Propelling Growth for a
Sustainable Future

Annual Report & Accounts
2018

BANK OF INDUSTRY
...transforming Nigeria's industrial sector

Propelling Growth for a Sustainable Future

At **Bank of Industry**, we are keenly aware of the fact that we can only flourish in a future that we create. This is why our strategy is hinged on practices which promote sustainable growth for Nigeria's promising enterprises.

Beyond strengthening our large enterprises, we seek to nurture the many fledgling businesses that form the backbone of our economy. Our investments continue to operate with a strong focus on impact— the far-reaching effects of each singular business.
This is why we have implemented a strategy hinged on youth empowerment. By empowering the drivers of businesses which make up more than 70 percent of our economy, we are reducing the latent inequalities that would deprive our brightest minds the opportunities to succeed.

Moving into sectors, we continue to function as catalysts of growth for industries such as solar-power technology firms which offer immediate solutions to infrastructural needs of power in rural areas. As such, our investment in this sector has jumpstarted various businesses, creating jobs and sustainable sources of livelihood for the communities in which these firms operate.

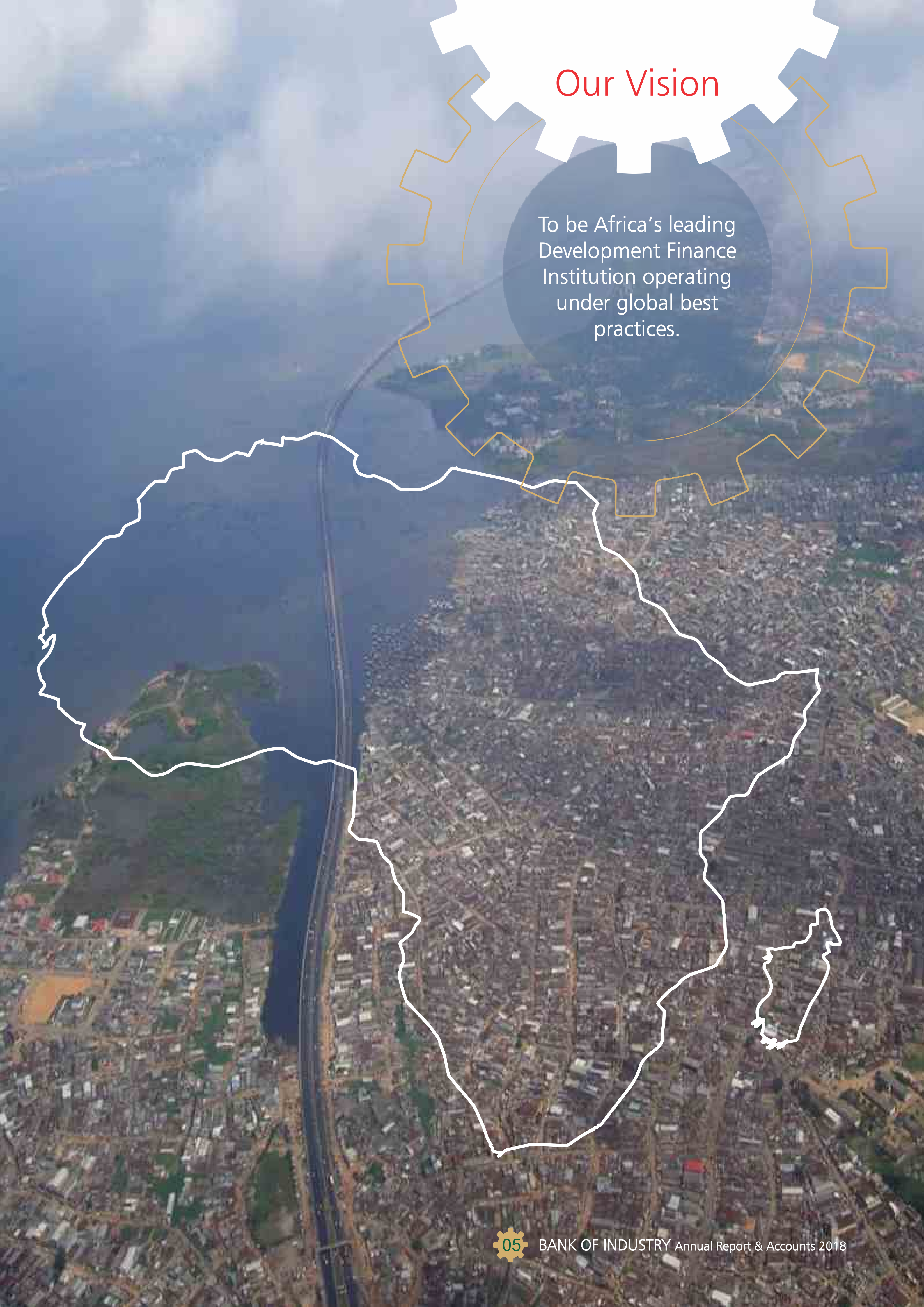
Likewise, the vulnerability of the bottom-of-the pyramid sector to economic volatilities has informed our aggressive investment in micro enterprises. Our involvement in the early stages has indeed helped to boost their growth in exponential proportions. Through the creation of innovative bottom-of-the-pyramid products such as the Market Moni scheme, thousands of small packaged loans have been made available to market women, traders, artisans, enterprising youth and agricultural sector workers nationwide.

