	(43,650)	(43,650)
Net reclassification adjustments for realised changes	42,922	42,922	114,934	114,934
	443,156	**443,156**	**(43,828)**	**(43,828)**

The equity securities and some debt instruments are classified as AFS securities. These securities are carried at fair value and the fair value changes taken to other comprehensive income as fair value reserve.

Other comprehensive income are made up of available for sale investments in bonds, treasury bills and equity instruments. These are not subject to income tax under the domestic corporation tax laws.

(a) Statement of prudential adjustments

	Group 31 Dec 2015	Bank 31 Dec 2015	Group 31 Dec 2014	Bank 31 Dec 2014
Prudential guidelines provision:				
Loans and other receivables				
General provision	61,023	61,023	113,890	113,890
Specific provision	9,840	9,840	3,181	3,181
	70,863	70,863	117,071	117,071
IFRS impairment allowance:				
Loans and other receivables	9,915	9,915	3,181	3,181
	9,915	9,915	3,181	3,181
Decrease*/(Increase) in IFRS impairment over prudential guidelines	60,948	60,948	113,890	113,890
Movement in credit risk reserves:				
Opening balance	113,890	113,890	151,289	151,289
Movement during the year in the Statement of Changes in Equity	(52,942)	(52,942)	(37,399)	(37,399)
Closing balance	60,948	60,948	113,890	113,890

*Basis of provisioning per prudential guidelines: Provisioning is made in accordance with the Prudential Guidelines for Deposit Money Banks in Nigeria issued by the Central Bank of Nigeria for each account that is deemed not performing (specific) in accordance with the following terms; (1) 90 days but less than 180 days (10%); (2) 180 days but less than 360 days (50%) and over 360 days (100%). In addition, a minimum of 2% (2014:1%) general provision is made on all risk assets which are deemed performing and have not been specifically provided for. The excess of the impairment under the Prudential Guidelines over the impairment under IFRS has been designated to a non-distributable reserve in line with the regulatory requirements of the Central Bank of Nigeria.

32 Reconciliation of profit before tax to cash generated from operations	Note	Group 31 Dec 2015	Bank 31 Dec 2015	Group 31 Dec 2014	Bank 31 Dec 2014
Profit before income tax including continuing operations		2,330,177	2,330,177	1,621,062	1,621,062
Adjustments for non-cash items:					
Depreciation charge on property and equipment	22	80,725	80,725	56,941	56,941
Amortisation of intangible assets	21	88,582	88,582	27,903	27,903
Impairment of Intangible assets	21	-	-	-	-
Loss on sale of property and equipment	11	11,996	11,996	1,468	1,468
Write back of other assets		-	-	(21,842)	(21,842)
Net impairment loss on loans and advances		6,734	6,734	-	-
Net interest income		(3,066,995)	(3,066,995)	(2,187,507)	(2,187,507)
Dividend earned	11	(342)	(342)	(59)	(59)
		(549,123)	**(549,123)**	**(502,034)**	**(502,034)**
Decrease/(increase) in financial assets held for trading (with original maturity > 90 days)		470,490	470,490	(228,302)	(228,302)
(Increase)/decrease in loans and advances to customers		(1,998,081)	(1,998,081)	1,394,421	1,394,421
(Increase)/decrease in investment securities - Available for sale		(5,247,523)	(5,247,523)	4,824,370	4,824,370
Decrease/(increase) in pledged assets		12,209,926	12,209,926	(11,226,599)	(11,226,599)
(Increase)/decrease other assets		(8,371)	(8,371)	172,062	172,062
Increase/(decrease) due to customers		14,410,643	14,410,643	(18,618,131)	(18,618,131)
(Decrease)/increase in due to other banks		(13,784,339)	(13,784,339)	15,119,999	15,119,999
(Decrease/increase in other liabilities		(56,624)	(56,624)	(46,103)	(46,103)
Cash generated from/(used in) operations		**5,446,998**	**5,446,998**	**(9,110,317)**	**(9,110,317)**

33 Contingent liabilities and commitments

(a) Legal proceedings

The Bank is party 5 legal actions arising out of its normal operations. The Directors believe that based on currently available information and advise of legal counsel, 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 aggregate. No contingent liability associated with legal actions indicates the likelihood of any significant loss arising.

