CITITRUST HOLDINGS PLC

Lagos, Nigeria

REPORT OF THE DIRECTORS,

CONSOLIDATED AND SEPARATE AUDITED FINANCIAL STATEMENTS

AND OTHER NATIONAL DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2020

Table of Contents

CORPORATE INFORMATION

Directors:	Mr. Ohio Ifiabor	Group Chairman
	Mr. Yemi Adefisan	Group Chief Executive
	Mr. Afolabi Martins (appointed on 14 August 2020)	Group Executive Director, Finance and Strategy
	Mr. Lawal Danladi Yaro	Director
	Mrs. Oluwaseun Ajila	Director
	Mr. Olaoye Oyelakin	Director
	Mrs. Ogochukwu Temitope Kehinde	Director
	Mr. Babafemi Lawal (appointed on 8 May 2020)	Director
	Mr. Adebayo Adeleke (appointed on 8 May 2020)	Director
	Mr. Philip Oshotse (appointed on 8 February 2020)	Director
	Mr. George Otieno (appointed on 14 August 2020)	Director
	Mr. Praveen Thankappan (resigned on 8 May 2020)	Director

Company secretary	Mr. Chike Onwuka FRC/2020/002/00000021135
Registration numbe	RC 1550836
Registered office:	No. 43 Ademola Street, Off Awolowo Way, Ikoyi, Lagos.
Independent audito	Ernst & Young UBA House, 10th & 13th floors 57 Marina, Lagos Nigeria
Principal bankers:	Access Bank Plc, Nigeria Keystone Bank Limited, Nigeria Sterling Bank Plc, Nigeria Zenith Bank Plc, Nigeria Providus Bank Limited, Nigeria Ecobank Kenya First National Bank, South Africa FDH Bank Limited, Malawi

RESULT AT A GLANCE

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Consolidated and separate statement of financial position				
Total assets	25,616,719	6,165,244	14,232,813	2,524,622
Net (liaibilites)/assets	(1,010,450)	(2,330,943)	551,184	479,397
Share capital	500,000	500,000	500,000	500,000
Total equity	(1,010,450)	(2,330,943)	551,184	479,397
Number of shares in issue (units)	1,000,000	1,000,000	1,000,000	1,000,000
Consolidated and separate statement of profit or loss				
(Loss)/profit before income tax expense	(137,364)	(1,668,155)	13,753	57,036
Income tax expense	(110,769)	(331,298)	58,034	(77,639)
(Loss)/profit for the year	(248,133)	(1,999,453)	71,787	(20,603)

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting to the members of Cititrust Holdings Plc ("the Company") and its subsidiaries ("the Group") their report together with the consolidated and separate audited financial statements for the year ended 31 December 2020.

LEGAL FORM

Cititrust Holdings Plc was incorporated in Nigeria as a holding company, under the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, on 3rd January 2019. The Company's registered office is No. 43 Ademola Street, Off Awolowo Way, Ikoyi Lagos.

PRINCIPAL ACTIVITIES

The principal activities of the Group and Company includes carrying out business as a holding company, investing in and holding controlling shares in, as well as making investments in various industries such as financial services, real estate and health care services.

STATE OF AFFAIRS

In the opinion of the Directors, the state of the Group and the Company's affairs is satisfactory and no event have occurred since the statement of financial position date, which would affect the financial statements as presented.

RESULTS FOR THE YEAR

The result for the year is stated below:

	The Group		The Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
(Loss)/profit before income tax expense	(137,364)	(1,668,155)	13,753	57,036
Income tax expense	(110,769)	(331,298)	58,034	(77,639)
(Loss)/profit for the year	(248,133)	(1,999,453)	71,787	(20,603)

DIVIDEND

The Directors do not recommend the payment of dividend for the year ended 31 December 2020 (2019: Nil).

DIRECTORS AND THEIR INTERESTS

The names of the Directors at the date of this report and of those who have held office during the period, together with their interests in the shares of the Company, were as follows:

Name of Director	No. of shares held as at 31 December 2020	Percentage shareholding	No. of shares held as at 31 December 2019	Percentage shareholding
Mr. Ohio Ifiabor	7,200,000	11%	7,200,000	17%
Mr. Yemi Adefisan	3,435,400	5%	3,390,000	8%
Mr. Afolabi Martins	23,038,378	36%	-	0%
Mr. Lawal Danladi Yaro	3,600,000	6%	3,600,000	9%
Mrs. Oluwaseun Ajila	7,200,000	11%	7,200,000	17%
Mr. Olaoye Oyelakin	7,200,000	11%	7,200,000	17%
Mrs. Ogochukwu Temitope Kehinde	7,200,000	11%	7,200,000	17%
Mr. Praveen Thankappan	5,400,000	8%	5,400,000	13%
	64,273,778		41,190,000	

REPORT OF THE DIRECTORS - continued

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors has notified the Group and the Company for the purpose of section 303 of the Companies and Allied Matters Act, 2020 of any disclosable interests in contracts with which the Group or Company is involved as at 31 December 2020.

SHAREHOLDING ANALYSIS

The analysis of the Company's shareholding is as follows:

As at 31 December 2020	No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
Share range				
Above 20,000,000	6	3%	928,264,800	93%
10,000,000 - 20,000,000	1	0%	19,174,464	2%
Below 10,000,000	206	97%	52,560,736	5%
	213	100%	1,000,000,000	100%

As at 31 December 2019	No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
Share range				
Above 20,000,000	1	0%	854,798,800	85%
10,000,000 - 20,000,000	2	1%	33,174,464	3%
Below 10,000,000	222	99%	112,026,736	11%
	225	100%	1,000,000,000	100%

PROPERTY AND EQUIPMENT

Information relating to changes in in Property and equipments during the year are shown in Note 26 to the consolidated and separate financial statements.

Donations and charitable gifts

No donations were made during the year (2019: Nil)

EMPLOYMENT AND EMPLOYEES

Employment of disables persons

It is the policy of the Group and the Company that there should be no discrimination in considering applications for employment including those for disabled persons. As at 31 December 2020, there was no disabled person in the employment of the Group and the Company.

Health, Safety & Welfare

Health and safety regulations are in force within the Group and Company's premises and employees are aware of existing regulations. The Group and the Company provides subsidy to all level of employees for medical, transportation, housing, etc.

Training

The Group and the Company attaches great importance to training and manpower development as an investment in its people and its future. The Group and the Company therefore sponsored various manpower development programmes for the staff during the year.

Events after the reporting period

There was no event after the reporting date which could have a material effect on the state of affairs of the Group as at 31 December 2020 or the profit or loss and other comprehensive income for the year then ended.

INDEPENDENT AUDITORS

Ernst & Young have expressed their willingness to continue in office as the Company's independent auditors in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020.

BY THE ORDER OF THE BOARD

Chike Onwuka
FRC/2020/002/00000021135
Company Secretary
Lagos, Nigeria
Date: 8 December 2021

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Further to the provisions of section 405 of the Companies and Allied Matters Act 2020, we, the undersigned, hereby certify the following with regards to our audited consolidated and separate financial statements for the year ended 31 December 2020:

i) We have reviewed the report and to the best of our knowledge, the report does not contain:
- Any untrue statement of a material fact, or

- Omission to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

- To the best of our knowledge, the consolidated and separate financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Group as of, and for the years presented in the report.

ii) We:
- are responsible for establishing and maintaining internal controls

- have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;

- have evaluated the effectiveness of the Group's internal controls as of date of the report;

- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

iii) We have disclosed to the auditors of the Group
- all significant deficiencies in the design or operation of internal controls which would adversely affect the Group's ability to record, process, summarize and report financial data and have identified for the Group's auditors any material weakness in internal controls, and

- Any fraud, whether or not material, that involves management or other employees who have significant role in the Group's internal controls.

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Yemi Adefisan	Afolabi Martins
Group Chief Executive	Group Executive Director, Finance and Strategy
FRC/2020/003/00000021059	FRC/2016/ICAN/00014414

8 December 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The Companies and Allied Matters Act, 2020 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Group and the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group and the Company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and the Company and comply with the requirements of the Companies and Allied Matters Act, 2020.

b) establishes adequate internal control to safeguard its assets and to prevent and detect fraud and other irregularities.

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

The Directors accept responsibility for the consolidated and separate 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 issued by the International Accounting Standards Boards and the requirements of the Companies and Allied Matters Act, 2020, and the Financial Reporting Council of Nigeria Act, No. 6, 2011 .

The Directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Group and the Company and of its performance for the year ended 31 December 2020. 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 controls.

Nothing has come to the attention of the Directors to indicate that the Group and the Company will not remain a going concern for at least twelve months from the date of approval of the financial statements.

Yemi Adefisan	Afolabi Martins
Group Chief Executive	Group Executive Director, Finance and Strategy
FRC/2020/003/00000021059	FRC/2016/ICAN/00014414

8 December 2021

Building a better
working world

Ernst & Young
10th & 13th Floors
UBA House
57 Marina
P.O. Box 2442, Marina
Lagos, Nigeria

Tel: +234 (01) 631 4500
Fax: +234 (01) 463 0481
Email: service@ng.ey.com
www.ey.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITITRUST HOLDINGS PLC

Report on the Financial Statements

We have audited the consolidated and separate financial statements of Cititrust Holdings Plc (the "Company") and its subsidiaries (together "the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2020, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, and the consolidated and separate statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Cititrust Holdings Plc and its subsidiaries as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020, and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audit of the Group and Company. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the Company and the Group. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITITRUST HOLDINGS PLC - Continued

Key Audit Matter - Continued

The Key Audit Matter apply equally to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Credit impairment for financial assets Financial assets (short term placements, loans and advances, debt securities and other receivables) constitute a significant portion of the Group's (85%) total assets. The International Financial Reporting Standards (IFRS) 9 - Financial Instruments requires the use of an expected credit loss model (ECL) for recognising impairment of financial instruments. The ECL model involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation such as: • determining criteria for assigning Probability of Default (PD) rate. • assessing the relationship between quantitative factors such as default and qualitative factors such as macro-economic variables. • incorporating forward looking information in the expected credit loss and establishing multiple scenarios with related probability weights. • factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD). • factors considered in cash flow estimation including timing and amount. • factors considered in collateral valuation. • factors considered in determining Credit Conversion Factor (CCF) for off balance sheet exposures such as bonds and guarantees and loan commitments. The determination of ECL is considered a key audit matter given the significance of balances of financial assets , and the level of complexity and judgement involved in the process.	We reviewed IT General and Application controls governing the IT systems used to calculate expected credit losses such as the process for data migration and upload, access controls over inputs into the system, change management controls and staging configuration within the system. We reviewed management's criteria for default and significant increase in credit risk (SICR) by reviewing customer files and account statements for selected obligors to identify quantitative and qualitative indicators of SICR and default. Our other procedures included the following: • We reviewed the ECL prepared by management for the computation of impairment on financial assets. • Obtained an understanding of the default definition(s) used in ECL calculation and focused on the most significant model assumptions including PD and LGD. • Tested the underlying data behind the determination of the probability of defaults and loss given defaults by agreeing same to underlying supporting documentations. • Critically evaluated the determination of the expected cash flows used in assessing and estimating impairments and the reasonableness of any assumptions. • Evaluated whether the model used to calculate the recoverable amount complies with the requirements of IFRS 9. • Examined the criteria used to allocate loans and advances to customers under stages 1, 2 and 3. • For loans and advances to customers classified under stages 1 and 2, we selected material balances and reviewed the repayment history for possible repayment default. • For loans and advances to customers classified under stages 3, we tested all the assumptions considered in the estimation of recovery cash flows, the discount factor, and timing of realization. •Reviewed the disclosures for reasonableness to ensure conformity with the IFRSs. Based on the work we have performed, we consider the level of impairment allowance acceptable.

EY
Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITITRUST HOLDINGS PLC - Continued

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Cititrust Holdings Plc, Report of the Directors, Consolidated and Separate Financial Statements and Other National Disclosures for the year ended 31 December 2020" which includes the Corporate information, Result at a glance, Report of the Directors, Statement of Directors' responsibilities on the financial statements, Statement of Corporate Responsibility on the Financial Statements, Value added statement and Two-year Financial Summary as required by the Companies and Allied Matters Act, 2020, and the Financial Reporting Council of Nigeria Act No. 6, 2011. The other information does not include the financial statements and our auditor's report thereon.

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

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

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020, and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determines necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's responsibility for the Audit of the Consolidated and Separate Financial Statements

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

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

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITITRUST HOLDINGS PLC - Continued

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Building a better
working world

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITITRUST HOLDINGS PLC - Continued

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Fifth schedule of the Companies and Allied Matters Act, 2020, 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 purpose of our audit;

ii) in our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of those books;

iii) the consolidated and separate statements of financial position and consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account.

Kanayo Echena, FCA
FRC/2012/ICAN/00000000150
For: Ernst & Young
Lagos, Nigeria.

Date: 13 December 2021

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	The Group		The Company	
		2020	2019	2020	2019
		₦'000	₦'000	₦'000	₦'000
Gross revenue		3,996,949	5,378,964	1,316,510	373,800
Interest and similar income	4	1,705,448	1,203,204	-	-
Interest and similar expense	5	(922,339)	(815,812)	-	-
Net interest income		783,109	387,392	-	-
Fees and commission income	6	104,589	49,740	-	-
Fees and commission expense	7	(5,681)	(3,258)	-	-
Operating and investment income	8	479,780	4,083,393	775,500	373,800
Operating expenses	9	(207,643)	(3,882,043)	-	-
		1,154,154	635,224	775,500	373,800
Other operating income	10	1,707,132	42,627	541,010	-
Finance costs	15	(352,029)	(29,927)	(757,340)	(29,927)
Net fair value gain/(loss) loss on equity instruments at fair value through profit or loss	11	12,998	(5,412)	-	-
Credit loss expenses	12	(353,512)	(521,934)	(22,858)	(2,342)
Personnel expenses	13	(1,040,619)	(624,520)	(156,857)	(89,584)
Other operating expenses	14	(1,265,488)	(1,164,213)	(365,702)	(194,911)
(Loss)/profit before income tax expense		(137,364)	(1,668,155)	13,753	57,036
Income tax (expense)/credit	16	(110,769)	(331,298)	58,034	(77,639)
(Loss)/profit for the year		(248,133)	(1,999,453)	71,787	(20,603)
Attirbutable to:					
Equity holders of the parent		(257,128)	(1,998,972)	71,787	(20,603)
Non-controlling interests		8,995	(481)	-	-
		(248,133)	(1,999,453)	71,787	(20,603)
Other comprehensive income:					
Other comprehensive loss items that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation	33.1	25,609	(44,341)	-	-
Other comprehensive loss items that will not be reclassified to profit or loss in subsequent periods:					
Fair value loss on equity securities	18.3.1	(4,115)	-	-	-
Total other comprehensive income		21,494	(44,341)	-	-
Total comprehensive loss for the period		(226,639)	(2,043,794)	71,787	(20,603)
Attirbutable to:					
Equity holders of the parent		(233,975)	(2,043,289)	71,787	(20,603)
Non-controlling interests		7,336	(505)	-	-
		(226,639)	(2,043,794)	71,787	(20,603)

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

	Notes	The Group 2020 ₦'000	The Group 2019 ₦'000	The Company 2020 ₦'000	The Company 2019 ₦'000
Assets					
Cash and bank balances	17	3,508,966	2,121,462	1,069,065	647,021
Investment securities:					
At fair value through profit or loss	18.1	139,729	439,588	-	-
At amortised cost	18.2	5,367,951	-	203,960	-
At fair value through other comprehensive income	18.3	106,717	-	-	-
Inventories	19	309,408	164,300	-	-
Trade receivables	20	246,257	914,338	200,622	119,068
Other receivables	21	7,275,488	900,288	1,204,641	63,568
Loans and advances	22	7,148,246	782,766	-	-
Investment in subsidiaries	23	-	-	11,212,910	1,476,806
Property and equipment	25	949,356	820,388	341,615	218,159
Intangible assets	26	285,499	5,464	-	-
Right-of-use assets	32	11,051	16,650	-	-
		25,348,668	6,165,244	14,232,813	2,524,622
Non-current assets held for sale	27	268,051	-	-	-
Total assets		25,616,719	6,165,244	14,232,813	2,524,622
Liabilities					
Customer deposits	28	13,477,815	5,225,903	-	-
Trade and other payables	29	3,214,159	454,174	720,534	355,511
Deposit for shares	30	-	1,266,200	-	-
Current income tax	16.2	382,932	265,373	19,605	19,466
Interest-bearing loans and borrowings	31	9,530,509	1,140,584	12,941,490	1,612,075
Deferred tax liabilities	16.3	21,754	143,953	-	58,173
Total liabilities		26,627,169	8,496,187	13,681,629	2,045,225
Equity					
Share capital	33	500,000	500,000	500,000	500,000
Foreign currency translation reserves	33.1	(18,702)	(44,317)	-	-
Statutory reserves	33.2	30,084	3,612	-	-
Regulatory risk reserves		67,490	-		
Fair value reserves		(2,461)	-		
Retained (losses)/earnings	33.3	(2,662,539)	(2,792,975)	51,184	(20,603)
Non-controlling interests	24	1,075,677	2,737	-	-
Total equity		(1,010,450)	(2,330,943)	551,184	479,397
Total equity and liabilities		25,616,719	6,165,244	14,232,813	2,524,622

The financial statements were approved by the Board of Directors on 8 December 2021 and signed on its behalf by:

CHAIRMAN

Yemi Adefisan	Ohio Ifiabor	Afolabi Martins
Group Chief Executive	Group Chairman	Group Executive Director, Finance and Strategy
FRC/2020/003/00000021059	FRC/2021/003/00000022733	FRC/2016/ICAN/00014414

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Group

	Share capital	Statutory reserves	Regulatory risk reserves	Fair value reserves	Retained earnings	Foreign currency translation reserve	Non-controlling interests	Total
	₦'000				₦'000	₦'000	₦'000	₦'000
At 1 January 2019	-	-	-	-	-	-	-	-
Business combination	-	-	-	-	(790,391)	-	-	(790,391)
Loss for the year	-	-	-	-	(1,998,972)	-	(481)	(1,999,453)
Other comprehensive loss	-	-	-	-	-	(44,341)	-	(44,341)
Non-Controlling Interest share of other comprehensive income	-	-	-	-	-	24	(24)	-
Total other comprehensive loss for the year	-	-	-	-	(2,789,363)	(44,317)	(505)	(2,834,185)
Transfers within equity								
Transfer to statutory reserves	-	3,612	-	-	(3,612)	-	-	-
Total Transfers	-	3,612	-	-	(3,612)	-	-	-
Transactions with equity holders:								
Issue of shares	500,000	-	-	-	-	-	3,242	503,242
Total transactions with owners of the Company	500,000	-	-	-	-	-	3,242	503,242
As at 31 December 2019	500,000	3,612	-	-	(2,792,975)	(44,317)	2,737	(2,330,943)
Business combination	-	-	-	-	476,738	-	-	476,738
Prior year IFRS adjustment	-	-	-	-	4,789	-	-	4,789
Loss for the year	-	-	-	-	(257,128)	-	8,995	(248,133)
Other comprehensive loss, net of tax	-	-	-	(4,115)	-	25,609	-	21,494
NCI share of other comprehensive income	-	-	-	1,654	-	6	(1,660)	-
Total other comprehensive loss for the year	-	-	-	(2,461)	224,399	25,615	7,335	254,888
Transfers within equity								
Transfer to statutory reserves	-	26,472	67,490	-	(93,962)	-	-	-
Total Transfers	-	26,472	67,490	-	(93,962)	-	-	-
Transactions with equity holders:								
Business combination	-	-	-	-	-	-	1,065,605	1,065,605
Total transactions with owners of the Company	-	-			-	-	1,065,605	1,065,605
As at 31 December 2020	500,000	30,084	67,490	(2,461)	(2,662,539)	(18,702)	1,075,677	(1,010,450)