We are the catalyst of the growth and development of Nigeria's industrial sector, and we remain committed to relentlessly seeking new opportunities that **propel growth for a sustainable future.**

Contents

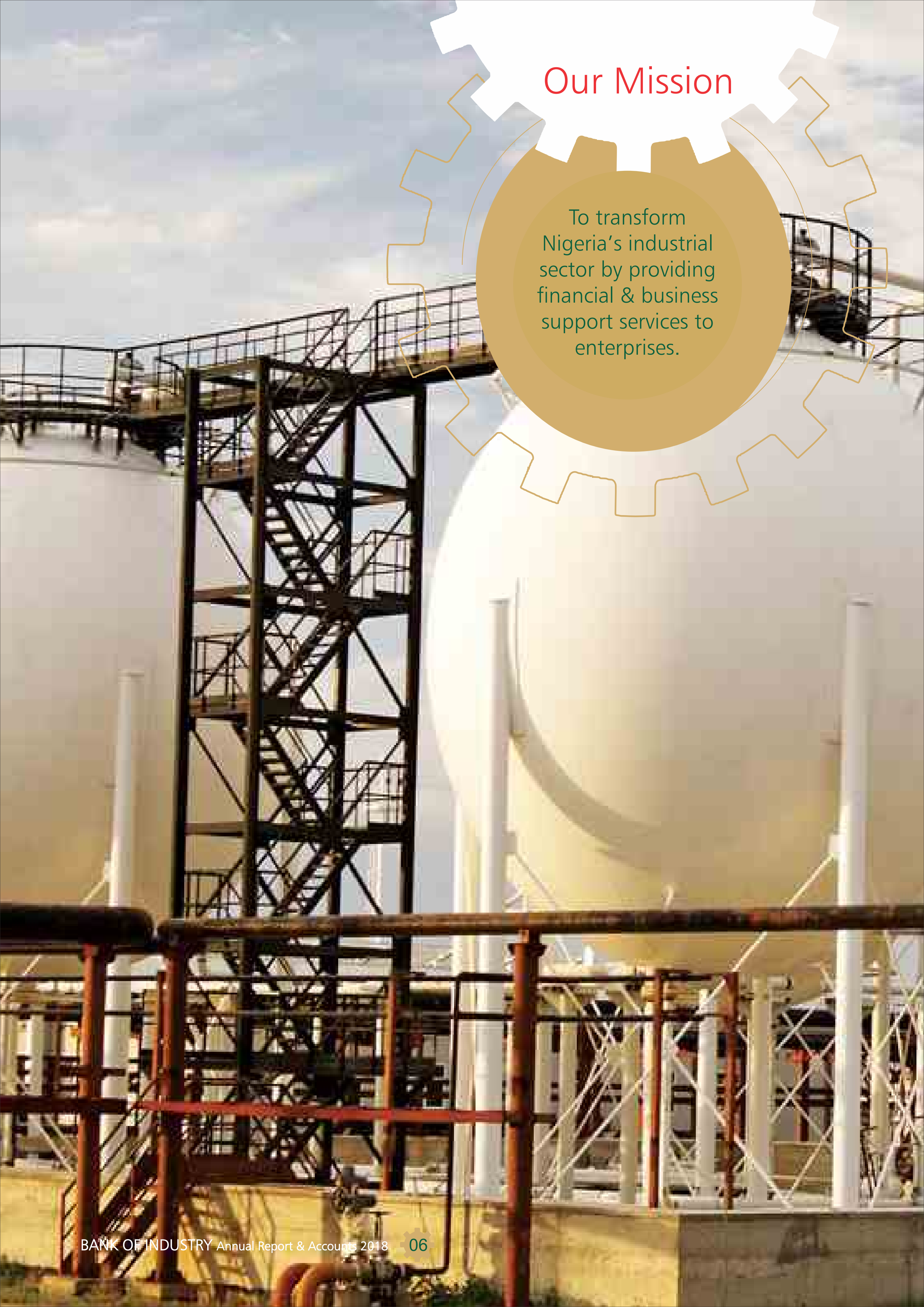
DIRECTORS:		
Mallam Aliyu AbdulRahman Dikko	-	Chairman, Board of Directors
Mr. Olukayode A. Pitan	-	Managing Director/Chief Executive Officer
Dr. Waheed A. Olagunju	-	Executive Director (Small and Medium Enterprises)(SME)
Mrs. Toyin Adeniji	-	Executive Director (Micro Enterprises)
Mr. Jonathan Tobin	-	Executive Director (Corporate Services and Commercial)
Mr. Simon Aranonu	-	Executive Director (Large Enterprises)
Dr. Mudashiru Olaitan	-	Non-Executive Director
Mr. Olufemi Edun	-	Non-Executive Director
Dr. Bakari Wadinga	-	Non-Executive Director
Engr Chukwuemeka Nzewi	-	Non-Executive Director
Mallam Mohammed Mustapha Bintube	-	Non-Executive Director
KEY MANAGEMENT PERSONNEL		
Mr. Olukayode A. Pitan	-	Managing Director/Chief Executive Officer
Dr. Waheed A. Olagunju	-	Executive Director (Small and Medium Enterprises, until December 31st, 2018)
Mrs. Toyin Adeniji	-	Executive Director (Micro Enterprises)
Mr. Jonathan Tobin	-	Executive Director (Corporate Services and Commercial)
Mr. Simon Aranonu	-	Executive Director (Large Enterprises)
Mr. Shekarau D. Omar	-	Executive Director (Small and Medium Enterprises, wef March 2019)
Mr. Leonard Maxwell Kange	-	General Manager (Large Enterprises)