(b) Capital commitments

The Group had capital commitments at 31 December 2014.

	Group		Bank	
Merchant Bank Building Set-up (Planning and fit-out for Head Office)	31 Dec 2015 N'000	31 Dec 2014 N'000	31 Dec 2015 N'000	31 Dec 2014 N'000
	116,518	202,000	`	202,000
Software Acquisition	61,745	410,449	61,745	410,449

The capital commitment relates to the license fee and purchase of servers for Fintrak and Finacle banking application.

(c) Operating lease commitments

Where the Company is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

No later than one year	9,109	7,119	9,109	7,119
Later than one year and no later than five years	9,010	5,643	9,010	5,643
	18,119	**12,762**	**18,119**	**12,762**

For the aforementioned contingent liabilities, no reimbursement is expected

34 Related party transactions

The parent company of the Group is Coronation Merchant Bank Limited. The Group is wholly owned by Nigerian citizens. The subsidiary company included in the Group comprise the following:

	Ownership interest (%)	
	31 Dec 2015	31 Dec 2014
Staff share trust	100	100

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:

34a 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

Mr. Aigboje Aig-Imoukhuede (The former Chairman), Mr. Herbert Wigwe (CEO Access Bank Plc), Mr. Segun Oloketuyi (CEO Wema Bank Plc) and Mr. Nurudeen Fagbenro (Executive Director, Wema Bank Plc) retired from the Board during the year following the divestments by their respective institutions. Mr. Tijani Babatunde Folawiyo (Chairman), Ms Evelyn Oputu and Alhaji Adamu Mahmoud Atta were admittd to the Board following the approval of the Central Bank of Nigeria.

(ii) Changes in the shareholding

During the year the following changes took place in the related party share holdings in the Bank:

	Number of ordinary shares held 2015	% Holding	Number of ordinary shares held 2014	% Holding
Access Bank Plc	-	-	1,067,118	22.0%
Wapic Insurance Plc	1,151,523	23.7%	701,184	14.4%

The current account balances with related and non-related parties are stated below:

(iii) Cash and cash equivalents	31 Dec 2015 N'000	31 Dec 2014 N'000
Access Bank Plc	-	118,542
Wema Bank Plc	-	66,710
Sterling Bank Plc	-	29,790
	-	**215,042**

(iv) Deposits from related parties	31 Dec 2015 N'000	31 Dec 2014 N'000
United Securities Limited	4,345,976	-
Wapic Insurance Plc	502,668	532,375
Access bank Plc	-	6,000,000
Wema Bank Plc	-	5,000,000
Key management personnel	8,914	27,967
Directors	5,625	-
	4,863,183	**11,560,342**

	Directors	Key management personnel	Shareholders and other affiliated companies
- Movement in related party deposit			
Year ended 31 December 2015			
At 1 January	-	27,967	11,532,375
Funds received during the year	5,625	-	-
Funds repaid during the year	-	(19,053)	(6,683,731)
At 31 December	**5,625**	**8,914**	**4,848,644**
Interest expenses on due to customers	25	11	136,643
Year ended 31 December 2014			
At 1 January	62,890	18,478	7,551,979
Funds received during the year	-	9,489	3,980,396
Funds repaid during the year	(62,890)	-	-
At 31 December	-	27,967	11,532,375
Interest expenses on deposits	3,429	392	14,634

The above deposits are unsecured, carry variable interest rates and are repayable on demand. CMB is licensed as a Portfolio/Funds Manager and Corporate Investment Adviser by the Security and Exchange Commission (SEC).

Key Management personnels in the company are staff that are members of the Executive Management Committee of CMB.