SEPARATE STATEMENT OF CHANGES IN EQUITY

The Company

	Share Capital	Retained Earnings	Total
	₦'000	₦'000	₦'000
At 1 January 2019			
Loss for the year	-	(20,603)	(20,603)
Other comprehensive income	-	-	-
Total other comprehensive loss for the year	-	(20,603)	(20,603)
Transactions with equity holders:			
Issue of shares	500,000	-	500,000
Total transactions with owners of the Company	500,000	-	500,000
At 31 December 2019	500,000	(20,603)	479,397
Profit for the year	-	71,787	71,787
Other comprehensive income	-	-	-
Total other comprehensive loss for the year	-	71,787	71,787
Transactions with equity holders:			
Issue of shares	-	-	-
Total transactions with owners of the Company	-	-	-
At 31 December 2020	500,000	51,184	551,184

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

	Notes	The Group		The Company	
		2020	2019	2020	2019
		₦'000	₦'000	₦'000	₦'000
Operating activities					
(Loss)/profit before tax		(137,364)	(1,668,155)	13,753	57,036
Adjustments to reconcile (loss)/profit before tax to net cash flows:					
Depreciation of property, plant and equipment	14	130,804	87,552	23,201	12,818
Amortisation of intangible assets	14	8,892	391	-	-
Depreciation of right-of-use assets	14	21,114	-	-	-
Loss on disposal of property and equipment	14	-	101,989	-	-
Write-off of other assets	14	44,959	17,748	17,146	11,908
Bad debt written off	14	-	420,547	-	6,993
Credit loss expense	12	353,512	521,934	22,858	2,342
Net fair value (gain)/loss on equity instruments at fair value through profit or loss	11	(12,998)	5,412	-	-
Profit from sale of property & equipment	10	(3,266)	-	(3,266)	-
Profit on disposal of equity Investment	10	(21,940)	-	-	-
Profit from disposal of investments in subsidiaries	10	(1,613,034)	-	(517,760)	-
Finance costs	15	352,029	29,927	757,340	29,927
Interest expense	5	922,339	815,812	-	-
Interest income	4	(1,705,448)	(1,203,204)	-	-
Working capital adjustments:					
Change in loan and advances		(7,319,888)	(1,000,832)	-	-
Change in trade receivables		969,067	(1,217,109)	(79,212)	(121,410)
Change in other receivables		(6,517,284)	(1,981,608)	(1,166,273)	(63,568)
Change in inventories		(145,108)	(164,300)	-	-
Change in investment at amortised costs		(5,687,111)	-	(203,960)	-
Increase in customer deposits		8,251,912	5,225,903	-	-
Increase in trade and other payables		2,759,985	454,174	365,023	355,511
Income tax paid	16.2	(58,242)	(38,238)	-	-
Net cash flows (used in)/from operating activities		(9,407,070)	407,943	(771,150)	291,557
Investing activities					
Purchase of property and equipment	25	(506,918)	(467,984)	(149,391)	(234,091)
Proceed from disposal of property and equipment		504,717	215,721	6,000	3,114
Purchase of intangible assets	26	(47,773)	(5,120)	-	-
Proceed from disposal of intangible assets		235	1,050	-	-
Proceeds from disposal of subsidiaries	23.1	1,887,384	-	520,000	-
Lease payments	32	(9,918)	(28,200)	-	-
Purchase of investments	18.1	(304,399)	(445,000)	-	-
Proceeds from disposal of equity investments	18.1	199,608	-	-	
Investment in subsidiaries	23	-	-	(9,738,344)	(1,476,806)
Interest received		1,739,767	485,932	64,268	5,024
Net cash flows from/(used in) investing activities		3,462,703	(243,601)	(9,297,467)	(1,702,759)
Financing activities					
Proceeds from issue of share capital	33	-	500,000	-	500,000
Proceeds from deposit for shares	30	-	1,266,200	-	-
Repayment of principal and interest		(127,223)	(841,505)	(446,659)	(34,543)
Proceeds from interest-bearing loan and borrowings	31.6	6,438,080	130,000	9,303,435	1,131,140
Net cash flows from financing activities		6,310,857	1,054,695	8,856,776	1,596,597
Net increase in cash and cash equivalents		366,490	1,219,037	(1,211,841)	185,395
Impairment allowance on cash and bank balances	17.1	(49,283)	(2,882)	-	-
Cash and cash equivalents as at 1 January		1,216,155	-	185,395	-
Cash and cash equivalents as at 31 December	17.2	1,533,362	1,216,155	(1,026,446)	185,395

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Corporate information

Cititrust Holdings Plc was incorporated in Nigeria as a holding company, under the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, on 3rd January 2019. The Company's registered office is No. 43 Ademola Street Off Awolowo Way, Ikoyi Lagos.

Principal Activities
The principal activities of the Cititrust Holdings Plc is to carry out business as a holding company, investing in and holding controlling shares in, as well as making investments in various entities.

2 Significant accounting policies

2.1 Basis of preparation

a) Statement of Compliance
The consolidated and separate financial statements of the Group has been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the requirements of Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act No. 6, 2011. The consolidated and separate financial statements have been prepared on a going concern basis.

b) Basis of measurement
The financial statements have been prepared on a historical cost basis, except where otherwise stated that an element of the financial statements have been measured at fair value.

c) Functional and presentation currency
The financial statements values are presented in Nigerian Naira (₦), which is the functional currency of the Parent. All information presented in Naira have been rounded to the nearest thousand unless otherwise stated.

d) Composition of consolidated financial statements
In accordance with IFRS accounting presentation, the financial statements comprise:
- Consolidated and separate statement of financial position
- Consolidated and separate statement of profit or loss and other comprehensive income
- Consolidated and separate statement of changes in equity
- Consolidated and separate statement of cash flows
- Notes to the consolidated and separate statement financial statements

e) Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.1 Basis of preparation - continued

e) Basis of consolidation - continued

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combination under common control

A business combination is a common control combination if the combining entities are ultimately controlled by the same party (or parties) both before and after the combination and common control is not transitory. The Group accounts for this business combination using pooling of interest method. On the date of transfer, the assets and liabilities are transferred to the acquirer at their carrying value, no adjustments are made to reflect their fair value and no goodwill is recognised. Any difference between the consideration transferred and the acquired net assets (or liabilities) is reflected within equity. The assets and liabilities are reflected prospectively in the Group's financial statements from the date of transfer without restating the comparative period.

Non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary.
Non-controlling interests are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.1 Basis of preparation - continued

Use of estimates and judgements

The preparation of financial statements in conformity with accounting principles generally accepted in Nigeria requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is presented as current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle

(ii) Held primarily for the purpose of trading

(iii) Expected to be realised within twelve months after the reporting period, or

(iv) Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are presented as non-current.

A liability is presented as current when:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax and liabilities are classified as non-current assets and liabilities.

2.2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.2.1 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods/services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods/services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

2.2.2 Taxes

Income tax expense

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.2 Summary of significant accounting policies - continued

2.2.2 Taxes - continued

Current income tax

Current tax is the expected tax payable on taxable profit for the year, using tax rates determined in accordance with the Company Income Tax Act (CITA) at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

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

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

2.2.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand, cash at bank and short-term highly liquid deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.2.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i Financial assets

Initial recognition and measurement

All financial instruments are initially recognized on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Financial assets are measured initially at fair value plus, except for a financial asset measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue; and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

A trade receivable without a significant financing component is initially measured at the transaction price

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.2 Summary of significant accounting policies - continued

2.2.4 Financial instruments - continued

Subsequent measurement of financial assets
For purposes of subsequent measurement, financial assets are classified in three categories:
• Financial assets at amortised cost (debt instruments)
• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
• Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes cash at bank, and trade receivables and receivables due from related parties.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by- instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss and other comphrensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets designated at fair value through through profit or loss
Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of an investment security that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as ‘Net fair value gain/loss’ in the year in which it arises. Dividend or interest income from these financial assets is recognized in profit or loss as other income or interest income respectively.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s statement of financial position) when:

• The rights to receive cash flows from the asset have expired
Or
• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.2 Summary of significant accounting policies - continued

2.2.4 Financial instruments - continued

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

Impairment of financial assets

The Group recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii Financial liabilities

Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings and trade and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the Effective Interest Rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate. The Effective Interest Rate amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.2 Summary of significant accounting policies - continued

2.2.4 Financial instruments - continued

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

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

2.2.5 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.2 Summary of significant accounting policies - continued

2.2.5 Leases - continued

ii) Lease liabilities - continued
After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of buildings that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.2.6 Impairment of non-financial assets
The Group assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication of impairment exists; the carrying amount is greater than an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level (Cash generating unit) at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets.

An asset group's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. Impairment losses recognized in prior periods can be reversed up to the original carrying amount, had the impairment loss not been recognized. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.2 Summary of significant accounting policies - continued

2.2.7 Property and equipment

Recognition and measurement

All categories of property and equipment are recognised initially 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. Property and equipment are initially measured at cost. Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. The cost of Property and Equipment 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs

Subsequent expenditure that leads to improvement are capitalised in the asset's carrying amount or 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. All other repairs and maintenance costs are charged to the statement of profit or loss during the financial year in which they are incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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

Land and Building	10%
Plant & Machinery	20%
Motor vehicle	25%
Computer equipment	25%
Office equipment	20%
Furniture and fittings	20%

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

De-recognition

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

2.2.8 Intangible assets

Intangible assets are recognised when it meets the definition of an intangible asset, it is probable that economic benefits attributable to the assets will flow to the entity and the costs can be reliably measured. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.2 Summary of significant accounting policies - continued

2.2.8 Intangible assets - continued

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

a Software

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

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

b Goodwill

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over the Company's share in the net identifiable assets acquired and liabilities assumed and net of the fair value of any previously held equity interest in the acquiree. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to an appropriate cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment on goodwill

Goodwill is evaluated for impairment annually or whenever we identify certain triggering events or circumstances that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors (for example, interest rate and foreign exchange rate fluctuations, and loss of key personnel), supply costs, unanticipated competitive activities, and acts by governments and courts.

2.2.9 Employee benefits

Short-term benefits

Wages, salaries, paid annual leave, bonuses, contributory pension scheme and non-monetary benefits are recognised as employee benefit expenses when the associated services are rendered by the employees of the Group.

2.2.10 Share capital and reserves

Ordinary Share Capital: The ordinary share capital of the entity is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity net of any tax effects.

2.2.11 Fair value measurements

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received on the sale of the financial asset or paid to transfer a liability to a third party in an orderly transaction between market participants at the measurement date.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.2 Summary of significant accounting policies - continued

2.2.11 Determination of fair values - continued

Therefore, the fair values of quoted investments in active markets are based on current market prices. Since actual market prices are available in determining fair value, no significant estimates or valuation model is applied in the determination of the fair value of quoted financial instruments.

Fair values are determined according of the following hierarchy based on the requirements of IFRS 7 - Financial Instruments-Disclosures:

Level 1: Quoted Market Prices: Financial assets and liabilities with quoted prices for identical instruments in active market.

Level 2: Valuation techniques using observable inputs: Quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities using models where all significant inputs are observable.

Level 3: Valuation techniques using significant unobservable inputs: Financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The best evidence of fair value remains the quoted price in an active market. In the event that the market price for a financial asset or liability is not active, the valuation technique is used. Whatever method used is applied consistently.

2.2.12 Foreign currencies

The Group's consolidated financial statements are presented in Naira, which is also the parent Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Naira at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

2.2.13 Recognition of interest income

Interest income and interest expenses

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

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected 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 instrument.

The application of the method has the effect of recognizing income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.2.14 Fees and commission income

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. When the Group provides a service to its customer, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating or participating in the negotiation of a transaction from a third party, such as the acquisition of bonds, treasury bills, shares or other securities or the purchase or sale of derivative instruments, are recognised on completion of the underlying transaction.

2.2.15 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: Purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.2.16 Provisions

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

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2.2.17 Business combination

A business combination involves restructuring the relationship between entities under common control. It is the transfer of assets (shares or business of a group entity), from one group entity to another. This may be between existing or newly formed entities within the group. Common control means all the combining entities or businesses are ultimately controlled by the same party both before and after the combination.

The Group accounts for combination involving entities under common control using pooling of interest method. On the date of transfer, the assets and liabilities are transferred to the acquirer at their carrying value, no adjustments are made to reflect their fair value, and no new goodwill is recognised.

The assets and liabilities transferred are reflected prospectively in the Group's consolidated and separate financial statements from the date of transfer without restating the comparative period.

Disposal of investments in subsidiaries

On loss of control, the Group derecognises its investments in the subsidiary. Any gain or loss arising from the loss of control is recognised in profit or loss. If the Group retains any interest in such subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as a financial asset elected to be measured at fair value through other comprehensive income depending on the level of influence retained.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.3 Changes in accounting policies and disclosures

Standards issued but not yet effective, New and amended standards and interpretations issued and effective in 2020

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated and separate financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

• A specific adaptation for contracts with direct participation features (the variable fee approach)
• A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. Effective for annual periods beginning on or after 1 January 2021

The amendments provide temporary reliefs which address the financial reporting effects when an intercompany offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments is not expected to have a significant impact on the Group's consolidated and separate financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2017 (the Conceptual Framework) without significantly changing its requirements. Effective for annual periods beginning on or after 1 January 2022.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments to IFRS 3 is not expected to have a significant impact on the Group's consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Standards issued but not yet effective - Continued

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

Effective for annual periods beginning on or after 1 January 2022.

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments to IFRS 16 is not expected to have a significant impact on the consolidated and separate financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. Effective for annual periods beginning on or after 1 January 2022.

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are “directly related to contract activities”, but we believe that guidance in IFRS 15 Revenue from Contracts with Customers will be relevant.

The amendments to IAS 37 is not expected to have a significant impact on the consolidated and separate financial statements of the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments will not have impact on the consolidated and separate financial statements of the Group.

IFRS 9 Financial Instruments: Fees in the ’10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments will not have impact on the consolidated and separate financial statements of the Group.

IAS 41 Agriculture: Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted. This amendment will not have impact on the consolidated and separate financial statements of the Group.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Standards issued but not yet effective - Continued

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. Effective for annual periods beginning on or after 1 January 2022.

The amendments clarify:

• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument

The amendments to IAS 1 is not expected to have a significant impact on the Group's consolidated and separate financial statements.

2.4 New and amended standards and interpretations in 2020

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated and separate financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated and separate financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the onsolidated and separate financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2017

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated and separate financial statements of the Group.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.4 New and amended standards and interpretations - continued

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated and separate financial statements of the Group.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.
Other disclosures relating to the Group's exposure to risks and uncertainties are disclosed under financial risk management.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared, Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Key estimates and assumptions
Taxes

The Group is subject to income taxes. Significant estimates are required in determining the provision for income taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made. See note 16.2

Deferred tax assets are recognised for unused tax losses and capital allowances carried forward to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. See note 16.4

Allowance for impairment on trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e.,customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the various sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. See note 39.1.1.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2.5 Significant accounting judgements, estimates and assumptions - Continued

a) Key estimates and assumptions - Continued

Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

• The internal credit grading model, which assigns PDs to the individual grades
• The criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
• The segmentation of financial assets when their ECL is assessed on a collective basis
• Development of ECL models, including the various formulas and the choice of inputs
• Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary. See note 39.1.1.

Effective Interest Rate (EIR) method
The Group’s EIR method recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the Group’s base rate and other fee income/expense that are integral parts of the instrument.

b) Judgements
Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate.

The Group has however concluded that its leases are only enforceable for the periods that payments have been made and has therefore not recognised lease liabilities for any future lease payment. See note 32

Property and equipment

Judgements are utilised in determining the depreciation rates and useful lives of these assets at the end of the period. These financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and within the framework of the summarized accounting policies. Refer to Note 26.