Mr. Abdul-ganiyu O. Mohammed	-	General Manager (SME-South) (up to May, 2018)
Mr. Akeem Adesina	-	General Manager (Operations and Technology)
Mr. Muhammed Rislanudeen	-	General Manager (SME-North wef November 2018)
Dr. Ezekiel J. Oseni	-	Chief Risk Officer
Mrs. Yemi Ogunfeyimi	-	Deputy General Manager (Internal Audit & Investigation Div.)
Mr. Ayo Bajomo	-	Deputy General Manager (SME-South)
Mr. Taiye Emagha	-	Group Head (Treasury/Financial Institutions)
Mr. Taiwo Kolawole	-	Chief Finance Officer
Mr. Aliyu A. Sadat	-	Group Company Secretary (up to 20th August, 2018)
Mr. Mohammed Osuwa	-	Legal Adviser
Mrs. Olufunlola O. Salami	-	Group Company Secretary (wef 21st August, 2018)
COMPANY SECRETARY:		Mrs. Olufunlola O. Salami
REGISTERED OFFICE:		BOI House 23, Marina Lagos
BUSINESS OFFICE:		BOI House 23, Marina Lagos
AUDITORS:		KPMG Professional Services (Chartered Accountants) KPMG Towers Bishop Aboyade Cole Street, Victoria Island, Lagos, Nigeria
SOLICITORS:		Chris Ogunbanjo & Co. 3, Hospital Road, P.O. Box 1785, Lagos
BANKERS:	-	Central Bank of Nigeria
	-	Ecobank Nigeria Limited
	-	Access Bank Plc
	-	Skye Bank Plc
	-	Zenith International Bank Plc
	-	Stanbic IBTC Bank Plc
	-	First City Monument Bank Plc
	-	First Bank of Nigeria Limited
	-	Guaranty Trust Bank Plc
	-	United Bank for Africa Plc
	-	Diamond Bank Plc
CORRESPONDENT BANK:		Citibank, New York Diamond Bank UK

About
BOI



Our Vision

To be Africa's leading Development Finance Institution operating under global best practices.