34b Loans to related parties

Balances and transactions with related party as at:

Relationship	Facility type	Status	31 Dec 2015	31 Dec 2014
Executive management and director	Mortgage and Car loan	Performing	98,120	113,546
Other key management personnel		Performing	7,127	116,914
			105,247	230,460
Interest earned on staff loan			18,863	960

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 Group over 2 years. The mortgage loans are collateralised by the underlying property. There were no limpairment charges related to the amounts outstanding.

34c Key management compensation

	31 Dec 2015	31 Dec 2014
Salaries and other short-term employee benefits:		
Salaries and wages	215,566	478,221
Other staff benefits	19,825	7,637
	235,391	**485,858**

34d Insider related credits

In compliance with Central bank Of Nigeria circular BSD/1/2004 on Insider related credits, the Bank had the following Insider related credits during the year.

	31 Dec 2015	31 Dec 2014
Directors	-	40,167
Key management personnel and other employees	192,811	234,016
	192,811	274,183

Insiders include directors and close family members , significant shareholders (with holdings of at least 5%) and employees.

35 Employees

The average number of persons employed by the Bank during the period was as follows:

	GROUP Number 31 Dec 2015	BANK Number 31 Dec 2015	GROUP Number 31 Dec 2014	BANK Number 31 Dec 2014
Executive directors	1	1	1	1
Management	17	17	11	11
Non-management	29	29	39	39
	47	**47**	**51**	**51**

Compensation for the above staff (excluding executive directors):

	GROUP N'000 31 Dec 2015	COMPANY N'000 31 Dec 2015	GROUP N'000 31 Dec 2014	COMPANY N'000 31 Dec 2014
Salaries and wages	491,448	491,448	498,399	498,399
Pension cost - defined contribution scheme	33,100	33,100	29,468	29,468
Other staff related expenses	34,342	34,342	7,638	7,638
	558,890	**558,890**	**535,505**	**535,505**

The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	Number 31 Dec 2015	Number 31 Dec 2014
N300,001 - N2,000,000	4	29
N2,000,001 - N2,800,000	3	6
N3,500,000 - N2,800,001	-	8
N5,500,001 - N3,500,000	14	3
N20,000,001 - N5,500,000	25	5
	46	**51**

In accordance with the provisions of the Pensions Act 2004, the Company commenced a contributory pension scheme in January 2005. The contribution by employees and the Company are 7.5% and 15% respectively of the employees' basic salary, housing and transport allowances.

36 Directors' emoluments

Remuneration paid to the Directors (excluding certain allowances) was:

	GROUP	
	31 Dec 2015	31 Dec 2014
Fees and sitting allowances	47,463	47,671
Executive compensation	44,847	53,325
Pension cost - defined contribution scheme	5,071	2,286
Other director expenses	37,937	13,075
	135,318	**116,357**

Fees and other emoluments disclosed above include amounts paid to:

	31 Dec 2015	31 Dec 2014
Chairman	10,945	4,728
Highest paid director	44,847	53,325

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

	Number	
	31 Dec 2015	31 Dec 2014
Below N1,600,000	6	7
N3,400,001 and above	1	1
	7	**8**

37 Compliance with banking regulation

During the period under review, the following penalties were paid:

The review of CMB issuing house license by SEC upon our filings and nomination of individuals revealed that we were not rendering the foreign currency transactions report to SEC. This warranted a sanction and subsequent fine of Nine Million, Three hundred and Twenty Four Thousand Naira only (=N=9,324,000). A penalty of eight million Naira only (=N=8,000,000 only) was also paid to CBN in respect of breaches on rendition of AML and CFT returns during the financial year.

38 Dividends

The Board of Directors has proposed a dividend of N0.105 per share (2014: nil). This is subject to approval by the shareholders at the next Annual General Meeting. These financial statements do not reflect this dividend payable.