Inventories
Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on weighted cost basis. Cost comprises suppliers’ invoices price and where appropriate freight and other charges incurred to bring the materials to their location. Goods in transit are valued at the invoice price. Reversal (Limited to the amount of the original write-down) is required for a subsequent increase in value of the previously written down in certain circumstances. The write-down is expensed in the profit or loss account and reversal on write-downs down are recognized as a reduction of inventories recognized as expenses. See note 19.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3 Segment information

For management purposes, the Group is organised into business units based on its services and reportable segments, as follows:

Cititrust Holdings Plc provides holding services to all its subsidiaries. Cititrust Financial services provides holding services to various subsidiaries. Other segments include Cititrust Group (Pty) Limited, Cititrust African Merchant Limited, CItitrust Investments Cote D'ivoire Limited, CFS Assets Management Limited, CItitrust Investment Banking Company Limited, Cititrust Realties Limited and Cititrust Private Equity Limited. The Group management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated and separate financial statements.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below. The sources of revenue from all other segments relate to dividend income from its investment. An analysis of the Group's statement of profit or loss, total assets and liabilities are, as follows:

Segment profit or loss

December 2020	Cititrust Holdings Plc	Cititrust Financial Services Limited	Ghana CFS Everbond	Cititrust Private Equities Limited	All Other Segments	Total Segments	Adjustments and Eliminations	Consolidated
	₦'000	₦'000	₦'000		₦'000	₦'000	₦'000	₦'000
Interest and similar income	-	992,249	877,727	313,506	20,265	2,203,747	(498,299)	1,705,448
Interest and similar expense	-	(459,654)	(328,368)	(134,236)	(41,480)	(963,738)	41,399	(922,339)
Net interest income	-	532,595	549,359	179,270	(21,215)	1,240,009	(456,900)	783,109
Fees and commission income	-	78,808	-	25,452	329	104,589	-	104,589
Fees and commission expense	-	(5,634)	-	-	(47)	(5,681)	-	(5,681)
Operating and other investment income	775,500	190,411	-	-	128,869	1,094,780	(615,000)	479,780
Operating expenses	-	(24,504)	(87,322)	-	(252,698)	(364,524)	156,881	(207,643)
	775,500	771,676	462,037	204,722	(144,762)	2,069,173	(915,019)	1,154,154
Other operating income	541,010	1,128,304	9,194	23,074	5,550	1,707,132	-	1,707,132
Finance costs	(757,340)	-	(1,844)	-	(49,745)	(808,929)	456,900	(352,029)
Net fair value gain on equity instruments at fair value through profit or loss	-	1,045	-	11,953	-	12,998	-	12,998
Credit loss expenses	(22,858)	(26,129)	(12,759)	(316,967)	25,201	(353,512)	-	(353,512)
Personnel expenses	(156,857)	(683,653)	(136,073)	(21,536)	(42,500)	(1,040,619)	-	(1,040,619)
Other operating expenses	(365,702)	(1,124,264)	(124,751)	(3,219)	(79,793)	(1,697,729)	432,241	(1,265,488)
Net profit/(loss) before income tax expense	13,753	66,979	195,804	(101,973)	(286,049)	(111,486)	(25,878)	(137,364)
Income tax expense	58,034	(25,149)	(72,166)	(67,534)	(3,954)	(110,769)	-	(110,769)
Net profit/(loss) for the year	71,787	41,830	123,638	(169,507)	(290,003)	(222,255)	(25,878)	(248,133)
Total assets	14,232,813	17,808,619	2,710,529	8,683,943	842,150	44,278,054	(18,661,336)	25,616,718
Total liabilities	13,681,629	18,990,903	2,192,478	8,803,451	898,936	44,567,397	(17,940,228)	26,627,169

Segment profit or loss - continued

December 2019	Cititrust Holdings Plc	Cititrust Development Partners Limited	Ghana CFS Everbond	Cititrust Realties Limited	All Other Segments	Total Segments	Adjustments and Eliminations	Consolidated
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Interest and similar income	-	590,225	318,344	133	294,502	1,203,204	-	1,203,204
Interest and similar expense	-	(589,908)	(44,437)	(2,386)	(179,081)	(815,812)	-	(815,812)
Net interest income	-	317	273,907	(2,253)	115,421	387,392	-	387,392
Fees and commission income	-	41,240	-	8,500	-	49,740	-	49,740
Fees and commission expense	-	(3,258)	-	-	-	(3,258)	-	(3,258)
Operating and investment income	373,800	1,678,953	-	2,204,379	200,061	4,457,193	(373,800)	4,083,393
Operating expenses	-	(1,643,552)	-	(2,173,453)	(291,038)	(4,108,043)	226,000	(3,882,043)
	373,800	73,700	273,907	37,173	24,444	783,024	(147,800)	635,224
Other operating income	-	34,590	3,896	-	4,141	42,627	-	42,627
Finance costs	(29,927)	-	-	-	-	(29,927)		(29,927)
Net fair value gain/(loss) on equity instruments at fair value through profit or loss	-	(5,412)	-	-	-	(5,412)	-	(5,412)
Credit loss expenses	(2,342)	(487,331)	(32,261)	-	-	(521,934)	-	(521,934)
Personnel expenses	(89,584)	(460,462)	-	(12,575)	(61,899)	(624,520)	-	(624,520)
Other operating expenses	(194,911)	(968,687)	(101,215)	(7,835)	(44,245)	(1,316,893)	152,680	(1,164,213)
Net profit/(loss) before income tax expense	57,036	(1,813,602)	144,327	16,763	(77,559)	(1,673,035)	4,880	(1,668,155)
Income tax expense	(77,639)	(209,569)	(41,962)	(4,189)	2,061	(331,298)	-	(331,298)
Net profit/(loss) for the year	(20,603)	(2,023,171)	102,365	12,574	(75,498)	(2,004,333)	4,880	(1,999,453)
Total assets	2,524,622	3,433,759	1,015,880	352,963	2,515,067	9,842,291	(3,677,047)	6,165,244
Total liabilities	2,045,225	5,325,199	634,786	330,389	2,216,584	10,552,183	(2,055,996)	8,496,187

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4 Interest and similar income

Interest and similar income calculated using the effective interest method

	The Group		The Company	
	2020	2019	2020	2019
Analysis by type:	₦'000	₦'000	₦'000	₦'000
Loans and advances to customers	1,177,034	1,169,229	-	-
Debt instruments at amortized cost	345,687	-	-	-
Placements with other banks	119,697	33,975	-	-
Current accounts with banks	63,030	-	-	-
	1,705,448	1,203,204	-	-

5 Interest and similar expense

Interest and similar expense calculated using the effective interest method

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Interest expense on borrowings	49,048	390,963	-	-
Interest expense on deposits from customers	873,291	424,849	-	-
	922,339	815,812	-	-

6 Fees and commission income

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Credit related fees	62,157	38,943	-	-
Commissions and account maintenance charges	39,789	8,500	-	-
Brokerage fees	2,643	-	-	-
Other fees	-	2,297	-	-
	104,589	49,740	-	-

7 Fees and commission expense

Commission paid	5,681	3,258	-	-
	5,681	3,258	-	-

8 Operating and investment income

Set out below is the disaggregation of the Group's revenue from contracts with customers:

		The Group		The Company	
		2020	2019	2020	2019
		₦'000	₦'000	₦'000	₦'000
Royalties	Note 8.1	160,500	46,150	775,500	373,800
Sales of foreign currency		-	1,229,775		-
Land sales		-	2,204,379	-	-
Banking services		98,270	-	-	-
Insurance claims		190	-	-	-
Other revenue		128,869	590,194	-	-
Health Maintenance Organisation		91,951	12,895	-	-
		479,780	4,083,393	775,500	373,800
Timing of revenue recognition					
Services transferred over time		479,780	1,879,014	775,500	373,800
Services transferred at a point in time		-	2,204,379		-
		479,780	4,083,393	775,500	373,800
By geographical location:					
Domestic		479,780	2,686,818	547,500	207,000
International		-	1,396,575	228,000	166,800
		479,780	4,083,393	775,500	373,800

8.1 This relates to monthly fees the Company charges the subsidiaries for using its franchise

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

			The Group		The Company	
9	Operating expenses		2020	2019	2020	2019
			₦'000	₦'000	₦'000	₦'000
	Land sales		-	2,138,453	-	-
	Purchase of foreign currency		-	1,226,316	-	-
	Materials		183,139	506,539	-	-
	HMO Claims paid		24,504	6,045	-	-
	Logistics and storage		-	4,690	-	-
			207,643	3,882,043	-	-

10	Other operating income					
	Cargo fees		-	40,248	-	-
	Foreign exchange gain		9,499	1,357	1,757	-
	Credit reference information		-	1,022	-	-
	Sundry income	Note 10.1	59,393	-	18,227	-
	Profit from sale of property & equipment		3,266	-	3,266	-
	Profit on disposal of equity Investment	Note 18.1	21,940	-	-	
	Profit from disposal of investments in subsidiaries	Note 23.1	1,613,034	-	517,760	-
			1,707,132	42,627	541,010	-

10.1 Sundry income comprises reversal of over provisions made in the prior year, income realised from sale of scrapped items and inventories among others.

11 Net fair value gain/(loss) loss on equity instruments at fair value through profit or loss

		The Group		The Company	
		2020	2019	2020	2019
		₦'000	₦'000	₦'000	₦'000
Net fair value gain/(loss) on equity instruments		12,998	(5,412)	-	-
		12,998	(5,412)	-	-

12	Credit loss expense					
	Financial assets:					
	Impairment (reversal)/charge of trade receivables	Note 20.1	(300,986)	300,986	(2,342)	2,342
	Impairment charged of loans and advances	Note 22.1	146,853	218,066	-	-
	Impairment on investments at amortised cost	Note 18.2.1	319,160	-	-	-
	Impairment of cash and bank	Note 17.1	46,401	2,882	-	-
	Impairment on other receivables	Note 21.2	142,084	-	25,200	-
			353,512	521,934	22,858	2,342

13	Personnel expenses				
	Salaries and wages	873,922	602,172	99,237	86,584
	Employee benefit	25,177	9,959	57,620	-
	Other staff costs	141,520	12,389	-	3,000
		1,040,619	624,520	156,857	89,584

Other staff costs include medical expenses, gratuity paid to retired staff, vehicle grant allowance, housing allowance and other provisions.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14 Other operating expenses

		The Group		The Company	
		2020	2019	2020	2019
		₦'000	₦'000	₦'000	₦'000
Advertisement expenses		44,959	17,748	17,146	11,908
Amortisation of intangible assets	Note 26	8,892	391	-	-
Audit fees		38,960	26,914	12,000	7,500
Bad debt written off		90,458	-	74,087	-
Bank charges		47,142	8,747	14,515	2,745
Board expenses		22,731	-	-	-
Business development		55,923	-	11,494	-
Depreciation of property and equipment	Note 25	130,804	87,552	23,200	12,818
Depreciation of Right-of-use assets	Note 32	3,817	11,550	-	-
Directors remuneration		203,153	126,547	60,157	48,584
Entertainment		23,515	8,770	28,962	5,554
Foreign exchange loss		274	-	-	-
Formation expenses		7,512	317	-	-
Fuel & diesel		21,114	-	4,285	-
Insurance expenses		6,016	9,407	1,150	2,271
Licences and permits		1,707	3,206	-	-
Loss on disposal of property, plant and equipment		5,488	5,096	-	2,312
NDIC premium		5,713	-	-	-
Office expenses		106,761	68,540	22,597	8,907
Other expenses		-	101,989	-	-
Overdraft charges		15,050	14,700	15,050	14,700
Printing and stationery		14,459	8,702	2,064	822
Professional and consultancy fees		139,740	54,300	17,146	8,956
Rent and rates		59,440	23,936	7,802	8,531
Repairs and maintenance		52,461	73,576	9,826	7,789
Short term leases		9,764	17,844	-	-
Subscriptions		27,758	-	2,757	-
Telephone, postage and internet		44,389	8,501	4,697	2,203
Tenders and bonds		-	199	-	-
Training and development		18,311	12,204	9,245	12,204
Transport and travelling		59,177	52,930	27,522	30,114
Write-off of other assets	Note 35	-	420,547	-	6,993
		1,265,488	1,164,213	365,702	194,911

*Write-off includes receivables written off and net write-off of investment in subsidiaries due to underrecognition/overrecognition of these investments.

15 Net Finance costs

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Finance income	(65,269)	(5,024)	(64,268)	(5,024)
Finance cost	417,298	34,951	821,608	34,951
	352,029	29,927	757,340	29,927

16 Income tax

The major components of income tax expense for the year ended 31 December 2020 are:

	The Group		The Company	
	2020	2019	2020	2019
Current tax:	₦'000	₦'000	₦'000	₦'000
Company income tax	158,481	187,052	-	17,752
Education tax	8,278	8,591	-	1,714
NITDA levy	5,887	-	138	-
Police fund levy	28	-	1	-
Over provision of prior year tax	(9,761)	-	-	-
Total current tax	162,913	195,643	139	19,466
Deferred tax:				
Deferred tax (credit)/expense	(52,144)	135,655	(58,173)	58,173
Total tax expense/(credit) in profit or loss	110,769	331,298	(58,034)	77,639
Total tax charge/(credit) for the period	110,769	331,298	(58,034)	77,639

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

16 Income tax - continued

16.1 Reconciliation of total tax charge

A reconciliation between the tax expense and the accounting profit multiplied by the Company's domestic tax rate for the year ended 31 December 2019 is, as follows:

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
(Loss)/profit before taxation	(137,364)	(1,668,155)	13,753	57,036
Tax calculated at 30%	(41,209)	(500,447)	4,126	17,111
Adjusted for:				
Non-deductible expenses	218,733	746,744	151,904	8,604
Income not subject to tax	(28,804)	(59,245)	(156,030)	(7,963)
Education tax	8,278	8,591	-	1,714
NITDA levy	5,887	-	138	-
Police fund levy	28	-	1	-
Deferred tax liability	(52,144)	135,655	(58,173)	58,173
Income tax reported in the statement of profit or loss	110,769	331,298	(58,034)	77,639
Effective income tax rate for 2019	-81%	-20%	-422%	136%

16.2 Current income tax

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
At 1 January	265,373	-	19,466	-
Acquired in business combination	12,888	107,968	-	-
Charge for the year	162,913	195,643	139	19,466
Payment during the year	(58,242)	(38,238)	-	-
At 31 December	382,932	265,373	19,605	19,466

16.3 Deferred tax liability

At 1 January	143,953	-	58,173	-
Acquired in business combination	(70,055)	8,298	-	-
Tax (credit)/expense during the period recognised in profit or loss	(52,144)	135,655	(58,173)	58,173
At 31 December	21,754	143,953	-	58,173

16.4 Deferred tax assets have not been recognised in the financial statements because it is not probable that future taxable profit will be available against which the Company can use the benefits there from. As at year end, the Company has nil unrecognised deferred tax assets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

17 Cash and bank balances	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Cash on hand	82,489	3,820	-	-
Cash at bank	1,566,877	919,117	41,840	197,021
Balances held with CBN	38,181	-	-	
Short-term deposits	1,870,702	1,201,407	1,027,225	450,000
	3,558,249	2,124,344	1,069,065	647,021
Impairment allowance on cash and bank balances	(49,283)	(2,882)	-	-
	3,508,966	2,121,462	1,069,065	647,021

Impairment allowance for cash and bank balances

A reconciliation of changes in Group's gross carrying amount and corresponding allowance for ECL on cash and bank balances is as follows:

17.1 Movement in impairment allowance	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
At 1 January	2,882	-	-	-
Impairment charged (Note 12)	46,401	2,882	-	-
At 31 December	49,283	2,882	-	-

Cash and bank balances comprise cash on hand; cash balances with banks, balances held with CBN and short-term deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December

17.2	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Cash on hand	82,489	3,820	-	-
Cash at bank	1,566,877	919,117	41,840	197,021
Balances held with CBN	38,181	-	-	-
Short-term deposits	1,870,702	1,201,407	1,027,225	450,000
	3,558,249	2,124,344	1,069,065	647,021
Less: impairment allowance	(49,283)	(2,882)	-	-
	3,508,966	2,121,462	1,069,065	647,021
Bank overdraft	(2,050,493)	(1,008,398)	(2,050,479)	(473,534)
	1,458,473	1,113,064	(981,414)	173,487

18 Investment securities	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
At Fair value through profit or loss (Note 18.1)	139,729	439,588	-	-
At amortised cost (Note 18.2)	5,367,951	-	203,960	-
At Fair value through other comprehensive income (Note 18.3)	106,717	-	-	-
	5,614,397	439,588	203,960	-

18.1 Investment at fair value through profit or loss

These were mainly quoted equities being used for trading by those entities that are into asset management. See below, the movement in the equity investments during the year.

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
At 1 January	439,588	-	-	-
Additions during the year	304,399	445,000	-	-
Proceeds from disposal during the year	(199,608)	-	-	-
Transfer to investment in subsidiairies (Note 18.1.1)	(439,588)	-		
Gain on disposal during the year (Note 10)	21,940	-	-	-
Fair value gain/(loss) during the year (Note 11)	12,998	(5,412)	-	-
At 31 December	139,729	439,588	-	-

18.1.1 This relates to investments in Omoluabi Mortgage Bank Plc (Now Livingtrust Mortgage Bank Plc). As at 2019, Omoluabi's shares were bought on the floor of the stock exchange and was classified as Fair Value through profit or loss however, as at 2020, Cititrust Holdings already had a majortiy shareholding of the Bank with control hence was classified as investments in subsidiaries.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

18.2 Investments at amortised costs		The Group		The Company	
		2020	2019	2020	2019
		₦'000	₦'000	₦'000	₦'000
Treasury bills		51,357	-	-	-
Fixed placements of tenor above 90 days		4,152,380	-	203,960	-
Private credit investments		1,483,374	-	-	-
Closing balance		5,687,111	-	203,960	-
Impairment allowance (Note 18.2.1)		(319,160)	-	-	-
Carrying amount		5,367,951	-	203,960	-
18.2.1 Movement in impairment allowance on Investment securities at amortised cost					
At 1 January		-	-	-	-
Impairment charged for the year	Note 12	319,160	-	-	-
At 31 December		319,160	-	-	-
18.3 Investments at fair value through other comprehensive income					
Quoted equities (Note 18.3.1)		106,717	-	-	-
		106,717	-	-	-
18.3.1 Quoted equity investments					
At 1 January		-	-	-	-
Acquired through business combination		110,832	-	-	-
Fair value gain transferred to OCI		(4,115)	-	-	-
At 31 December		106,717	-	-	-

19 Inventories	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Inventories	309,408	164,300	-	-

The inventories relates to value of building materials available to be used up in building properties. These building materials relate to Cititrust Cote D'Ivoire.

20 Trade receivables		The Group		The Company	
		2020	2019	2020	2019
		₦'000	₦'000	₦'000	₦'000
Trade receivables		189,381	1,215,324	200,622	121,410
Premium receivables		56,876	-	-	-
		246,257	1,215,324	200,622	121,410
Allowance for impairment on trade receivables	Note 20.1	-	(300,986)	-	(2,342)
		246,257	914,338	200,622	119,068

Terms and condition of the above financial assets:

Trade receivables are non interest bearing and are generally on terms of 30 and 90 days. See Note 42 for further explanation of impairment on trade and other receivables.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

20.1 Set out below is the movement in the allowance for expected credit losses of trade receivables:

		The Group		The Company	
		2020	2019	2020	2019
		₦'000	₦'000	₦'000	₦'000
At 1 January		300,986	-	2,342	-
Impairment (reversal)/charged for the year	Note 12	(300,986)	300,986	(2,342)	2,342
At 31 December		-	300,986	-	2,342

21 Other receivables

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Staff loan and advances	701,723	444	2,230	1,992
Due from related parties	-	-	-	53,587
Unpaid share capital	-	79,000	-	-
Interest receivable	-	79	-	-
Receivables from Globevest	22,576	-	22,576	-
Other advances	151,773	148,313	25,200	350
Receivables from commerce alliance	1,857,090	-	489,706	
Deposit for shares receivables (Note 21.1)	1,371,515	140,000	683,292	-
Receivable from brokers	22,507	-	-	-
Commission receivables	738	-	-	-
Account receivables	206,833	-	-	-
Receivables from Elora Capital Limited	2,281,686	-	-	-
Deferred Expenses	694,374	7,229	-	-
Financial assets in other receivables	7,310,815	375,065	1,223,004	55,929
Impairment allowance on other assets (Note 21.2)	(142,084)	-	(25,200)	-
	7,168,731	375,065	1,197,804	55,929
Prepayments	74,594	524,803	6,417	7,219
WHT receivables	32,163	420	420	420
	7,275,488	900,288	1,204,641	63,568

Included in prepayments are short term leases, prepaid expenses and deposit with CBN. Others includes value added tax receivables.

21.1 Deposit for shares represent preoperational expenses incurred on various potential subsidiaries which is to be capitalised as investments in these subsidiaries once they start operations. See below the list of the entities on which these expenses were incurred.