39 Customer complaints

In line with Central Bank of Nigeria (CBN) circular referenced FPR/DIR/CIR/GEN/01/020, the Bank received, processed and resolved nil (2014: 23) customer complaints during the year.

40 Events after statement of financial position date

There were no events after the reporting date

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

Amount in thousands of Naira (N'000) unless otherwise stated

22 Property and equipment

22a GROUP 2015

	Office equipment	Furniture and Fittings	IT Equipment	Motor Vehicles	Work in Progress	Total
Cost						
As at January 2015	37,055	56,962	137,102	168,251	64,033	463,403
Additions	4,908	1,345	129,615	155,267	1,375,562	1,666,697
Disposal	(17,550)	(3,504)	(88,394)	(98,979)	-	(208,427)
At 31 December 2015	**24,413**	**54,803**	**178,323**	**224,539**	**1,439,595**	**1,921,673**
Accumulated depreciation						
As at January 2015	33,995	54,613	114,375	95,315	-	298,298
Additions	2,552	1,835	29,590	46,748	-	80,725
Disposal	(17,531)	(3,500)	(85,672)	(83,147)	-	(189,850)
At 31 December 2015	**19,016**	**52,948**	**58,293**	**58,916**	**-**	**189,173**
Net Book Value as at 31 December 2015	**5,397**	**1,855**	**120,030**	**165,623**	**1,439,595**	**1,732,500**

GROUP 2014

	Office equipment	Furniture and Fittings	IT Equipment	Motor Vehicles	Work in Progress	Total
Cost						
As at January 2014	36,043	55,487	129,846	157,165	-	378,541
Additions	1,011	1,475	14,281	21,136	64,033	101,936
Disposal	-	-	(7,026)	(10,049)	-	(17,075)
At 31 December 2014	**37,054**	**56,962**	**137,101**	**168,252**	**64,033**	**463,402**
Accumulated depreciation						
As at January 2014	30,439	53,161	107,412	62,618	-	253,630
Additions	3,555	1,452	13,234	38,700	-	56,941
Disposal	-	-	(6,271)	(6,003)	-	(12,274)
At 31 December 2014	**33,994**	**54,613**	**114,375**	**95,315**	**-**	**298,297**
Net Book Value as at 31 December 2014	**3,060**	**2,349**	**22,726**	**72,937**	**64,033**	**165,106**

22b BANK 2015

	Office equipment	Furniture and Fittings	IT Equipment	Motor Vehicles	Work in Progress	Total
Cost						
1 January 2015	37,055	56,962	137,102	168,251	64,033	463,403
Additions	4,908	1,345	129,615	155,267	1,375,562	1,666,697
Disposal/write offs	(17,550)	(3,504)	(88,394)	(98,979)	-	(208,427)
At 31 December 2015	**24,413**	**54,803**	**178,323**	**224,539**	**1,439,595**	**1,921,673**
Accumulated depreciation						
1 January 2015	33,995	54,613	114,375	95,315	-	298,298
Additions	2,552	1,835	29,590	46,748	-	80,725
Disposal/write offs	(17,531)	(3,500)	(85,672)	(83,147)	-	(189,850)
At 31 December 2015	**19,016**	**52,948**	**58,293**	**58,916**	**-**	**189,173**
Net Book Value as at 31 December 2015	**5,397**	**1,855**	**120,030**	**165,623**	**1,439,595**	**1,732,500**

BANK 2014

	Office equipment	Furniture and Fittings	IT Equipment	Motor Vehicles	Work in Progress	Total
Cost						
1 January 2014	36,043	55,487	129,846	157,165	-	378,541
Additions	1,011	1,475	14,281	21,136	64,033	101,936
Disposal/write offs	-	-	(7,026)	(10,049)	-	(17,075)
At 31 December 2014	**37,054**	**56,962**	**137,101**	**168,252**	**64,033**	**463,402**
Accumulated depreciation						
1 January 2014	30,439	53,161	107,412	62,618	-	253,630
Additions	3,555	1,452	13,234	38,699	-	56,940
Disposal/write offs	-	-	(6,271)	(6,003)	-	(12,274)
At 31 December 2014	**33,994**	**54,613**	**114,375**	**95,314**	**-**	**298,296**
Net Book Value as at 31 December 2014	**3,060**	**2,349**	**22,726**	**72,938**	**64,033**	**165,106**