	The Group		The Company	
	2020	2019	2020	2019
Entities	₦'000	₦'000	₦'000	₦'000
Cititrust Portfolio	140,000	140,000	-	-
Atlass portfolio	474,071	-	-	-
Cititrust Capital Partners	72,000	-	-	-
Cititrust Liberia	614,613	-	614,613	-
Cititrust Mauritius	8,585	-	8,585	-
Cititrust Tanzania	2,129	-	2,129	-
Cititrust Uganda	11,667	-	11,667	-
Cititrust United Kingdom	7,160	-	7,160	-
Cititrust USA	3,026	-	3,026	-
Cititrust Botswana	26,712	-	26,712	-
Cititrust Sierra Leone	9,400	-	9,400	-
Cititrust Capital Management (Pty) Ltd	2,152	-	-	-
	1,371,515	140,000	683,292	-

21.2 Movement in impairment allowance on other assets

At 1 January		-	-	-	-
Impairment charged for the year	Note 12	142,084	-	25,200	-
At 31 December		142,084	-	25,200	-

22 Loans and advances

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Corporate loans	4,256,707	1,001,874	-	-
Mortgage	2,658,787	-	-	-
Estate development	957,295	-	-	-
Others	448,973	-	-	-
Gross	8,321,762	1,001,874	-	-
Impairment allowance on loans and advances	(1,173,516)	(219,108)	-	-
	7,148,246	782,766	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

22.1 Impairment allowance on loans and advances

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL on corporate lending is as follows:

Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000
At 1 January 2020	880,369	91,589	29,916	1,001,874
Acquired in business combination	1,697,692	154,592	34,675	1,886,959
New asset purchased or originated	5,458,456	-	-	5,458,456
Transfer between stages	(551,566)	297,495	254,071	-
Payment or asset derecognised (excluding write-offs)	(3,626)	-	-	(3,626)
Amounts written off	(13,555)	(8,346)	-	(21,901)
At 31 December 2020	7,467,770	535,330	318,662	8,321,762

Expected Credit Loss	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000
At 1 January 2020	144,900	265	73,943	219,108
Acquired in business combination	742,716	79	64,760	807,555
New asset purchased or originated	163,433	-	-	163,433
Transfer between stages	(47,371)	23,526	23,845	-
Assets derecognised or matured (excluding write-offs)	(2,760)	-	-	(2,760)
Amounts written off	(13,555)	(265)	-	(13,820)
At 31 December 2020	987,363	23,605	162,548	1,173,516

Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000
At 1 January 2019	-	-	-	-
Acquired in business combination	285,400	221,890	276,518	783,808
New asset purchased	1,072,600	47,562	463,029	1,583,191
Assets derecognised or matured (excluding write-offs)	(477,631)	(177,863)	(276,518)	(932,012)
Amounts written off	-	-	(433,113)	(433,113)
At 31 December 2019	880,369	91,589	29,916	1,001,874

Expected Credit Loss	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000
At 1 January 2019	-	-	-	-
Acquired in business combination	32	4	1,006	1,042
New asset purchased	144,900	265	507,056	652,221
Assets derecognised or matured (excluding write-offs)	(32)	(4)	(1,006)	(1,042)
Amounts written off	-	-	(433,113)	(433,113)
At 31 December 2019	144,900	265	73,943	219,108

23 Investment in subsidiaries

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Cititrust Development Partners Limited	-	-	-	920,000
Cititrust Financial Services Limited			10,224,255	-
CFS Everbond Group Ghana Limited	-	-	524,581	317,681
Cititrust Group (PTY) Ltd	-	-	74,976	34,856
Cititrust Investment and Trust Company Limited Benin Republic	-	-	30,000	10,000
Cititrust Investments Cote D'ivoire Ltd	-	-	63,770	4,928
CFS Assets Management Ltd	-	-	61,348	50,000
Cititrust Investment Banking Company Rwanda Limited	-	-	100,000	100,000
South Atlantic Group Limited - Malawi	-	-	83,980	32,415
Cititrust Savings and Loans Limited, Liberia	-	-	-	-
Cititrust Capital Management Limited, Mauritius	-	-	-	-
Cititrust Private Equity Limited	-	-	50,000	-
Cititrust Financial Services Limited (Tanzania)	-	-	-	-
South Atlantic Bank Limited Uganda	-	-	-	-
Cititrust Capital (UK) Limited	-	-	-	-
CFS Capital Partners LLC. USA	-	-	-	-
South Atlantic Asset Management Limited, Botswana	-	-	-	-
Cititrust Capital Management Limited, Sierra Leone	-	-	-	-
Cititrust Realties Limited	-	-	-	2,240
Cititrust Funding Plc	-	-	-	4,686
	-	-	11,212,910	1,476,806

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

23 Investment in subsidiaries - continued

Movement in investment subsidiaries	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
As at 1 January	-	-	1,476,806	-
Additions in the year	-	-	9,738,344	1,476,806
Disposals in the year	-	-	(2,240)	-
As at 31 December	-	-	11,212,910	1,476,806

Group entities

The subsidiary companies, country of incorporation, nature of business, percentage equity holding and period consolidated with the parent company are as detailed below:

Company name	Country of incorporation	Nature of business	Percentage of equity capital held (Direct holdings)	Financial year end	Percentage of equity capital held (Direct holdings)	Financial year end
Cititrust Development Partners Limited	Nigeria	Holding Company	0%	N/A	100%	31-Dec-2019
Cititrust Financial Services Limited	Nigeria	Holding Company	100%	31-Dec-2020	0%	N/A
CFS Group (Ghana) Limited	Ghana	Holding Company	100%	31-Dec-2020	100%	31-Dec-2019
CFS Group (Kenya) Limited	Kenya	Holding Company	100%	31-Dec-2020	100%	31-Dec-2019
Cititrust Group (PTY) Limited, South Africa	South Africa	Holding Company	100%	31-Dec-2020	100%	31-Dec-2019
Cititrust Investments Cote D'ivoire Ltd	Cote D'ivoire	Alternative Investments	100%	31-Dec-2020	100%	31-Dec-2019
Pan African Finance Ltd. (Rwanda)	Rwanda	Banking	100%	31-Dec-2020	100%	31-Dec-2019
CITITRUST Investment &Trust SARL (Benin Republic)	Benin Republic	Alternative Investments	100%	31-Dec-2020	100%	31-Dec-2019
South Atlantic Asset Management (Malawi)	Malawi	Financial Services	90%	31-Dec-2020	90%	31-Dec-2019
Cititrust Private Equity Limited	Nigeria	Alternative Investments	100%	31-Dec-2020	0%	N/A
Cititrust Realties Limited	Nigeria	Real Estate	0%	N/A	100%	31-Dec-2019
Cititrust Funding Plc	Nigeria	Portfolio Management	0%	N/A	100%	31-Dec-2019
Cititrust Capital Management Limited, Mauritius	Mauritius	Financial Services	0%	N/A	0%	N/A
Cititrust Financial Services Limited (Tanzania)	Tanzania)	Financial Services	0%	N/A	0%	N/A
South Atlantic Bank Limited Uganda	Uganda	Financial Services	0%	N/A	0%	N/A
Cititrust Capital (UK) Limited	Limited	Financial Services	0%	N/A	0%	N/A
CFS Capital Partners LLC. USA	USA	Financial Services	0%	N/A	0%	N/A
South Atlantic Asset Management Limited, Botswana	Botswana	Financial Services	0%	N/A	0%	N/A
Cititrust Capital Management Limited, Sierra Leone	Sierra Leone	Financial Services	0%	N/A	0%	N/A

Cititrust Financial Services Plc was incorporated under the Companies and Allied Matters Act CAP C20, law of the Frderation of Nigeria 2004 to hold, finance and administrate the following companies Livingtrust Mortgage Bank, First Option Microfinance Bank. Cititrust Portfolio Limited, Bermuda BDC, First Guarantee Healthcare Limited, Great Hope Insurance, Cititrust Portfolio Limited, etc.

CFS Everbond Group Ghana Limited is a holding company whose business is to hold, manage, finance and administer the following companies: Cititrust Capital Limited, Everbond Micro Credit and Cititrust Alternative Investment Limited.

CFS Group (Kenya) Plc was incorporated as a holding company in Kenya under the Kenyan Companies Act. The principal activity to hold, manage, finance and administer the following companies CFS Assets Management Ltd and Everbond Capital.

Cititrust Group (PTY) Ltd was incorporated in South Africa, operating as a holding company to hold, finance and administer the following companies: Cititrust Capital Management (PTY) Limited, Cititrust Financial Services (PTY) Limited, Everbond Properties (PTY) Limited.

Cititrust Investments Cote D'ivoire Ltd was incorporated in Cote D'ivoire with the primary activity of the Company as alternative investments such as commodities tradings

CITITRUST Investment &Trust SARL was incorporated in Benin. The principal activity of the Company is to carry out Alternative investment services such as commodities tradings

Cititrust Investment Banking Company Rwanda Limited is set up to carry out investment banking operations, foreign exchange activities, mobile money agents, other monetary intermediation, trust funds and similar financial entities, financial leasing, other credit granting. It also acts as a holding company.

South Atlantic Asset Management Limited is incorporated in Malawi under the Malawi Companies Act, 2013 and is domiciled in Malawi. The Company was incorporated in 2019. The Company is primarily engaged in the provision of financial services.

Cititrust Private Equity Limited was incorporated in Nigeria as a Private Limited Liability Company with the Corporate Affairs Commission (CAC) on 7 November 2019. The company was primarily established to carry out business as an Investment Management Company, to provide venture capital and growth capital by injecting capital into them to propel them to reach their potentials and achieving strong growth, profitability and eventually become market leaders of their respective industry sectors.

Cititrust Realties Limited was incorporated in Nigeria under the Companies and Allied Matters Act 1990. The Company carries on the business of real estate, landed property sales, property managers, property development, etc. Cititrust Holdings Plc divested from the subsidiary in the year 2020 by disposing all its investments in the subsidiary.

Cititrust Funding Plc (formerly Cititrust Funding SPV Plc) is a portfolio management company, limited by shares and domiciled in Nigeria. Cititrust Holdings Plc divested from the subsidiary in the year 2020 by disposing all its investments in the subsidiary.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

23.1 Disposal of investments in subsidiaries
Group

During the year, the group sold all its investments in some subsidiaries thereby losing control of these subsidiaries. Hence, as at 31 December 2020, these subsidiaries were no longer within the control of Cititrust Group. The total gain realised from the sale of these investments is N1.613 billion and this has been recognised in the profit or loss for the year ended 31 December 2020. See below, the analysis of the realised gains.

	Cititrust Realties	Cititrust Contracting Limited	Mapplefield Energy Resources Limited	EM Towers Limited	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Sales consideration	520,000	304,722	154,562	908,100	1,887,384
Less: Investments in the subsidiary at the point of sale	(2,240)	(50,000)	(5,000)	(20,000)	(77,240)
Less: Royalty receivables from the subsidiary	-	(25,110)	(106,000)	(66,000)	(197,110)
Profit from disposal of subsidiaries	517,760	229,612	43,562	822,100	1,613,034

The Company

During the year, Cititrust Holdings Plc sold all its investments in cititrust Realties, one of its subsidiaries thereby losing control of this subsidiary. Hence, as at 31 December 2020, the subsidiary was no longer within the control of Cititrust Holdings Plc. The total gain realised from the sale of this investment is N517.7 million and this has been recognised in the profit or loss for the year ended 31 December 2020. See below, the analysis of the realised gains.

	Cititrust Realties
	₦'000
Sales consideration	520,000
Less: Investments in the subsidiary at the point of sale	(2,240)
Less: Royalty receivables from the subsidiary	-
Profit from disposal of subsidiaries	517,760

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

24 Material partly owned subsidiary

Financial information of subsidiary that have material non-controlling interest is provided below:

Proportion of equity interests held by non-controlling interests:

	The Group		The Company	
	2020	2019	2020	2019
Livingtrust Mortgage Bank Limited	40.20%	0%	0%	0%
Core Capital Limited	10%	0%	0%	0%
Great Hope Insurance Brokers (GHIB) Limited	25%	0%	0%	0%
South Atlantic Group Limited	10%	10%	10%	10%

Profit/(loss) allocated to material non-controlling interest:

The summarised financial information of the subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Consolidated statement of profit or loss and other comprehensive income

	Livingtrust Mortgage Bank	Core Capital	GHIB	South Atlantic Group Limited	Total	South Atlantic Group Limited
	2020	2020	2020	2020	2020	2019
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	349,832	111,442	2,634	4,122	468,030	81
Other income	210,452	7,453	-	222	218,127	315
Admin expenses	(408,860)	(528,453)	(4,902)	(28,161)	(970,376)	(7,265)
Income tax	(19,065)	-	(14)	(3,050)	(22,129)	2,061
Profit/(loss) for the year	132,359	(409,558)	(2,282)	(26,867)	(306,348)	(4,808)
Attributable to:						
Equity holders of the parent	79,151	(368,602)	(1,712)	(24,180)	(315,343)	(4,327)
Non-controlling interest	53,208	(40,956)	(571)	(2,687)	8,995	(481)
	132,359	(409,558)	(2,282)	(26,867)	(306,348)	(4,808)

Summarized statement of financial position	2020	2020	2020	2020	2020	2019
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash balances and short-term deposits	1,459,752	157,211	916	1,960	1,619,839	217
Investment securities	106,717	-	-	-	106,717	24,700
Loans and advances to customers	4,078,130	1,482,234	-	51,357	5,611,721	-
Trade receivables	-	-	10	-	10	-
Other receivables	90,684	3,216,921	23,734	4,640	3,335,979	2,585
Due from related parties	-	1,058,090	-	-	1,058,090	158
Property, plant and equipment	260,430	4,140	82	11,491	276,143	-
Inatngible assets	32,154	20,709	-	-	52,863	-
Deferred tax assets	1,833	-	-	-	1,833	2,042
Non-current assets held for sale	268,051	-	-	-	268,051	-
Deposits from customers	(2,619,302)	(1,074,776)	-	-	(3,694,078)	-
Trade and other payables	-	-	-	-	-	(198)
Due to related parties	-	(1,933,973)	-	(9,013)	(1,942,986)	(2,139)
Borrowings	(646,116)		-	-	(646,116)	-
Current tax liability	(25,085)	(3,457)	(7)	-	(28,549)	-
Deferred tax liabilities	-	-	(7)	(1,100)	(1,107)	
Deposit for shares	-	(900,000)	(23,000)	-	(923,000)	-
Other liabilities	(230,139)	(2,434,725)	(1,747)	(7,277)	(2,673,888)	-
Total equity	2,777,109	(407,626)	(19)	52,058	2,421,522	27,365
Attributable to:						
Equity holders of the parent	1,665,870	(366,863)	(14)	46,852	1,345,845	24,629
Non-controlling interest	1,111,239	(40,763)	(5)	5,206	1,075,677	2,737
	2,777,109	(407,626)	(19)	52,058	2,421,522	27,365

Summarised statement of cash flow	2020	2020	2020	2020		2019
	₦'000	₦'000	₦'000	₦'000		₦'000
Operating	(559,281)	(785,899)	(22,016)	(63,483)	(1,430,679)	(9,335)
Investing	569,201	9,149	(96)	13,207	591,461	81
Financing	95,171	900,000	23,000	52,022	1,070,193	9,696
Net increase in cash and cash equivalents	105,091	123,250	888	1,746	230,975	442
Cash and cash equivalents at 1 January	1,354,661	33,961	28	217	1,388,867	-
Foreign exchange difference	-	-	-	(3)	(3)	(225)
Cash and cash equivalents at 31 December	1,459,752	157,211	916	1,960	1,619,839	217

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

25 Property and equipment

The Group

	Telecom Towers	Land	Building	Generator	Motor vehicle	Computer equipment	Office equipment	Furniture and fittings	CWIP Telecom Towers	Capital Work-in-progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost											
At 1 January 2019	-	-	-	-	-	-	-	-	-	-	-
Acquired in business combination	153,686	200,788	-	-	64,535	5,176	8,796	21,403	230,529	-	684,913
Additions	103,293	187,363	-	26,662	103,308	18,650	26,836	78,715	(76,843)	-	467,984
Disposal	-	(188,000)	-	-	(40,551)	-	-	-	-	-	(228,551)
At 31 December 2019	256,979	200,151	-	26,662	127,292	23,826	35,632	100,118	153,686	-	924,346
Acquired in business combination	-	41,082	126,624	56,900	50,322	33,012	47,716	54,035	-	-	409,691
Additions	-	2,912	10,196	22,170	290,674	31,853	17,325	43,845	-	87,943	506,918
Disposal	(256,979)	-	(13,000)	(1,821)	(62,405)	(217)	(38,291)	(44,594)	(153,686)	-	(570,993)
At 31 December 2020	-	244,145	123,820	103,911	405,883	88,474	62,382	153,404	-	87,943	1,269,962
Accumulated depreciation											
At 1 January 2019	-	-	-	-	-	-	-	-	-	-	-
Acquired in business combination	7,684	224	-	-	9,946	1,168	1,009	4,109	-	-	24,140
Charge for the year	8,321	1,258	-	7,466	39,344	4,600	9,367	17,196	-	-	87,552
Disposal	-	-	-	-	(7,734)	-	-	-	-	-	(7,734)
At 31 December 2019	16,005	1,482	-	7,466	41,556	5,768	10,376	21,305	-	-	103,958
Acquired in business combination	-	-	13,966	36,048	31,673	23,966	24,910	24,823	-	-	155,386
Charge for the year	-	-	2,999	17,029	54,911	15,007	15,251	25,607	-	-	130,804
Disposal	(16,005)	(1,482)	(737)	(1,291)	(26,811)	(179)	(16,623)	(6,414)	-	-	(69,542)
At 31 December 2020	-	-	16,228	59,252	101,329	44,562	33,914	65,321	-	-	320,606
Carrying amount											
At 31 December 2020	-	244,145	107,592	44,659	304,554	43,912	28,468	88,083	-	87,943	949,356
At 31 December 2019	240,974	198,669		19,196	85,736	18,058	25,256	78,813	153,686		820,388

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

The Company

	Land	Generator	Motor vehicle	Computer equipment	Office equipment	Furniture and fittings	CWIP Telecom Towers	Capital Work-in-progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000			₦'000
Cost									
At 1 January 2019	-	-	-	-	-	-	-	-	-
Additions	181,598	3,802	36,162	4,298	2,475	5,756	-	-	234,091
Disposal	-	-	(4,040)	-	-	-	-	-	(4,040)
At 31 December 2019	181,598	3,802	32,122	4,298	2,475	5,756	-	-	230,051
Additions	3,000	-	140,843	2,283	1,002	2,263	-	-	149,391
Disposal	-	-	(10,937)	-	-	-	-	-	(10,937)
At 31 December 2020	184,598	3,802	162,028	6,581	3,477	8,019	-	-	368,505
Accumulated depreciation									
At 1 January 2019	-	-	-	-	-	-	-	-	-
Charge for the year	-	760	10,179	537	448	894	-	-	12,818
Disposal	-	-	(926)	-	-	-	-		(926)
At 31 December 2019	-	760	9,253	537	448	894	-	-	11,892
Charge for the year	-	760	19,431	1,126	601	1,283	-	-	23,201
Disposal	-	-	(8,203)	-	-	-	-	-	(8,203)
At 31 December 2020	-	1,520	20,481	1,663	1,049	2,177	-	-	26,890
Carrying amount									
At 31 December 2020	184,598	2,282	141,547	4,918	2,428	5,842	-	-	341,615
At 31 December 2019	181,598	3,042	22,869	3,761	2,027	4,862	-	-	218,159

i There were no capitalised borrowing costs related to the acquisition of property and equipment during the year for the Group and Company.
ii There were no capital commitments as at reporting date in respect of items of property and equipment.
iii No restriction exists on the title of any item of property and equipment and none of these items of property and equipment is pledged.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

26 Intangible assets

	The Group				The Company	
	2020			2019	2020	2019
	Computer Software	Goodwill	Total	Computer Software	Computer Software	Computer Software
Cost	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January	6,305	-	6,305	-	-	-
Acquired in business combination	101,606	215,027	316,633	2,235		
Additions	47,773	-	47,773	5,120	-	-
Disposal/write-off	(557)	-	(557)	(1,050)	-	-
At 31 December	155,127	215,027	370,154	6,305	-	-
Accumulated amortisation						
At 1 January	841	-	841	-	-	-
Acquired in business combination	75,244	-	75,244	450		
Charge for the year	8,892	-	8,892	391	-	-
Disposal/write-off	(322)	-	(322)	-	-	-
At 31 December	84,655	-	84,655	841	-	-
Carrying amount						
At 31 December	70,472	215,027	285,499	5,464	-	-

27 Non-current assets held for sale

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
At 1 January	-	-	-	-
Acquired in business combination (Note 34)	295,250	-	-	-
Additions	17,514	-	-	-
Written off during the year	(2,958)	-	-	-
Disposals	(41,755)	-	-	-
At 31 December	268,051	-	-	-

The balance on non-current assets held for sale represents the stock of houses previously held by the Livingtrust Mortgage Bank Plc (an acquired subsidiary of Cititrust Holdings Plc) as investment properties while additions represents necessary improvement on the properties to make it sellable to willing buyers as well as assets reposessed from customers as a result of consistent default in repayment. In line with CBN regulations on permissable business of Primary Mortgage Banks (PMBs), they were derecognised as investment properties and classified as held for sale in line with IFRS 5. They were expected to have been sold before the year end, but due to market conditions, some of them are still unsold at the year end. However, the Group is still committed to disposing them off.