OTHER SUPPLEMENTARY INFORMATION:

FIVE YEAR FINANCIAL SUMMARY

	IFRS				
	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011
GROUP	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	23,770,743	11,570,356	11,117,514	10,473,352	10,253,222
Financial assets held for trading	-	470,490	9,622,924	27,340,940	34,490,851
Investment securities:					
Held-to-maturity	11,746,851	16,402,421	8,728,382	10,237,015	9,801,529
Loans and receivables	-	-	-	3,459,084	3,547,267
Available for sale securities	12,611,114	8,332,907	13,374,599	1,133,062	952,639
Pledged assets	20,086,561	32,296,487	21,366,884	38,049,747	15,411,657
Loans and advances to customers	2,475,468	413,078	1,736,058	3,195,204	2,618,966
Other assets	203,258	194,887	459,840	1,674,472	469,199
Intangible assets	388,435	44,207	65,174	1,077	1,647
Property, plant and equipment	1,732,500	165,106	124,911	132,347	125,931
Investment in subsidiaries	-	-	-	-	-
Deferred tax	5,217,194	4,184,550	4,098,254	2,685,900	1,723,606
	78,232,124	74,074,489	70,694,540	98,382,200	79,396,514
Assets held for sale	48,756	48,756	48,756	37,335	203,125
Total assets	**78,280,880**	**74,123,245**	**70,743,296**	**98,419,535**	**79,599,639**
Liabilities					
Due to customers	34,877,290	20,620,987	39,331,967	41,350,639	32,895,482
Due to financial institutions	22,852,261	36,645,218	21,528,055	49,615,998	41,223,851
Current income tax liabilities	137,911	96,382	68,812	53,242	45,104
Other liabilities	176,677	233,301	279,402	670,876	1,161,834
Retirement benefit obligations	-	-	-	-	29
Total liabilities	**58,044,139**	**57,595,888**	**61,208,236**	**91,690,755**	**75,326,300**
Equity					
Share capital	4,854,118	4,854,118	2,784,600	2,784,600	2,784,600
Share premium	3,331,241	3,331,241	90,281	90,281	90,281
Statutory reserve	3,968,782	3,002,062	2,760,482	2,292,145	1,964,833
Treasury stock	(520,260)	(520,260)	(520,260)	(209,232)	(209,232)
Available for sale reserve	443,156	(43,828)	(115,112)	(70,190)	(422,501)
Credit risk reserve	60,948	113,890	151,289	149,710	48,330
Retained earnings	8,098,756	5,790,134	4,383,780	1,691,466	17,027
Total equity	**20,236,741**	**16,527,357**	**9,535,060**	**6,728,780**	**4,273,338**
Non controlling interest					
Total equity and liabilities	**78,280,880**	**74,123,245**	**70,743,296**	**98,419,535**	**79,599,638**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	IFRS				
	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011
Continuing operations	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Interest and similar income	11,169,291	11,597,365	17,636,453	17,999,723	6,489,057
Interest and similar expense	(6,882,393)	(8,736,442)	(14,996,017)	(15,627,993)	(5,373,358)
Net interest income	4,286,898	2,860,923	2,640,436	2,371,730	1,115,699
Impairment (charge) / write back for credit losses	(6,734)	21,842	1,049	(24,915)	350,328
Impairment (charge) / write back for other financial assets	-	-	-	-	(209,310)
Net interest income after impairment charge for on financial assets	4,280,164	2,882,765	2,641,485	2,346,815	1,256,717
Fee and commission income	65,701	29,679	36,162	180,957	309,827
Net gains / (losses) from financial instruments at fair value	1,263	(5,273)	67,993	(161,417)	55,155
Gain on sale of subsiary	-	-	160,473	-	-
Other income	2,183	5,476	149,355	195,638	158,102
Other operating expenses	(2,019,134)	(1,291,585)	(1,252,735)	(1,337,186)	(1,086,693)
Profit before tax	2,330,177	1,621,062	1,802,733	1,224,807	693,109
Income tax expense	892,223	(10,527)	1,319,512	878,323	(10,466)
Profit for the year	3,222,400	1,610,535	3,122,245	2,103,130	682,643
Non-controlling interest	-	-	-	-	-
Profit for the year	3,222,400	1,610,535	3,122,245	2,103,130	682,643
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Net fair value gains/(losses) on available for sale financial assets	444,062	71,284	(44,922)	351,274	(354,030)
Other comprehensive income for the year (net of tax)	444,062	71,284	(44,922)	351,274	(354,030)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,666,462	1,681,819	3,077,323	2,454,404	328,613