The non-current assets held for sale are held at cost. No impairment have been recognised on the properties since the market value is much higher than

28 Customer deposits

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Term deposits	11,057,258	5,172,264	-	-
Savings account	198,037	44,597	-	-
Current account	2,222,520	9,042	-	-
	13,477,815	5,225,903	-	-

29 Trade and other payables

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Intercompany payables	-	-	703,830	296,559
Trade payables	881,583	188,930	-	-
Accruals & other payables	349,746	214,395	1,525	49,685
Audit fee payable	42,247	9,855	14,754	7,500
Pension payable	5,760	7,346	-	690
Interest, fee and penalty in suspense	52,116	-	-	-
Rent	5,026	-	-	-
HMO Contract liabilty	59,471	-	-	-
Advance premium received	5,408	-	-	-
Deferred commission income	33,945	-	-	-
Other expense payable	1,728,189	-	-	-
Financial liabilities in other payables	3,163,491	420,526	720,109	354,434
PAYE	2,057	5,358	-	656
ITF payable	410	406	410	406
NHF payable	15	15	15	15
WHT-tax	48,186	27,869	-	-
	3,214,159	454,174	720,534	355,511

Terms and conditions

Trade payables are non-interest bearing and are normally settled on 60-day terms

The other expense payable represents payables to external parties which are still being reconciled.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

30 Deposit for shares		The Group		The Company	
		2020	2019	2020	2019
		₦'000	₦'000	₦'000	₦'000
At 1 January		1,266,200	-	-	-
Additions		-	1,266,200	-	-
Transfer to equity		-	-	-	-
Return of deposits	Note 30.1	(1,266,200)	-	-	-
At 31 December		-	1,266,200	-	-

30.1 This relates to the deposits made by prospective shareholders which are now returned to the investors due to delay in allotment of shares to the investors.

31 Interest-bearing loans and borrowings		The Group		The Company	
		2020	2019	2020	2019
		₦'000	₦'000	₦'000	₦'000
Cititrust Funding Plc		-	-	-	1,138,541
Cititrust Private Equity Limited	Note 31.2	-	-	3,927,062	-
Globevest	Note 31.1	6,833,900	-	6,833,900	-
Living Trust Mortgage Bank Plc	Note 31.3	-	-	130,049	-
Cititrust Global Trading Limited		-	132,186	-	-
Nigeria Mortgage Refinance Company	Note 31.4	63,035	-	-	-
Federal Mortgage Bank of Nigeria	Note 31.5	583,081	-	-	-
	Note 31.6	7,480,016	132,186	10,891,011	1,138,541
Bank overdraft		2,050,493	1,008,398	2,050,479	473,534
		9,530,509	1,140,584	12,941,490	1,612,075

31.1 Globevest

Cititrust Holdings Plc obtained funding from Globevest at different times to make a sum principal amount of N6,833,900 at 11% interest rate with a condition for an obligation of first right to the next Share Capital increase of the company by 31 December 2021. Globevest is currently the majority shareholder of the company.

31.2 Cititrust Private Equity

The loan was obtained from Cititrust Private Equity Limited at different times, collectively obtaining the sum of N3,927,062 with an average of 24.72%. For a tenor of 366 days lapsing at 31st December 2021. Nil amount has been repaid on the borrowings as at 31 December 2020.

31.3 Livingtrust Mortgage Bank

On 10 October and 4 December 2020, the Company received N82 million and N52.3 million respectively from Livingtrust Mortgage Bank Plc in form of finance lease at 19% per annum with a 48 months tenor. The principal and interest will be repaid monthly starting from the subsequent month after the loan was granted over the remaining tenor of the loan. The finance lease was for the purchase of vehicles for the Executive Directors of the Company.

31.4 Nigeria Mortgage Refinance Company

The balance relates to outstanding balance of refinancing loan granted by Nigeria Mortgage Refinancing Company on 9 April 2018. The principal and interest are repayable over 15 years on a monthly basis effective October 2018. The interest rate is 14.5% per annum.

31.5 Federal Mortgage Bank of Nigeria (FMBN)

The balance on the Federal Mortgage Bank of Nigeria (FMBN) represents outstanding balance due to FMBN for amount disbursed to the Bank for on-lending for duly prequalified and approved National Housing Fund beneficiaries. All loans from the Federal Mortgage Bank are secured by Bank Guarantees with the exception of loans with Legal Mortgages.

See below, the movement in the borrowings as at 31 December 2020 with an exception of the Bank overdraft due to its nature and consideration as part of cash and cash equivalents in the cash flow.

31.6 Movement in borrowings	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
At 1 January	132,186	-	1,138,541	-
Acquired through business combination	550,945	-	-	-
Additions	6,438,080	130,000	9,303,435	1,131,140
Interest accrued	486,028	2,186	455,053	19,938
Principal payments	(92,077)	-	-	-
Interest paid	(35,146)	-	(6,018)	(12,537)
At 31 December	7,480,016	132,186	10,891,011	1,138,541

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

32 Right-of-use assets

The Group has lease contracts for office buildings. Leases of office buildings generally have lease terms between 1 and 2 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has certain leases of office buildings with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
At 1 January 2019	16,650	-	-	-
Addition	9,918	28,200	-	-
Depreciation expense	(3,817)	(11,550)	-	-
Write-off	(11,700)			
At 31 December 2019	11,051	16,650	-	-

There are no lease liabilities during the period. The following are the amounts recognised in profit or loss during the year:

	The Group		The Company	
	₦'000	₦'000	₦'000	₦'000
Depreciation of right-of-use assets	3,817	11,550	-	-
Short term leases	23,515	17,844	-	-
	27,332	29,394	-	-

The Group had total cash outflows for leases of ₦11,000,000 in 2020 (2019: ₦41,500,000). The Group had no non-cash additions to right-of-use assets and lease liabilities in 2020 (2019: Nil).

33 Equity

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Share Capital:				
1,000,000,000 ordinary shares of 50k each	500,000	500,000	500,000	500,000
Issued and fully paid:				
Ordinary shares of 50k each				
At 1 January	500,000	-	500,000	-
Shares issued and allotted during the year	-	500,000	-	500,000
At 31 December	500,000	500,000	500,000	500,000

33.1 Foreign currency translation reserve

Cumulative foreign exchange differences arising from translation of the Group's results and financial position into the presentation currency and from the translation of foreign subsidiary are recognised in foreign currency translation reserve.

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Balance at the beginning of the year	(44,317)	-	-	-
Foreign currency translation change for the year	25,609	(44,341)	-	-
NCI share of the foreign currency translation change for the year	6	24		
	(18,702)	(44,317)	-	-

33.2 Statutory reserve

Nigerian banking regulations require a Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16 (1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital. The Group made a transfer of N26.472 million (2019: N3.6 million) to statutory reserves during the year ended 31 December 2020.

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Balance at the beginning of the year	3,612	-	-	
Transfer from retained earnings (Note 33.3)	26,472	3,612	-	-
	30,084	3,612	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

33.3 Retained earnings

The movement on the retained earnings account during the year is as follows:

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
At 1 January	(2,792,975)	-	(20,603)	-
Business combination	476,738	(790,391)	-	-
Prior year IFRS adjustment	4,789	-	-	-
(Loss)/Profit for the year	(257,128)	(1,998,972)	71,787	(20,603)
Transfer to statutory reserve (Note 33.2)	(26,472)	(3,612)	-	
Transfer to regulatory reserve (Note 34)	(67,490)			
At 31 December	(2,662,539)	(2,792,975)	51,184	(20,603)

Included in business combination is the excess payment for the acquisition of the net assets of Cititrust Development Partners Limited.

34 Business combination

34.1 Summary of acquisition

On 30 April 2020, Cititrust Holdings Plc reached an agreement to acquire 59.80% of Livingtrust Mortgage Bank Plc ("Livingtrust") issued and yet to be issued ordinary shares. The acquisition was through Cititrust Financial Services Limited (CFS) where CFS became the parent company of Livingtrust at the point of gaining control of the Mortgage bank while Cititrust Holdings Plc became the ultimate parent company. The shares were acquired through an arrangement with Morgan Securities to purchase the latter's 43% shareholding of the mortgage bank in order to get the majority shareholding of the bank. Price paid for the acqusition was the share price of the mortgage bank on the floor of Nigeria Stock Exchange (NSE) at the time of acquisition which was 57kobo per share. The acqusition of the mortgage bank was part of Cititrust Holding's strategy to further invest and make considerable impact in the financial service sector of Nigerian economy.

LivingTrust Mortgage Bank Plc (formerly Omoluabi Mortgage Bank Plc) is a public limited liability company domiciled in Nigeria. The address of the Bank‟s registered office is Old Governor‟s Office, Gbongon Road, Osogbo, Osun State. The Bank obtained its license to operate as a Mortgage Bank on the 24 February 1999 and commenced operations in March 1999. The Bank became a public limited liability company on 13 January 2014. The Bank changed its name from Omoluabi Mortgage Bank Plc to LivingTrust Mortgage Bank Plc on 7 October 2020. The Bank is primarily involved in business of Residential and Commercial Mortgage financing as well as construction finance among other financial services.

The purchase consideration was N1,718,542,990 which represents average share price of 57kobo per each of the 2,990,000,000 shares (59.80% of 5 billion shares) acquired by Cititrust Holdings Plc.

The carrying value of assets and liabilities recognised as a result of the acquisition are as follows:

	2020
Assets	₦'000
Cash and balances with CBN	88,942
Due from banks	1,291,081
Loans and advances to customers	1,801,288
Investment securities	710,794
Other assets	149,250
Property and equipment	226,895
Intangible assets	25,919
Deferred tax assets	5,574
	4,299,743
Non-current assets held for sale	295,250
Total assets	4,594,993
Liabilities	
Deposits from customers	1,209,132
Borrowings	130,215
On-lending facility	420,730
Current income tax payable	12,888
Other liabilities	173,162
Total liabilities	1,946,127
Net assets of Livingtrust on acquisition date	2,648,866
Cititrust Holding Plc's share of the net assets (59.80%)	1,584,022
Non-controlling interests (40.20%)	1,064,844

For the non-controlling interests in Livingtrust Mortgage Bank Plc, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See Note 2.1 (e) for the Group's accounting policies for business combination.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

34.2 Summary of acquisition

On 30 April 2020 Cititrust Holdings acquired 59.80% of the issued share capital of Livingtrust Mortgage Bank Plc (“Livingtrust”) for N1.7 billion cash consideration.

LivingTrust Mortgage Bank Plc (formerly Omoluabi Mortgage Bank Plc) is a public limited liability company domiciled in Nigeria. The Bank changed its name from Omoluabi Mortgage Bank Plc to LivingTrust Mortgage Bank Plc on 7 October 2020. The Bank is primarily involved in business of Residential and Commercial Mortgage financing as well as construction finance among other financial services.

The assets and liabilities acquired were valued as at the acquisition date – 30 April 2020. Details of the net assets acquired, and goodwill are as follows:

	period ended 30 April 2020 N'000
Purchase consideration	1,718,543
Carrying value of net assets acquired	(1,584,022)
Goodwill	134,521

The goodwill is attributable mainly to the skills and technical talent of Livingtrust’s workforce and the high profitability of the acquired business. None of the goodwill recognised is expected to be deductible for tax purposes.

The goodwill on acquisition has been allocated entirely to Banking segment because it is the Cash Generating Unit (CGU) directly affected by the acquisition of Livingtrust.

34.3 Revenue and profit contribution

The acquisition was consumated on 30 April 2020. From the date of acquisition to the audit report date, the acquired entity has contributed to the reduction of the loss incurred by the group, as it has generated significant revenue and profit for the group. Hence, the acquired business did contribute revenue or profit during the year.

34.4 Purchase consideration - cash outflow

	31-Dec-20 N'000
Purchase consideration	1,718,543
Less: balances acquired - Cash	(825,254)
Net outflow of cash - investing activities	893,289

34.5 Acquisition of Core Capital Limited and Great Hope Insurance Brokers Limited

On 30 April 2020, Cititrust Holdings Plc reached an agreement to acquire 80% of Core Capital Limited ("Core Capital") issued and yet to be issued ordinary shares. On same date, Cititrust Holdings acquired 75% of Great Hope Insurance Brokers Limited ("GHIB") issued and yet to be issued ordinary shares. The acquisitions were through Cititrust Financial Services Limited (CFS) where CFS became the parent company of Core Capital and GHIB at the point of gaining control of the Companies while Cititrust Holdings Plc became the ultimate parent company. Under the terms of acquisition, each Core Capital and GHIB shareholder is entitled to receive, for each Core Capital and GHIB share, 83 million naira and 23 million naira in cash respectively. The cash consideration was fully funded by Cititrust Holdings Plc.

Core Capital Limited "the Finance house" was incorporated in Nigeria as a private Limited Liability Company in Nigeria on 1 September, 2004 with registration number RC 606058 and commenced operations in February 2005. The finance house was licensed as a Unit-Tier 1 finance in line with the provisions of the Company’s and Other Financial Institutions Act, 2020 and the Revised Regulatory and Supervisory Guidelines for Other Financial Institutions in Nigeria issued by the Central Bank of Nigeria. (CBN). The principal activity of the Company are those of a licensed finance Company to carry on business of LPO financing, lease financing, invoice discounting, fund placement and management as well as providing financial services as authorized by CBN and as stipulated by BOFIA, 2020.

Great Hope Insurance Brokers Limited (GHIB) was incorporated as a private limited liability company on 12 September, 2001. The principal activity of the Company is the provision of insurance brokerage services to the general public as individual, firms and organizations where the Company act as an intermediary between the between their clients and the Insurance companies.

The purchase considerations were N80 million and N3.750 million which represents average share price of N1 per each of the 80 million and 3.75 million shares of Core Capital (80%) and GHIB (75%) acquired by Cititrust Holdings Plc respectiely.

The carrying values of assets and liabilities recognised as a result of the acquisition are as follows:

	Core Capital 2020	GHIB 2020
Assets	₦'000	₦'000
Cash and cash equivalents	292	21
Investment securities	26,878	-
Other assets	-	857
Property and equipment	971	1,004
Total assets	28,142	1,882
Liabilities		
Current income tax payable	2,990	-
Other liabilities	23,605	185
Total liabilities	26,595	185
Net assets acquired	1,546	1,697
Add: Net assets of non-controlling interests	387	566
Carrying value of net assets acquired - Core Capital and GHIB	1,933	2,263

For the non-controlling interests in Core Capital Limited and Great Hope Insurance Brokers Limited, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See Note 2.1 (e) for the Group’s accounting policies for business combination.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

34.6 Summary of acquisition

On 30 April 2020 Cititrust Holdings acquired 80% and 75% of the issued share capital of Core Capital Limited ("Core Capital") and Great Hope Insurance Brokers Limited ("GHIB") for N80 million and N3.750 million cash consideration respectively.

Core Capital Limited "the Finance house" was incorporated in Nigeria as a private Limited Liability Company in Nigeria on 1 September 2004 with registration number RC 606058 and commenced operations in February 2005. The finance house was licensed as a Unit-Tier 1 finance house in line with the provisions of the Company's and Other Financial Institutions Act, 2020 and the Revised Regulatory and Supervisory Guidelines for Other Financial Institutions in Nigeria issued by the Central Bank of Nigeria. (CBN). The principal activity of the Company are those of a licensed finance Company to carry on business of LPO financing, lease financing, invoice discounting, fund placement and management as well as providing financial services as authorized by CBN and as stipulated by BOFIA, 2020.

Great Hope Insurance Brokers Limited (GHIB) was incorporated as a private limited liability company on 12 September, 2001. The principal activity of the Company is the provision of insurance brokerage services to the general public as individual, firms and organizations where the Company act as an intermediary between the insurer and the insured.

The assets and liabilities acquired were valued as at the acquisition date – 30 April 2020. Details of the net assets acquired, and goodwill are as follows:

	Core Capital period ended 30 April 2020	GHIB period ended 30 April 2020
	N'000	N'000
Purchase consideration	80,000	3,750
Carrying value of net assets acquired	(1,546)	(1,697)
Goodwill	78,454	2,053

The goodwill is attributable mainly to the skills and technical talent of Core Capital and GHIB's workforce of the acquired business. None of the goodwill recognised is expected to be deductible for tax purposes.

The goodwill on acquisition has been allocated to Investment Banking and Insurance segments because it is the Cash Generating Unit (CGU) directly affected by the acquisition of Core Capital and GHIB respectively.

34.7 Revenue and profit contribution

The acquisition was commutated on 30 April 2020. As a result, the acquired business did contribute revenue or profit during the year.

34.8 Purchase consideration - cash outflow

	Core Capital 31-Dec-20	GHIB 31-Dec-20
	N'000	N'000
Purchase consideration	80,000	3,750
Less: balances acquired - Cash	(292)	(21)
Net outflow of cash - investing activities	79,708	3,729

34.9 Summary of acquisition

During the year 2019, Cititrust Holdings Plc acquired the net assets of Cititrust Development Partners Limited. The acqusition was accounted for as a business combination under common control and the pooling of interest method was applied (See Note 2.2 - Summary of significant accounting policies and Note 2.3 - significant accounting judgements, estimates and assumptions for more information).

The net assets acquired from Cititrust Development Partners Limited are shown below:

	2019
Assets	₦'000
Non-current assets	
Property and equipment	660,773
Intangible assets	1,785
	662,558
Current assets	
Inventories	670
Trade and other receivables	857,940
Prepayments	41,140
Loans and advances	738,739
Cash and short-term deposits	171,784
	1,810,273
Total assets	2,472,831
Non-current liabilities	
Deferred tax liabilities	8,298
	8,298
Current liabilities	
Interest bearing loans and borrowings	498,078
Trade and other payables	1,418,282
Deposits from customers	345,256
Current income tax payable	73,309
	2,334,925
Total liabilities	2,343,223
Net assets acquired	129,608

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

35 Write-off of other assets

*Write off of other assets includes write-off of receivables and write-off of investment in subsidiaries due to underrecognition/(overrecognition) of these investments. See details of write-off below:

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Loans and advances	-	433,113	-	-
Cititrust Development Partners Limited	-	170,202	-	7,319
Cititrust Benin Republic (formerly called African Merchant)	-	108	-	108
Cititrust Rwanda	-	(434)	-	(434)
Cititrust Group (PTY) Ltd	-	29,746	-	-
Cititrust Funding Plc	-	(145,312)	-	-
Cititrust Realties Limited	-	(7,760)	-	-
Cititrust Investments Cote D'ivoire Ltd	-	(56,672)	-	-
CFS Everbond Group Ghana Limited	-	226,794	-	-
South Atlantic Group Limited - Malawi	-	3,241	-	-
Royalty expenses	-	(147,800)	-	-
Interest bearing loans and borrowings	-	(84,679)	-	-
	-	420,547	-	6,993

36 Transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party. The definition includes Directors and key management personnel among others.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year and balances at 31 December 2020 and 31 December 2019.