OTHER SUPPLEMENTARY INFORMATION: FIVE YEAR FINANCIAL SUMMARY

	IFRS				
	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011
BANK	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	23,770,743	11,570,356	11,117,514	10,473,025	10,252,106
Financial assets held for trading	-	470,490	9,622,924	27,340,940	34,486,896
Investment securities					
Held-to-maturity	11,746,851	16,402,421	8,728,382	10,237,015	9,801,529
Loans and receivables	-	-	-	3,459,084	3,547,267
Available for sale securities	12,611,114	8,332,907	13,374,599	1,133,062	882,319
Pledged assets	20,086,561	32,296,487	21,366,884	38,049,747	15,411,657
Loans and advances to customers	2,475,468	413,078	1,736,058	3,195,204	2,611,501
Other assets	203,258	194,887	459,840	1,674,472	467,754
Intangible assets	388,435	44,207	65,174	1,077	1,646
Property, plant and equipment	1,732,500	165,106	124,911	132,347	125,920
Investment in subsidiaries	520,260	520,260	520,260	299,956	285,236
Deferred tax	5,217,194	4,184,550	4,098,254	2,685,900	1,723,606
	78,752,384	74,594,749	71,214,800	98,681,829	79,597,437
Assets held for sale	48,756	48,756	48,756	37,335	203,125
Total assets	**78,801,140**	**74,643,505**	**71,263,556**	**98,719,164**	**79,800,562**
Liabilities					
Due to customers	34,877,290	20,620,987	39,331,967	41,521,319	41,245,884
Due to financial institutions	22,852,261	36,645,218	21,528,055	49,615,997	32,968,190
Current income tax liabilities	137,911	96,382	68,812	52,671	44,072
Other liabilities	176,677	233,301	279,402	278,439	838,560
Retirement benefit obligations	-	-	-	-	28
Total liabilities	**58,044,139**	**57,595,888**	**61,208,236**	**91,468,426**	**75,096,734**
Equity					
Share capital	4,854,118	4,854,118	2,784,600	2,784,600	2,784,600
Share premium	3,331,241	3,331,241	90,281	90,281	90,281
Statutory reserve	3,968,782	3,002,062	2,760,481	2,292,145	1,964,833
Available for sale reserve	443,156	(43,828)	(115,112)	(70,190)	(403,398)
Credit risk reserve	60,948	113,890	151,289	149,710	48,330
Retained earnings	8,098,756	5,790,134	4,383,780	2,004,192	219,182
Total equity	**20,757,001**	**17,047,617**	**10,055,319**	**7,250,738**	**4,703,828**
Total equity and liabilities	**78,801,140**	**74,643,505**	**71,263,555**	**98,719,164**	**79,800,562**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	IFRS				
	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011
Continuing operations	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Interest and similar income	11,169,291	11,597,365	17,636,453	17,983,750	6,489,049
Interest and similar expense	(6,882,393)	(8,736,442)	(14,996,017)	(15,627,993)	(5,362,800)
Net interest income	4,286,898	2,860,923	2,640,436	2,355,757	1,126,249
Impairment (charge) / write back for credit losses	(6,734)	21,842	1,049	(39,358)	327,193
Impairment (charge) / write back for other financial assets	-	-	-	-	(106,738)
Net interest income after impairment charge for on financial assets	4,280,164	2,882,765	2,641,485	2,316,399	1,346,704
Fee and commission income	65,701	29,679	36,162	156,557	309,827
Net gains / (losses) from financial instruments at fair value	1,263	(5,273)	67,993	(166,780)	55,155
Gain on sale of subsiary	0	0	167,548	-	
Other income	2,183	5,476	149,355	208,332	76,621
Other operating expenses	(2,019,134)	(1,291,585)	(1,261,510)	(1,210,427)	(1,032,191)
Profit before tax	2,330,177	1,621,062	1,801,033	1,304,081	756,116
Income tax expense	892,223	(10,527)	1,319,512	909,622	(9,814)
Profit for the year	3,222,400	1,610,535	3,120,545	2,213,703	746,302
Non-controlling interest	-	-	-	-	-
Profit for the year	**3,222,400**	**1,610,535**	**3,120,545**	**2,213,703**	**746,303**
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Net fair value gains/(losses) on available for sale financial assets	444,062	71,284	(44,922)	332,171	(354,030)
Other comprehensive income for the year (net of tax)	444,062	71,284	(44,922)	332,171	(354,030)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,666,462	1,681,819	3,075,623	2,545,874	392,273