	Relationship	The Group		The Company	
		2020	2019	2020	2019
		₦'000	₦'000	₦'000	₦'000
Borrowings					
Cititrust Private Equity Limited	Subsidiary	-	-	3,927,062	-
Globevest Capital Limited	Sister company	6,833,900	-	6,833,900	-
Cititrust Investment Banking Company Rwanda Limited	Subsidiary	-	84,679	-	-
Cititrust Funding Plc	Subsidiary	-	1,138,541	-	1,138,541
Cititrust Investments Cote D'ivoire Ltd	Subsidiary	-	180,050	-	-
Cititrust Development Partners Limited	Subsidiary	-	925,113	-	-
Cititrust Global Trading Limited	Subsidiary	-	132,186	-	-
Due from related parties					
CFS Group (Ghana) Limited	Subsidiary	-	-	32,422	-
Cititrust Investments Cote D'ivoire Ltd	Subsidiary	-	-	58,200	-
Cititrust Benin Republic	Subsidiary	-	-	24,000	-
Cititrust Kenya	Subsidiary	-	-	50,000	-
Cititrust Financial Services Limited	Subsidiary	-	-	36,000	-
Cititrust Private Equity Limited	Subsidiary	-	-	185,650	-
Globevest Capital Limited	Sister company	1,505,950	-	-	
Cititrust Botswana	Subsidiary	-	3,187	-	3,187
Cititrust EMEA	Subsidiary	-	47,228	-	47,228
Cititrust Liberia	Subsidiary	-	3,173	-	3,173
Cititrust Funding Plc	Subsidiary	-	140,612	-	-
Due to related parties					
Core Capital Limited	Subsidiary	-		703,831	-
Cititrust Funding Plc	Subsidiary	-	-	-	235,000
Cititrust Development Partners Limited	Subsidiary	-	-	-	55,708
CFS Assets Management Ltd	Subsidiary	-	15,922	-	5,851
South Atlantic Group Limited	Subsidiary	-	2,139	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

36 Transactions with related parties - Continued

Key management personnel of the Company includes all Directors, executives and non-executives, and senior management. The summary of compensation of key management personnel for the year is as follows:

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Salaries and allowances	373,474	-	145,067	-
	373,474	-	145,067	-

The amounts disclosed in the table above are the amounts recognised as an expense during the reporting period related to key management personnel.

Compensation to employees and directors

i The number of employees of the Company who received emoluments in the following ranges was:

	The Group		The Company	
	2020	2019	2020	2019
₦2,000,000 and below	110		12	
₦2,000,001 - ₦5,000,000	179	-	6	-
₦5,000,001- ₦10,000,000	59	-	3	-
₦10,000,001 and above	12	-	2	-
	360	-	23	-

ii Directors' remuneration

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Fees and sitting allowance	183,343	115,727	40,347	37,764
Other emoluments	19,810	10,820	19,810	10,820
	203,153	126,547	60,157	48,584
Executive Director's renumeration				
Executive compensation	61,746	61,746	61,746	61,746

iii Chairman and highest paid director

	₦'000	₦'000	₦'000	₦'000
Chairman	10,000	10,000	10,000	10,000
Highest paid director	61,746	61,746	61,746	61,746

37 Contingent liabilities and capital commitments

There were no contingent liabilities and capital commitments at the end of the year.

38 Events after reporting date

The Board of Directors of Cititrust Holdings Plc during its duly convened meeting held on 12 October 2021 approved the divestment of Cititrust Financial Services Limited and its subsidiaries namely: Cititrust Portfolio Limited, Cititrust Credit Limited, Core Capital Limited, First Option Microfinance Bank Limited, First Guaranty Healthcare Limited and Great Hope Insurance Brokers Limite. The divestment was duly executed on 13 October 2021 through a Share Sales Purchase Agreement (SSPA) signed same day where 100% equity stake of Cititrust Holdings Plc was purchased by Clandun Business Advisory Limited.

With the vaccines now available in Nigeria and the COVID-19 suppressed, normalcy is already returning to the way business operations are carried out and there is no significant effect on the business of the Group and the Company subsequent to year end.

Aside the divestment mentioned above, there was no event after the reporting date which could have a material effect on the state of affairs of the Group and the Company as at 31 December 2020 or the profit or loss and other comprehensive income for the year then ended.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management

Introduction and overview:

Key investment risks are the possibility of permanent loss of capital and erosion of future purchasing power. Our vision is to become a leading Investment Holding Company in Africa, being a diversified growth-oriented investment vehicle for wealth creation". Thus, need to find investments with attractive risk-adjusted returns and build portfolios that provide long-term value and sustain same in order to achieve the company's objectives and meet stakeholders' expectations.

To continually sustain the group and build a sound financial system, we adopted an enterprise wide, integrated approach to risk management. The key objectives are as follow:

·Gain a holistic view of the risks it is exposed to;
·Define its risk appetite based on its strategic objectives;
·Assess, measure and quantify the risks;
·Develop risk mitigation strategies and control techniques before the risk crystalizes;
·Enhance the overall performance of the group.

Sound enterprise risk management is sacrosanct to guarantee solid foundation, profitability and going concern. we promote risk management culture where risk is everyone's business from board level down to risk owners and units across the group.

To successfully achieve effective risk management, the group maintained a critical balance between the pursuit of opportunities and the need to have a firm control over the risks facing the entire group. In this regard, the Enterprise Risk Management Framework was developed to establish and sustain leading risk management practices, sets out a top-level framework for the consistent management of risk across Cititrust Holdings Plc. It has been developed in line with the commitment of the Board of Directors ("the Board") and the Management to achieve its strategic business objectives and to grow its risk management maturity level.

Our Risk management approach addresses all risks associated with the group's objectives for the purpose of achieving sustained benefits within each activity and across the portfolio of all activities. The risks arising from financial services to which the Group is exposed are financial and nonfinancial risks, which includes equity investment risks, Credit risk, Liquidity risk, Market risk, (foreign exchange, interest rate) Operational risk, Legal, Compliance, Strategic, Reputational, Information security, Environmental and Social risk.

Internal business decisions at the subsidiaries are generally specific, with a limited impact on a diversified portfolio. Position sizing and knowledge of corporate strategy provide our investment committees with an understanding of the portfolios' specific risks. The impact of external economic variables can be more pervasive as commodities, currencies, interest rates, and other external factors affect the success of a large number of individual companies across our African subsidiaries and economic sectors.

We considered risk to be an integral part of the group's business and the group will not seek to avoid risks, but will understand, manage and effectively evaluate them in the context of expected return in order to meet the stakeholders' expectations and the group objectives. As part of its risk management policy, the Group segregates duties between market-facing business units and risk management functions while management is governed by well-defined policies, which are clearly communicated across the Group. Risk related issues are taken into consideration in all our business decisions and the Group continually strives to maintain a conservative balance between risk and revenue consideration. Continuous education and awareness of risk management has strengthened the risk management culture across the Group.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

Risk Management Philosophy
The key elements of the risk management philosophy are the following:

- The Group considers sound risk management to be the sustainability of a financial institution.
- Risk management is governed by well-defined policies that are clearly communicated across the Group.
- Risk management is a shared responsibility and all staff take responsibility as they are continually abreast of the inherent risks.
- The Group's risk management governance structure is clearly defined with a deep sense of responsibility, professionalism and respect for other parties;
- Risk are well considered in all our business decision;
- Risks are adequately reported and fully to the appropriate levels across the group once they are identified for mitigation purposes.
- All subsidiaries are guided by the principles provided in the risk management policies of the Group.

Risk Appetite
This is the aggregate level (amount) and types of risk the group is willing to assume within its risk capacity in order to achieve its strategic objectives and business plan. It reflects potential impact on earnings, capital and liquidity. The threshold is usually the Risk committee's responsibility. The parameters vary and also based on the group's policy as approved by the Board. It reflects the enterprise's risk management philosophy, and in turn influences the entity's culture and operating style.

Risk Appetite Statement (RAS)
The Statement considers the most significant risks to which the group is exposed and provides an outline of the approach to managing these risks. All strategic plans and business plans for functional areas need to be consistent with this Statement. It includes qualitative statements as well as quantitative measures expressed relative to earnings, capital, risk measures, liquidity and other relevant measures as appropriate. The RAS sets the tolerance for risk-taking in Cititrust's operations within the group's risk-bearing capacity. Risk limits and risk profile assessment are other key elements in the implementation of the group's risk appetite framework.

Risk Appetite Framework (RAF)
This is the overall approach, including policies, processes, controls, and systems through which risk appetite is established, communicated, and monitored. It includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF. The RAF considers material risks to the group, as well as to its reputation vis-à-vis business holders, investors and customers.
The maximum level of risk we assumed given our current level of resources before breaching constraints determined by regulatory capital and liquidity needs, the operational environment and obligations, also from a conduct perspective to stakeholders.

Enterprise Risk Management Framework
The risk management framework of the Group consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposures in a consistent and effective manner across the Group. With an increasing focus on consistency and transparency, the Group regularly assesses and enhances its risk management framework to ensure it is fit-for purpose and current happening in the industry.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

Our risk management process affects our board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of our business objectives. It is a consistent approach to setting the best course of action under uncertainty by identifying, assessing, understanding, acting on and communicating risk issues and opportunities.

Enterprise Risk Management Objectives:
- To ensure that threats to our strategic plans and business investments are promptly identified and well mitigated against;
- To ensure that our business growth plans are consistent with our risk appetite and supported by an effective and efficient risk management function;
- To identify any real and perceived risks exposures that may impact or be associated with the effective and efficient management and co-ordination of the Company's activities;
- To integrate risk management into the culture and strategic decision-making processes of the Company;
- To ensure that top management as well as individuals responsible for risk management possess the requisite expertise and knowledge to accomplish their functions; and
- To comply with appropriate regulations and leading industry practices.

Risk management Principles Employed
Below are the group's principles underpinning the Framework and guided how we effectively and efficiently manage risk at all levels. These principles are communicated across the group from time to time.

• Embedding – ERM is fully embedded within the major functional and operational processes just as strategic planning and performance measurement system.

• Creating and Protecting Value – our Enterprise Risk Management contributes to the achievement of our objectives and improves performance in areas such as corporate governance, project management, business model and health and safety of staff.

• Consistency – We adopt a consistent approach for the identification, assessment, monitoring, mitigation, control and communication of risks associated with all of its activities, functions, processes, and events in an effort to efficiently and effectively achieve its corporate objectives.

• Risk Awareness – We foster a result driven and risk awareness culture to move the company to a position where decisions are taken with full consideration of relevant risks and their implications.

• Ownership – Specific risk owners within the group's workforce have sound understanding of the risk impacting their operations or areas of responsibility and able to respond with appropriate strategies and mechanisms to identify, assess, monitor, and control those risks.

• Accountability – Risk owners within the group are held accountable for the risk management actions in their respective areas of responsibility.

• Authority – Risk owners have the required level of authority and flexibility to determine and execute the proper course of action to mitigate the risk in their respective areas of responsibility.

• Communication – our information system is continually updated to accommodate data input necessary for proper assessment and monitoring of risks.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

Risk Management Principles Employed

The Group manages it risks broadly in a systematic and transparent manner through its robust enterprise risk management framework and a risk governance policy through the application of best practices that are supported by a healthy governance structure which made up the Board risk committee, executive management committees and various risk related departments. The Board drives the risk governance and compliance process through its committees. The audit committee provides an oversight function on internal control, financial reporting and compliance. Credit policies are reviewed regularly by the Board credit committee and approves all loans above the limits of the Executive Management as stated in the credit policies.

The Board Risk Committee sets the risk philosophy, appetite, policies and strategies as well as supervises various risk elements and their management. The Board Risk Control Functions are supported by various management committees and sub committees groupwide which help the development and implementation of various risk strategies, and ensures that the overall risk exposures are within the thresholds set by the Board. The management credit committee manages the credit approval and documentation activities, ensures that the credit policies and procedures are aligned with the business objectives and strategies while the Management Risk committee drives the management of the financial risks (Market, Liquidity and Credit Risk), strategic risks as well as operational and reputational risks.

Key features of the Group's risk management policy are:

•The Board of Directors provides overall risk management direction and oversight;

•The Group’s risk appetite is approved by the Board of Directors;

•Board’s attention is drawn regularly to new developments relating to various guidelines, governance and rules guiding the business;

•Quarterly risk report is reviewed by the Board committee.

• Risk management is embedded in the Group as an intrinsic process and is a core competence of all its employees;

• The Group manages its credit, market, operational and liquidity risks in a coordinated manner across the subsidiaries;

•The Group’s risk management function is independent of the business divisions; and

•The Group’s internal audit function reports to the Board Audit Committee and provides independent assurance of the business units’ compliance with risk policies and procedures, and the adequacy and effectiveness of the risk management framework on the enterprise.

Cititrust reviews and improves its risk management policies regularly and the system to reflect changes in markets, products and international best practices. An essential part of the Group’s risk management is building capacity through training, holding individual officer responsible and accountable with discipline and careful control culture. The Board of Directors ensures strict compliance with relevant laws, rules and standards issued by the industry regulators and other law enforcement agencies, market conventions, codes of practices promoted by industry associations and internal policies.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

Risk Governance Structure, Roles and Responsibilities
Our risk governance framework is designed based on the “three lines of defence” model as follows:

First line of defence - Business and Process Owners
This consists of business units and line functions with primary responsibilities for risk management. The first line of defence 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 defence are listed below:

• Identifying emerging risks at the transaction/business case level;
• Executing risk assessment and supporting the development of the risk register;
• Implementing actions and the process to manage and treat risks at the transaction level; and
• Ensuring compliance with the group’s policies and regulatory guidelines.

Second line of defence - Financial risk management and Controls Functions
The second line of defence consists of all risk and control functions responsible for providing independent risk oversight of the execution of frontline controls and monitoring the effectiveness of the Cititrust’s risk management processes. The second line of defence is responsible for the following:

• Providing oversight over key risks to which Cititrust is exposed.
• Establishing risk management policies and processes
• Providing guidance and coordination among all monitoring participants (finance, internal control, compliance and legal units)
• Identifying enterprise trends, synergies and opportunities for change
• Initiating change, integrating and making new monitoring processes operational

Third line of defence - Internal Audit, External Audit, Audit Committee
The third line of defence consist of all functions with primary responsibilities for assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of Cititrust’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 control’s design and effectiveness. The main duties of this line of defence include:
• Providing oversight on the risk management process
• Perform regular audits on completed risk control framework
• Performing internal control reviews based on a rationalized and systematized approach that allows for risk assessment and governance reporting
• Reporting to the Board Committee and the Chief Executive on the state of the control environment or gaps in the controls or monitoring environment; or the status of remediation plans and or potential current and future risks.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

Enterprise Risk Management Structure
The Board of Directors has overall responsibility for the establishment of the Group's Financial risk management framework and exercises its oversight function through its various committees. These committees are responsible for developing and monitoring risk policies in their specific areas and report regularly to the Board of Directors. The Board Committees are also assisted by the various Management Committees in identifying and assessing risks arising from day to day operations of the Group.

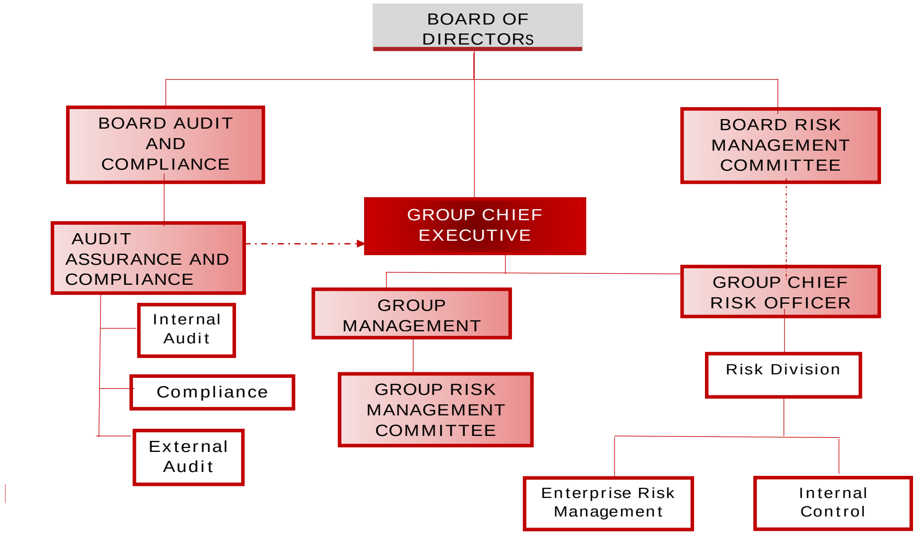

Figure: Financial risk management Structure

Responsibilities of Stakeholders

Responsibilities of the Board of Directors
The Board has the overall responsibility of implementing the Enterprise Risk Management framework and other responsibilities include the following;
• Setting the tone for risk management by establishing risk appetite and risk tolerance for each business unit;
• Delegate authority to Risk Committee for direct governance and oversight over all risk management activities;
• To provide oversight and inquire management about existing risk management processes and challenge management to demonstrate the effectiveness of risk management process;
• Review the communication mechanism to ensure transparent reporting of significant risks;
• Understand and assess business strategies with risk exposures.

Responsibilities of the Board Risk Management Committee
The Committee assist the Board in its oversight functions over the group risk management practices. The Committee review the risk management framework, strategy and policies; determine the group's risk appetite and monitor our risk profile against this appetite; ensure that the risk management framework, strategy, policies and procedures for managing risks are adequately communicated to all staff; advise Management to take necessary steps to identify, measure, monitor, control and report all risks we are exposed to; and create an atmosphere of open communication between the Internal and External Auditors and the members of the Senior Management.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

Responsibilities of the Executive Management Committee

The Executive Management is responsible for defining, documenting and implementing the group risk management strategy and policies; ensuring that there are policies and procedures for managing and mitigating the adverse effects of business and control risks; evaluating the group's risk profile, developing action plans to manage risks, and monitoring progress against the plans; reviewing risk reports on a regular and timely basis as provided by the group risk committee; developing policies and procedures for identifying, measuring, controlling, monitoring and reporting risk.

Responsibilities of the Group Risk Committee

The was inaugurated by the Group Management Council (GMC) and the GMC annually reviews the terms of reference and the effectiveness of the Committee. The Duties and Authority of the committee include:
• The Committee's primary role is to provide guidance to the GMC with regard to the Group's risk appetite, to provide advice on what constitutes acceptable risk taken and to provide oversight of the Group's risk management policies and procedures.
• As part of its oversight, the Committee must review and approve a robust framework to ensure that the identification, monitoring, managing and reporting of risks is embedded in the Group.