OTHER SUPPLEMENTARY INFORMATION: VALUE ADDED STATEMENT*

For the Year Ended 31 December 2015

	31 Dec 2015		31 Dec 2014	
Group	**N'000**	**%**	**N'000**	**%**
Gross income	11,237,175		11,632,520	
Interest paid	(6,882,393)		(8,736,442)	
	4,354,782		2,896,078	
Impairments	(6,734)		21,842	
Administrative expenses	(2,019,134)		(1,291,585)	
Value added	**2,328,914**	**100**	**1,626,335**	**100**
Value added distribution				
To government				
- Income taxes	98,892	6%	69,253	0.0
- IT Levy	23,302	1%	16,211	0.0
- Deferred tax	(1,032,644)	-63%	(86,296)	(0.1)
To employees				
- Salaries and other benefits	558,890	0.3	535,505	0.3
The future:				
- Depreciation of property and equipment	169,307	0.1	79,269	0.0
Expansion (transfer to reserves)	2,511,167	1.5	1,012,393	0.6
	2,328,914	**100**	**1,626,335**	**100**

(*) - This information is presented for the purpose of the requirement of the Companies and Allied Matters Act

OTHER SUPPLEMENTARY INFORMATION: VALUE ADDED STATEMENT*

For the Year Ended 31 December 2015

	31 Dec 2015		31 Dec 2014	
Bank	**N'000**	**%**	**N'000**	**%**
Gross income	11,237,175		11,632,520	
Interest paid	(6,882,393)		(8,736,442)	
	4,354,782		2,896,078	
Impairments	(6,734)		21,842	
Administrative expenses	(2,019,134)		(1,291,585)	
Value added	**2,328,914**	**100**	**1,626,335**	**100**
Value added distribution				
To government				
- Income taxes	98,892	6%	69,253	4%
- IT Levy	23,302	1%	16,211	1%
- Deferred tax	(1,032,644)	-63%	(86,296)	-5%
To employees				
- Salaries and other benefits	558,890	34%	535,505	33%
The future:				
- Depreciation of property and equipment	169,307	10%	79,269	5%
Expansion (transfer to reserves)	2,511,167	154%	1,012,393	62%
	2,328,914	**100**	**1,626,335**	**100**

(*) - This information is presented for the purpose of the requirement of the Companies and Allied Matters Act