The Committee's main responsibilities are to:

• Submit regular reports on key risk matters that may impact the Group and to provide advice as to the appropriate action to be taken where necessary.
• Provide advice to the Board in relation to the Group's overall risk appetite for each of the categories of principal risk to which the Group may be exposed being Insurance risks; Investment and market, liquidity, and counterparty credit risks; Regulatory and legal changes; Material business and operational risks; Reputational risks; Conduct risk and such other principal risks as determined from time to time.
•Provide to the GMC, current risk exposures of the Group and oversee the management of those categories of risk to which the Group may be exposed.
• Provide oversight of the Group's overall risk framework ensuring that the principal risks are being appropriately assessed; and to delegate any necessary changes in Group risk policies (including the Own Risk & Solvency Assessment Policy).

•Review the Group Risk Appetite and to advise the GMC on its appropriateness; and review Group risk strategy policies and procedures.
•Monitor the impact of the principal risks on the Group's strategy and consider changes to the risks arising at a Group level as a consequence of the Group's strategy, market and regulatory events.
•Review the Financial risk management section to be included in the Group's annual Report and Accounts and to make a recommendation to the GMC regarding its acceptance.
• Oversee the governance of the Group's Internal Model including ratification of all changes proposed to the Model.
• Advise the Board on the overall operation and performance of the Group's Internal Model, approving its strategic direction and, where appropriate, recommending major changes to the Board for approval. The Committee will also escalate material deficiencies of the Model (identified through the validation process or otherwise) to the relevant Board(s) if there are implications for the use of the Model in reporting or decision-making.
• Approve and oversee the development of the "Own Risk and Solvency Assessment" designed to measure, aggregate and monitor risks in accordance with strategy, policy and principles.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

•Review the Group's Own Risk and Solvency Assessment (ORSA) report and to make a recommendation to the Board regarding its acceptance.
•Review the appropriateness of stress tests, scenario analysis and reverse stress tests, reviewing results an proposing the necessary action.
•Delegate authority to the Group Chief Risk Officer to approve minor revisions to the Groups' principal risk categories in between meetings of the Committee to ensure that the categories are kept up to date, such revisions being reported to the next meeting of the Committee

Internal Audit Unit
Internal Audit Unit provide the following responsibilities:
• Provide independent assessment and evaluation of the adequacy and effectiveness on the group Enterprise Risk Management Framework;
• Perform periodic review to determine compliance with the group's risk policies;
• Assess the adequacy of the group risk assessment and measurement methodology;
• Assess the effectiveness of the group risk monitoring and reporting process; and
• Conduct an independent assessment and evaluation of the risks in the activities of each Business Unit.

Risk Assessment
Our risk assessment follows the risk identification exercise. It involves analyzing the risks to arrive at a level that describes Cititrust's exposure. This is performed by determining the level of impact and the likelihood of occurrence of the risk crystalizing. The aim is to focus Management's attention on the most important risks and possible opportunities. Risk assessment sets the groundwork potentially for risk response and mitigations.

Extreme: These risks pose significant challenge to the achievement of Cititrust's objectives and could pose a threat to the Company. Risks rated high are reported to Management for appropriate attention.

Moderate: These risks could affect the short-term goals of Cititrust. Depending on the goal they affect, they could require the attention of Management, but could usually be handled by a senior staff.

Low: These risks are expected to happen in the normal course of business. The effect of such risks on the Company's goals or objectives is usually minimal and they can be handled effectively by lower-level staff.

Methodology for Risk Rating
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 Group's activities.

All activities in the Group have been profiled and the key risk drivers and threats in them identified. Mitigation and control techniques are then determined to tackle each of these threats. These techniques are implemented as risk policies and procedures that drive the strategic direction and risk appetite as specified by the Board. Techniques employed in meeting these objectives culminate in the following roles for the risk control functions of the Group:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

• Develop and implement procedures and practices that translate the Board's goals, objectives, and risk tolerances into operating standards that are well understood by staff;
• Establish lines of authority and responsibility for managing individual risk elements in line with the Board's overall direction;
• Risk identification, measurement, monitoring and control procedures;
• Establish effective internal controls that cover each risk management process;
• Ensure that the Group's risk management processes are properly documented;
• Create adequate awareness to make risk management a part of the corporate culture of the Group;
• Ensure that risk remains within the boundaries established by the Board; and
• Ensure that business lines comply with risk parameters and prudent limits established by the Board;

The CBN Financial risk management Guidelines prescribes quantitative and qualitative criteria for the identification of significant activities and sets a threshold of contributions for determining significant activities of the subsidiaries under its regulation. This practice is essentially to drive the risk control focus of financial institutions.

Risk management structures and processes are continuously reviewed to ensure their adequacy and appropriateness for the Group's risk and opportunities profile as well as with changes in strategy, business environment, evolving thoughts and trends in risk management.

Techniques for Assessing Risks
We adopt a combination of the following approaches to assess risks within the group:
• System Based Assessment – This approach involves the use of surveys to determine the maximum possible impact and the possibility of determining the level of risks Cititrust is exposed to. Surveys are sent to relevant stakeholder across departments and divisions.

• Facilitated Workshop- where relevant staff with experience within their business process shall meet to discuss and evaluate likelihood and impact to arrive at appropriate ratings for each identified risk

• Interviews: This approach is desirable where there are changes in the business environment when necessary to support and update the system-based assessment.

Measurement Techniques
Our risk assessment methodology comprises of a combination of quantitative and qualitative techniques.
Quantitative techniques are appropriate for risks that lend themselves to calculation such as financial risks (interest rate risk, inflation risk and treasury risk, etc). According to COSO (2004) quantitative techniques typically bring more precision and are used in more complex and sophisticated activities. Where obtaining or analyzing data is not cost effective, qualitative assessment is applied. In such cases more subjective means are utilized, the most important of which is the expert judgement of management.

It is important to measure firstly those risks that can reliably be measured. A qualitative risk measurement indicator for those risks more difficult to measure may be used. As a rule though, all risks, specifically the business-type risks, should be measured using the risk quantification base even when the result appears very subjective.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

Determining the residual risk level

Residual risk level is determined after assessing the gross risk level (level of risk determined prior to the control evaluation) and current control effectiveness rating. The resultant risk exposure after taking these controls into consideration is known as residual risk. To assess the effectiveness of the current control over identified risks, the following questions are considered:

• Are all appropriate controls present?
• Does the control address the risk effectively?
• Is the control officially documented and communicated?
• Is the control in operation and applied consistently?
• Is the control reviewed by anyone independent of the person performing the control procedure?
• Is the control excessive in mitigating the risk such that a review is required?

Risk Rating Criteria

The levels of the risks identified shall be determined by considering two factors; Magnitude of impact of the risk and likelihood of occurrence.

1.) Magnitude of Impact of the Risk

The magnitude of impact of the risk is defined using a five-point scale with five (5) being the highest and one (1) the lowest.

2.) Likelihood of Occurrence

Some events happen once in a lifetime; others can happen almost every day. The analysis of risk requires an assessment of their frequency of happening.

Determining the Target risk level (Desired Risk Level)

The group target risk is the desired level of residual risk exposure and our attempts to achieve the target risk level by implementing the proposed mitigations for identified risks. Cititrust understands that a successful implementation of proposed mitigating control will improve the control effectiveness rating.

Risk Mitigation

Having identified and assessed the risks, the next step is to determine an appropriate risk treatment strategy. The risk treatment approach involves selecting and agreeing to relevant options for changing the probability of occurrence and the impact of risks, or both, and going ahead to implement the options.

Risk Mitigation Approaches

We apply any or a combination of the following four approaches to treat risks:

Risk Termination/Elimination

In this approach, we shall make decisions that isolate us from further contact with such risks once the risk likelihood is considered very critical. Some instances of risk termination include opting out of certain activities because of inadequate knowledge of their processes, businesses or industries.

Risk Tolerance/Retention

Under this approach, we acknowledged the risk, but we may not take measures to halt the likelihood of such situation occurring or to minimize the risk associated with it. We adopt this approach where the cost of mitigation exceeds the benefit or loss incurred should the risk occur.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

Risk Treatment/Mitigation
Under this approach, we acknowledged the risk and take steps to reduce the risk's likelihood and/or impact. Some of the steps taken to mitigate the impact or likelihood of risk occurrence include the following:

• Formulate or Enhance Policy.
• Define Authority Limits.
• Improve Processes.
• Strengthen/Implement New Controls.
• Continuous Education and Training Program.
• Obtain Expert Advice.

Risk Transfer/Sharing
Under this approach, we transferred our risks to other sources. Some common practices involved in risk sharing include:

• Purchasing various forms of insurance;
• Hedging risk in the foreign exchange market;
• Sharing risk through syndicated investments or strategic alliance; and
• Outsourcing

The choice of the treatment option used depends on the type and nature of the risk, outcome of a cost benefit analysis. We considered all direct and indirect costs and measure all benefits whether tangible or intangible before reaching a decision.

ERM and Business Continuity (BCM) Framework
Business continuity management has the added value of helping the group identify operational resiliency improvements that can greatly enhance our ability to weather interruptions that would otherwise significantly challenge competitors. ERM and business continuity management share the common goals of identifying, assessing, and managing interruption risks that could serve to prevent achievement of their strategic objectives.
Business continuity management and enterprise risk management complement one another, and both are necessary in today's high-risk business environment.
ERM and BCM share the common goals of identifying, assessing, and managing interruption risks that could serve to prevent achievement of their strategic objectives.
Business continuity helped to understand the principles found in the enterprise risk analysis process in order to deliver higher levels of value with the objective of managing risk likelihood and impact. A holistic approach is adopted to all risks within the categories with perspectives across board, holding key individuals responsible for managing critical risks within the scope of their responsibilities.

Strategies for risk management under the current economic conditions
Considering the economic outlook in the year gave insights into the group's strategies development and its implementation even in the face of uncertainties during the year. The group measures its resilience regularly to accommodate changes in micro and macro environments with specific actions to address any observed or anticipated challenges. We strongly believe that we are well positioned to deal with liquidity risk and funding challenges that may arise from any adverse situations and our capital and earnings capacity (profitability) can withstand the shocks that may arise and test of time.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

The group will continue to support its customers as much as possible in terms of tailored financial services; credit facilities and performance obligations (restructuring repayments to match cash-flows, where necessary); and other services as may be required from time to time in line with the business and objectives of the group.

Some of the key risk management strategies in the period include the following:

- Continuous review and monitoring of our portfolios;
- Cautiously grow quality risk assets while maintaining adequate level of capital as provided in the guidelines;
- Credit facilities are properly secured, thus, very few unsecured loans;
- Source for cheaper and stable funds;
- Drive other income sources as much as possible. Seek new sources and champions;
- Further develop SME/Retail product sales for financial inclusions;
- Ensure that the Net Interest Margin (NIM) is maintained for all changes in interest rates;
- Monitor impact of global economy in commodity pricing, Foreign Direct Investment (FDI) inflows and general behavior of local economy to the changes in the global market for necessary action;
- Provision of foreign exchange funding through our BDC company and export proceeds;
- Improve customer service delivery through our continuous improvement on processes, turn-around time and trainings;
- Continuous improvement on our technology/digital platforms - This is to aid cyber security, customers' confidence, loyalty and group reputation.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

The Group's principal financial liabilities comprise loans and borrowings, customer deposits and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans and advances, trade receivables and other receivables, loans and advances and cash and cash equivalents that derive directly from its operations. The Group is exposed to market risk (interest rate), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

39.1 Credit risk

Credit risk remains the top risk for the subsidiaries of the group and we placed eminence proper and efficient management of credit risk. Credit risk is the potential for losses due to failure of the borrowers or counter parties' meeting their contractual obligation to pay back both principle and interest for loans advanced or other service related in accordance with the agreed terms. Credit risk does not only arise when a customer defaults on his obligations but also when his payment capability decreases thereby reducing the quality of the risk assets.

The following principles guide our credit risk management across group:

• Implement and constantly review our credit policy and operating procedures;
• Extend credit to only suitable and well profiled customers;
• Ensure a proper balance between days receivable and days payable to ensure liquidity;
• Ensure loans/credits considered uncollectable are adequately provided for;
• Ensure that there are consequences for non-compliance with the Company's credit policies.

Management of credit risk

The Risk Management function of each subsidiary has specific and overall responsibility for facilitating risk asset creation and exposure management processes across the Group. The Operational Manual with other regulatory guidelines are the primary reference document for creating and managing credit risk exposures. The credit documents state clearly the general policies and procedures, framework for credit risk management across the subsidiaries and incorporates provisions for marketing, risk analysis, approval, administration, monitoring and reporting of risk exposures.

The Credit Risk Management Policy documents are designed to:
• Create quality risk assets;
• Provide a robust guide and framework in creating and managing risk assets;
• Standardize credit policies, give employees clear and consistent direction for the creation of risk exposures across within the group;
• Ensure early detection of issues around credit facilities and prudent management of deterioration in credit quality;
• State the requirements for administration and reporting of individual exposures and the overall risk asset portfolio; and
• Provide general framework on the management of credit risk policies and procedures and articulate same by the Risk Management function of each subsidiary.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39.1 Credit risk - continued

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 groups, and to industries and countries. 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 groups of borrowers, and to geographical and industry segments.

In line with the Group's credit policy, a detailed portfolio plan is prepared annually and provides a framework for creation of credits and risk appetite development. In drawing up the plan, the Group reviews macro-economic, regulatory and political factors, identifies sectors/industries with opportunity as well as the Group's business targets to determine the appropriate limits.

The limits include:
• Maintenance of aggregate exposure within the risk appetite;
• Maintain regulatory lending limit in each of the jurisdiction in which it operates.
• Adoption of industry/economic sector limits in line with the industry standards and best practice.
• Presently, the Group's exposures outside Nigeria are taken by its subsidiaries to other African countries, which operate within the country limits defined by their Boards of Directors.
• Retail borrowers’ limits are kept low and graduated with credit scoring, forecast cash flow and realizable value of collateral.
• The Group also sets internal credit approval limits for various levels in the credit process. This is reviewed as it may require from time to time.

Below is the list of financial assets that are exposed to credit risk and the balances as at 31 December 2020 and 31 December 2019 that are exposed to such risks.

Group

	1 -12 months	Above - 12 months	Total
31 December 2020	₦'000	₦'000	₦'000
Cash and bank balances	3,475,760	-	3,475,760
Debt instruments at amortised cost	5,687,111	-	5,687,111
Loans and advances	8,321,762	-	8,321,762
Trade receivables	246,257	-	246,257
Financial assets in other receivables	7,310,815	-	7,310,815
Total assets	25,041,705	-	25,041,705
31 December 2019			
Cash and bank balances	2,120,524	-	2,120,524
Loans and advances	1,001,874	-	1,001,874
Trade receivables	1,215,324	-	1,215,324
Financial assets in other receivables	375,065	-	375,065
Total assets	4,712,787	-	4,712,787
Company			
31 December 2020			
Cash and bank balances	1,069,065	-	1,069,065
Debt instruments at amortised cost	203,960	-	203,960
Trade receivables	200,622	-	200,622
Financial assets in other receivables	1,223,004	-	1,223,004
Total assets	2,696,651	-	2,696,651
31 December 2019			
Cash and bank balances	647,021	-	647,021
Trade receivables	121,410	-	121,410
Financial assets in other receivables	55,929	-	55,929
Total assets	824,360	-	824,360

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

39.1.1 Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in the financial statements. It should be read in conjunction with the Summary of significant accounting policies.

The Group applied the general approach in computing expected credit losses (ECL) for due from related party. The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the external rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. In estimating the impact of the coronavirus outbreak on the ECL, individual assessments have been carried out using current and forecast macro economic variables that depicts economic effect of the cornonavirus.

The credit risk is deemed to have increased significantly if contractual payments are more than 30 days past due. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group (if any). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Summary of significant accounting policies and in Use of estimates, assumptions and judgements. To ensure completeness and accuracy, the Group obtains the data used from third party sources (International Rating Agencies, National Bureau of Statistics etc.) and a team from Risk Management Department verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2020.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations.

31 December 2020

Key drivers	ECL Scenario	Assigned probabilities	2021	2022
Unemployment rate %	Upside	10%	17%	15%
	Base case	81%	34%	34%
	Downside	9%	36%	36%
Inflation rate %	Upside	10%	13%	14%
	Base case	81%	12%	12%
	Downside	9%	12%	12%
Crude oil price	Upside	10%	54	56
	Base case	81%	52	54
	Downside	9%	50	52

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

39.1.1 Impairment assessment - continued

31 December 2019

Key drivers	ECL Scenario	Assigned probabilities	2020	2021
Unemployment rate %	Upside	10%	17%	15%
	Base case	81%	34%	34%
	Downside	9%	36%	36%
Inflation rate %	Upside	10%	13%	14%
	Base case	81%	12%	12%
	Downside	9%	12%	12%
Crude oil price	Upside	10%	54	56
	Base case	81%	52	54
	Downside	9%	50	52

The following tables outline the impact of multiple scenarios on the allowance:

Group

31 December 2020

	Loans and advances	Debt instruments at amortised cost	Cash and bank balances	Trade receivables	Financial assets in other receivables	Total
			₦'000	₦'000	₦'000	₦'000
Upside (10%)	832,176	568,711	347,576	24,627	731,081	2,504,171
Base case (81%)	6,740,627	4,606,560	2,815,366	199,468	5,921,760	20,283,781
Downturn (9%)	748,959	511,840	312,818	22,163	657,973	2,253,753
Total	8,321,762	5,687,111	3,475,760	246,257	7,310,815	25,041,705

31 December 2019

	Loans and advances	Debt instruments at amortised cost	Cash and bank balances	Trade receivables	Financial assets in other receivables	Total
			₦'000	₦'000	₦'000	₦'000
Upside (10%)	100,187	-	212,052	121,533	37,506	471,278
Base case (81%)	811,518	-	1,717,624	984,412	303,803	3,817,357
Downturn (9%)	90,169	-	190,847	109,379	33,756	424,151
Total	1,001,874	-	2,120,524	1,215,324	375,065	4,712,786

Company

31 December 2020

	Loans and advances	Debt instruments at amortised cost	Cash and bank balances	Trade receivables	Financial assets in other receivables	Total
					₦'000	₦'000
Upside (10%)	-	20,396	106,907	20,062	122,300	269,665
Base case (81%)	-	165,208	865,943	162,504	990,633	2,184,288
Downturn (9%)	-	18,356	96,216	18,056	110,070	242,698
Total	-	203,960	1,069,065	200,622	1,223,004	2,696,651

31 December 2019

	Loans and advances	Debt instruments at amortised cost	Cash and bank balances	Trade receivables	Financial assets in other receivables	Total
					₦'000	₦'000
Upside (10%)	-	-	64,702	12,141	5,593	82,436
Base case (81%)	-	-	524,087	98,342	45,302	667,731
Downturn (9%)	-	-	58,232	10,927	5,034	74,193
Total	-	-	647,021	121,410	55,929	824,360

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

42.1.2 Credit risk concentration

The credit risk analysis below is presented in line with how the Group manages the risk concentration. The Group manages its credit risk exposure based on the carrying value of the financial instruments.

Group

As at 31 December 2020	Real estate	Financial Services	Others	Total
	₦'000	₦'000	₦'000	₦'000
Cash and bank balances	-	3,475,760	-	3,475,760
Trade receivables	25,200	221,057	-	246,257
Loans and advances	-	8,321,762	-	8,321,762
Debt instruments at amortised cost	-	5,687,111	-	5,687,111
Financial assets in other receivables	-	5,095,119	2,215,696	7,310,815
	25,200	22,800,809	2,215,696	25,041,705

As at 31 December 2019	Real estate	Financial Services	Others	Total
	₦'000	₦'000	₦'000	₦'000
Cash and bank balances	-	2,120,524	-	2,120,524
Trade receivables	25,200	732,461	457,663	1,215,324
Loans and advances	-	1,001,874	-	1,001,874
Financial assets in other receivables	-	-	375,065	375,065
	25,200	3,854,859	832,728	4,712,787

Company

As at 31 December 2020	Real estate	Financial Services	Others	Total
	₦'000	₦'000	₦'000	₦'000
Cash and bank balances	-	1,069,065	-	1,069,065
Trade receivables	25,200	175,422	-	200,622
Debt instruments at amortised cost	-	203,960	-	203,960
Financial assets in other receivables	-	708,098	514,906	1,223,004
	25,200	2,156,545	514,906	2,696,651

As at 31 December 2019	Real estate	Financial Services	Others	Total
	₦'000	₦'000	₦'000	₦'000
Cash and bank balances	-	647,021	-	647,021
Trade receivables	25,200	91,210	5,000	121,410
Financial assets in other receivables	-	-	55,929	55,929
	25,200	738,231	60,929	824,360

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

Collateral held as security to mitigate credit risk

The Group places priority on the primary source of repayment rather than the secondary source. However, because of uncertainties businesses are surrounded with, we employ a range of policies and practices to mitigate credit risk and the most common of these is accepting collateral for funds advanced taking into cognizance the security adequacy on all exposures.

The Group has internal policies on the acceptability of specific classes of collateral for credit risk mitigation. Collateral values are assessed by a professional at the time of loan origination and are thereafter monitored in accordance with the provisions of the credit policy. The principal collateral types for loans and advances are:

- Cash/Treasury bill/Government securities
- Movable assets
- Legal Mortgage over residential properties, business real estates
- Charge over business fixed and floating assets as well as inventory
- Guarantee from acceptable corporates and individuals
- Equitable Mortgage on real estates
- Negative Pledge
- Domiciliation of receivables from acceptable corporates.

For exposures to corporate and large institutions, the Group will often require the collateral to include a first charge over land and buildings owned and occupied by the business, a mortgage debenture over the Company's undertaking on one or more of its assets and keyman insurance. We take physical possession of properties or original documents of all assets held as collateral and uses external agents to realize the value as soon as practicable to settle indebtedness. Surplus funds realized from disposals are returned to the borrower or are otherwise dealt with in accordance with appropriate regulations. Also, collaterals held are monitored closely for financial assets considered to be credit-impaired and these assets are not carried on the Group's balance sheet.

Credit recovery

In the case of facilities turning bad because of continued delinquency and failure of remediation, full credit recovery action is taken to recover on such exposures and minimize the overall credit loss to the Group. Recovery actions include appointment of a receiver manager, external recovery agent and/or sale of pledged assets.

39.2 Liquidity risk

Liquidity risk is the risk that may occur if the Group does not have sufficient financial resources to meet its obligation as they fall due or will have to meet the obligations at excessive costs. This risk could arise from mismatches in the timing of cash flows, when the liquidity needed to fund illiquid asset positions cannot be obtained to meet the obligations.

The need to manage our liquidity risk to meet all anticipated funding commitments can be not be over emphasized and access to funding sources is coordinated and cost effective.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

39.2 Liquidity risk - continued

Management of liquidity risk

Our liquidity management process includes; effective management and monitoring of future cashflow; funds replenishments through our various tailored products channels; monitoring of assets and liabilities to avoid mismatch at any point in time; manage the concentration of risk assets; compliance with liquidity ratios requirement by the regulators; and maintaining highly marketable assets that can easily be liquidated against any unforeseen interruption to cash flow.

The Group is funded primarily by a well-diversified mix of retail, corporate and public sector funds under management. This funding base ensures stability and low funding cost.

Assets held for managing liquidity risk

We hold a diversified portfolio of liquid assets - largely cash and cash equivalents, quoted securities to support payment and funding obligations in normal and stressed market conditions across board. The Group's liquid assets comprise:

- Cash and bank balances with the commercial bank
- Short term and overnight placements in the interbank market
- T-bills that are readily accepted in repurchase agreements with the Central bank and other market participants
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's trading portfolios.
- To manage liquidity shocks within the group, we systematically worked towards reducing the duration of our securities portfolio and cashflow management.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio, identified concentrations of liquidity risks are controlled and managed accordingly.

The table below summarises the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted payments.

Group

31 December 2020	Carrying amount	Contractual cashflows	1 -12 months	Above 12 months
	₦'000	₦'000	₦'000	₦'000
Loans and borrowings	9,530,509	9,530,509	-	-
Customer deposits	13,477,815	13,477,815	-	-
Financial liabilities in other payables	3,163,491	3,163,491	-	-
Total liabilities (contractual maturity dates)	26,171,815	26,171,815	-	-
Cash and bank balances	3,508,966	3,508,966	-	-
Loans and advances	7,148,246	7,148,246		
Debt instruments at amortised cost	5,367,951	5,367,951	-	-
Trade receivables	246,257	246,257	-	-
Financial assets in other receivables	7,310,815	7,310,815	-	-
Total assets held for managing liquidity	23,582,235	23,582,235	-	-
Net liquidity gap	(2,589,580)	(2,589,580)	-	-

31 December 2019	Carrying amount	Contractual cashflows	1 -12 months	Above 12 months
	₦'000	₦'000	₦'000	₦'000
Loans and borrowings	1,140,584	1,140,584	-	-
Customer deposits	5,225,903	5,225,903	-	-
Financial liabilities in other payables	420,526	420,526	-	-
Total liabilities (contractual maturity dates)	6,787,013	6,787,013	-	-
Cash and bank balances	2,121,462	2,121,462	-	-
Loans and advances	782,766	782,766		
Trade receivables	914,338	914,338	-	-
Financial assets in other receivables	375,065	375,065	-	-
Total assets held for managing liquidity	4,193,631	4,193,631	-	-
Net liquidity gap	(2,593,382)	(2,593,382)	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

39.2 Liquidity risk - continued

Company

31 December 2020	Carrying amount ₦'000	Contractual cashflows ₦'000	1 -12 months ₦'000	Above 12 months ₦'000
Loans and borrowings	12,941,490	12,941,490	12,941,490	
Financial liabilities in other payables	720,109	720,109	720,109	-
Total liabilities (contractual maturity dates)	13,661,599	13,661,599	13,661,599	-
Cash and bank balances	1,069,065	1,069,065	1,069,065	-
Debt instruments at amortised cost	203,960	203,960	203,960	
Trade receivables	200,622	200,622	200,622	-
Financial assets in other receivables	1,223,004	1,223,004	1,223,004	-
Total assets held for managing liquidity	2,696,651	2,696,651	2,696,651	-
Net liquidity gap	(10,964,948)	(10,964,948)	(10,964,948)	-

31 December 2019	Carrying amount ₦'000	Contractual cashflows ₦'000	1 -12 months ₦'000	Above 12 months ₦'000
Loans and borrowings	1,612,075	1,612,075	1,612,075	-
Financial liabilities in other payables	354,434	354,434	354,434	-
Total liabilities (contractual maturity dates)	1,966,509	1,966,509	1,966,509	-
Cash and bank balances	647,021	647,021	647,021	-
Trade receivables	119,068	119,068	119,068	-
Financial assets in other receivables	55,929	55,929	55,929	-
Total assets held for managing liquidity	822,018	822,018	822,018	-
Net liquidity gap	(1,144,491)	(1,144,491)	(1,144,491)	-

39.3 Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

Group

	Carrying value 31 Dec 2020 ₦'000	Fair value 31 Dec 2020 ₦'000	Carrying value 31 Dec 2019 ₦'000	Fair value 31 Dec 2019 ₦'000
Financial assets at amortised cost				
Cash and bank balances	3,508,966	3,508,966	2,121,462	2,121,462
Trade receivables	246,257	246,257	914,338	914,338
Debt instruments at amortised cost	5,367,951	4,568,469	-	-
Financial assets in other receivables	7,310,815	7,310,815	375,065	375,065
	16,433,989	15,634,507	3,410,865	3,410,865
Financial liabilities at amortised cost				
Customer deposits	13,477,815	13,477,815	5,225,903	5,225,903
Loans and borrowings	9,530,509	8,244,385	1,140,584	986,664
Financial liabilities in other payables	3,163,491	3,163,491	420,526	420,526
	26,171,815	24,885,691	6,787,013	6,633,093

Company

	Carrying value 31 Dec 2020 ₦'000	Fair value 31 Dec 2020 ₦'000	Carrying value 31 Dec 2019 ₦'000	Fair value 31 Dec 2019 ₦'000
Financial assets at amortised cost				
Cash and bank balances	1,069,065	1,069,065	647,021	647,021
Debt instruments at amortised cost	203,960	176,436	-	-
Trade receivables	200,622	200,622	119,068	119,068
Financial assets in other receivables	1,223,004	1,223,004	55,929	55,929
	2,696,651	2,669,127	822,018	822,018
Financial liabilities at amortised cost				
Loans and borrowings	12,941,490	11,195,061	1,612,075	1,394,529
Financial liabilities in other payables	720,109	720,109	354,434	354,434
	13,661,599	11,915,170	1,966,509	1,748,963

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

39.3 Fair values - continued

The management assessed that the fair values of cash and cash equivalents, trade and other receivables, trade payables and royalty payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

39.4 Market risk

This is the risk of investments declining in value because of economic developments or other events that affect the entire market. The main types of market risk are equity risk, interest rate risk and currency risk. It is the possibility of an investor experiencing losses due to factors that affect the overall performance of the financial market. This risk is as a result of securities held in our trading portfolio, investment portfolio, and the subsidiaries' other banking businesses. The movement in market risk variables may have an adverse impact on the balance sheet and or income statement.

Management of market risk

We apply disciplined risk-taking within a framework of well-defined risk appetite and tolerance that enables the group to meet shareholders expectations together with competitive advantage maintenance through effective and efficient utilization of risk capital. In addition, Implementation of the Board approved market risk policy, and strategy, guidelines with disciplined and strict risk culture within the system.

Stress tests

This is a computer-simulated technique to analyze how assets and investment portfolios fare in drastic economic scenarios. It helps gauge investment risk and the adequacy of assets, as well as to help evaluate internal processes and controls. Based on the reality of unpredictable market environment and the frequency of regulations that have had significant effect on market rates and prices, the Group augments other risk measures with stress testing to evaluate the potential impact of possible extreme movements in financial variables on portfolio values. The group Asset and Liability Committee (GALCO) is responsible for reviewing stress exposures and where necessary, enforcing reductions in overall market risk exposure. This covers all asset classes in the financial markets banking and trading books.

The table below sets out the allocation of assets subject to market risk:

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	1,870,702	1,201,407	1,027,225	450,000
Loans and advances	8,321,762	1,001,874	-	-
Debt instrument at amortised cost	5,687,111	-	203,960	-
Investment at fair value through profit or loss	139,729	439,588	-	-
Investments at fair value through other comprehensive income	106,717	-	-	-
	16,126,021	2,642,869	1,231,185	450,000

Foreign exchange risk

This is a financial risk that exists when a financial transaction is denominated in a currency other than the domestic currency of the company. The Group is not materially exposed to foreign exchange risks as most of its investments is in local currency.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Interest rate risk

This is the probability of a decline in the value of an asset resulting from unexpected fluctuations in interest rates. It is the risk of loss in income or portfolio value as a result of changes in market. The group manages this risk in accordance with the limits set by the Board and this is monitored regularly by the group executive committee.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

39 Financial risk management - continued

39.4 Market risk - continued

Equity risk

This applies to an investment in shares. Equity risk is the risk of financial loss because of a drop in the market price of shares. The market price of shares varies all the time depending on demand and supply.

The Group is exposed to equity price risk by holding investments quoted on the Nigerian Stock Exchange (NSE) and other non-quoted investments. Equity securities quoted on the NSE is exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Group as a result of the forces of demand and supply.

Investment portfolio risk

This involves associated risk with equity investment within the group, considering and recognizing the potential drivers of the risk associated with portfolios held by the group in terms of a long-term loss of capital as well as the return premium for taking that risk and financial risks in general. By developing substantial knowledge about each holding, and analyzing overall portfolio risk exposures, we manage risk effectively to achieve the business objectives. We encourage our investors to focus on long-term returns and risk statistics.

Return and risk are fundamental to investment concepts, very different approaches are required in their estimation.

Approach to portfolio risk

- Intensive bottom-up research with a focus on valuation. We undertake extensive research on individual companies and securities on acquisitions to find solid investments whose true long-term value has not yet been recognized by the market.
- Analysis of overall portfolio risk exposures. Our investment committees carefully consider risk at the portfolio level. We analyze the combination of independent risk exposures to determine whether they are likely to diversify or magnify the portfolio's overall risk profile.
- Long-term investment horizon. We evaluate each potential investment based on a three- to five-year investment horizon, and view ourselves as investors in companies and other securities.

Management of investments portfolio risk

We review periodically existing portfolio holdings and our investment committees carefully consider risk at the portfolio level. We analyze whether the combination of independent risks will diversify or magnify the portfolio's risk exposures. Occasionally, we are comfortable taking a more concentrated exposure because the market may be offering an attractive premium to investors willing to take the exposure. Examples would include being overweight a particular sector (e.g., consumer good) or having meaningful exposure to emerging markets. More typically, our analysis highlights the external factors that may affect the investment outcome, and we try to balance these risks against the potential rewards. To manage risk exposure at the portfolio level, we pay particular attention to portfolio diversification and our quantitative estimates of aggregate risk. We combine quantitative and qualitative techniques to understand how each holding's return drivers may affect the overall portfolio.

Risk reporting

The group rely on risk reports generated using the risk registers. We provide information to key stakeholders on the principal risks facing the group at large and how they are managed. Providing regular report to relevant stakeholders offers the opportunity for enhanced decision making.

Furthermore, changes in the risk environment, based on new information, may result in changing strategies employed to treat and exploit the risk. Therefore, report is frequently tied to the time scales identified for the management of the risk. The objective of risk reporting is to enable decision-makers evaluate risk management performance monthly, weekly, daily or even in real time, as the nature of the risks and circumstances dictate.

Risk monitiring and review

On-going monitoring of risk exposures is a key aspect of our effective risk management process. To facilitate the monitoring of risks within the group, results from the risk identification, assessment and measurement exercise are summarized as reports to aid relevant stakeholders' understanding and the control of the identified risks. This provides opportunities for improvement of the risk management processes.

40 Capital Management

Capital includes equity attributable to the equity holders. The objective of the Group's capital management is to maximise the shareholder value. In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any payables in the current period.
The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group monitor capital using a gearing ratio, which is net debt divided by total equity. The Group includes within net debt, trade and other payables, borrowing less cash and cash equivalents.

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Interest bearing loans and borrowings	9,530,509	1,140,584	12,941,490	1,612,075
Trade and other payables	3,214,159	454,174	720,534	355,511
Less: cash and cash equivalents	(3,508,966)	(2,121,462)	(1,069,065)	(647,021)
Net debt	9,235,702	(526,704)	12,592,959	1,320,565
Equity	(1,010,450)	(2,330,943)	551,184	479,397
Gearing ratio	(914%)	(23%)	(2285%)	(275%)

OTHER NATIONAL DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2020

VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Group				Company			
	2020		2019		2020		2019	
	₦'000	%	₦'000	%	₦'000	%	₦'000	%
Gross revenue	3,996,949	387	5,378,964	(563)	1,316,510	679	373,800	234
Bought in materials and services	(2,962,890)	(287)	(6,335,047)	663	(1,122,699)	(579)	(214,362)	(134)
Value added/(consumed)	1,034,059	100	(956,083)	100	193,811	100	159,438	100
Applied as follows:								
To pay employees								
Salaries, wages and other staff costs	1,040,619	101	624,520	(65)	156,857	81	89,584	56
To pay Government								
Income tax	110,769	11	331,298	(35)	(58,034)	(30)	77,639	49
To provide for future growth								
(Loss)/profit for the year	(248,133)	(24)	(1,999,453)	209	71,787	37	(20,603)	(13)
Depreciation of property and equipment	130,804	13	87,552	(9)	23,201	12	12,818	8
	1,034,059	101	(956,083)	100	193,811	100	159,438	100

Value added/(consumed) is the additional wealth the Group and Company has been able to create/(consume) by its own and its employees efforts. This statement shows the allocation of that wealth between employees, finance provider, government and that retained for the future creation of more wealth or for depreciation.

TWO - YEAR FINANCIAL SUMMARY
FOR THE YEAR ENDED 31 DECEMBER 2020

Consolidated and separate statement of financial position

	The Group		The Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Assets				
Cash and bank balances	3,508,966	2,121,462	1,069,065	647,021
Investment securities:				
At fair value through profit or loss	139,729	439,588	-	-
At amortised cost	5,367,951	-	203,960	-
At fair value through other comprehensive income	106,717	-	-	-
Inventories	309,408	164,300	-	-
Trade receivables	246,257	914,338	200,622	119,068
Other receivables	7,275,488	900,288	1,204,641	63,568
Loans and advances	7,148,246	782,766	-	-
Investment in subsidiaries	-	-	11,212,910	1,476,806
Property, plant and equipment	949,356	820,388	341,615	218,159
Intangible assets	285,499	5,464	-	-
Right-of-use assets	11,051	16,650	-	-
	25,348,668	6,165,244	14,232,813	2,524,622
Non-current assets held for sale	268,051	-	-	-
Total assets	25,616,719	6,165,244	14,232,813	2,524,622
Liabilities				
Customer deposits	13,477,815	5,225,903	-	-
Trade and other payables	3,214,159	454,174	720,534	355,511
Deposit for shares	-	1,266,200	-	-
Current income tax	382,932	265,373	19,605	19,466
Interest-bearing loans and borrowings	9,530,509	1,140,584	12,941,490	1,612,075
Deferred tax liabilities	21,754	143,953	-	58,173
Total liabilities	26,627,169	8,496,187	13,681,629	2,045,225
Equity				
Share capital	500,000	500,000	500,000	500,000
Foreign currency translation reserves	(18,702)	(44,317)	-	-
Statutory reserves	30,084	3,612	-	-
Regulatory risk reserves	67,490	-	-	-
Fair value reserves	(2,461)	-	-	-
Retained earnings	(2,662,539)	(2,792,975)	51,184	(20,603)
Non-controlling interests	1,075,677	2,737	-	-
Total equity	(1,010,450)	(2,330,943)	551,184	479,397
Total equity and liabilities	25,616,719	6,165,244	14,232,813	2,524,622

Consolidated and separate statement of profit or loss

(Loss)/profit before income tax expense	(137,364)	(1,668,155)	13,753	57,036
Income tax expense	(110,769)	(331,298)	58,034	(77,639)
Loss for the year	(248,133)	(1,999,453)	71,787	(20,603)