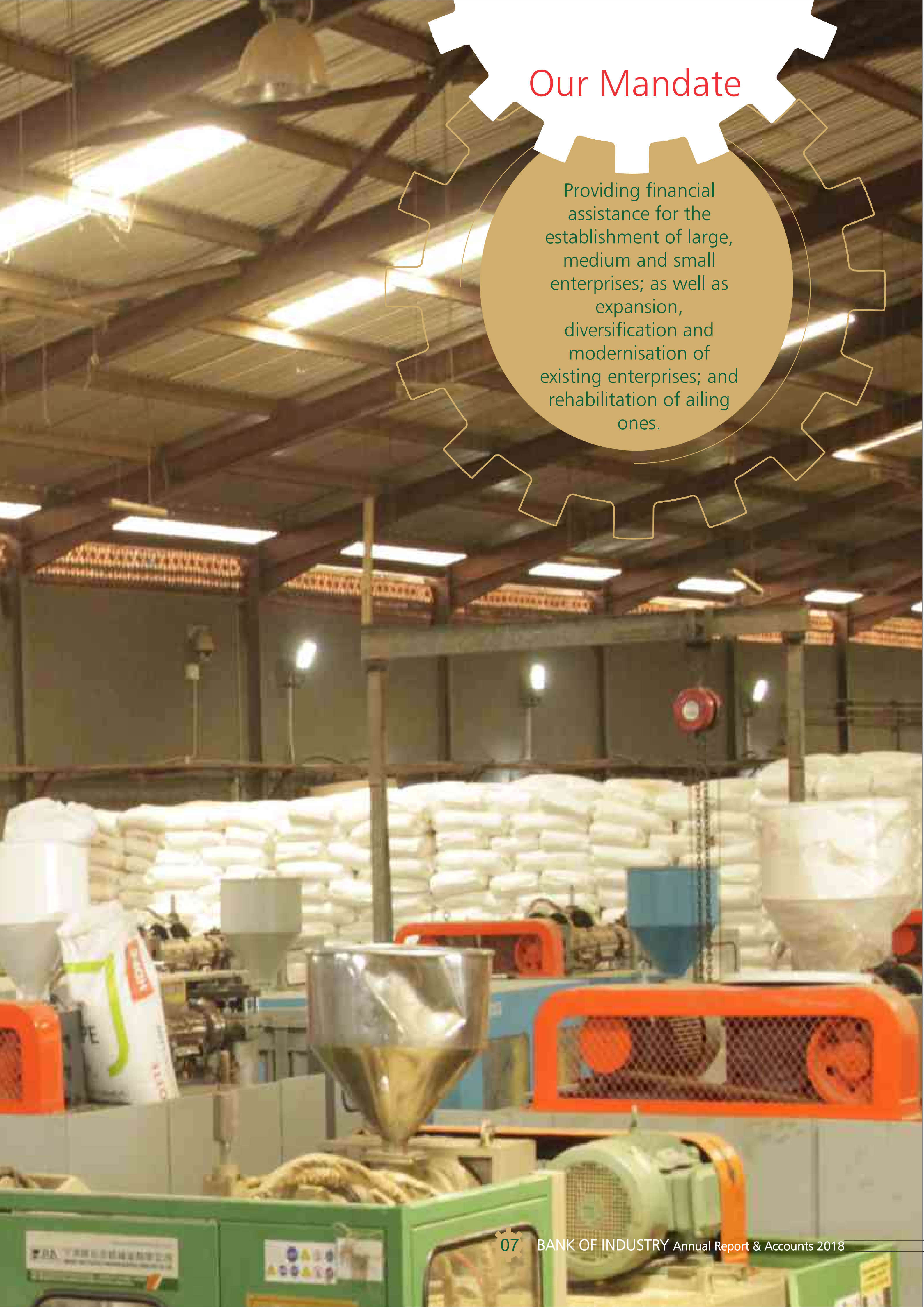


Our Mission

To transform Nigeria's industrial sector by providing financial & business support services to enterprises.

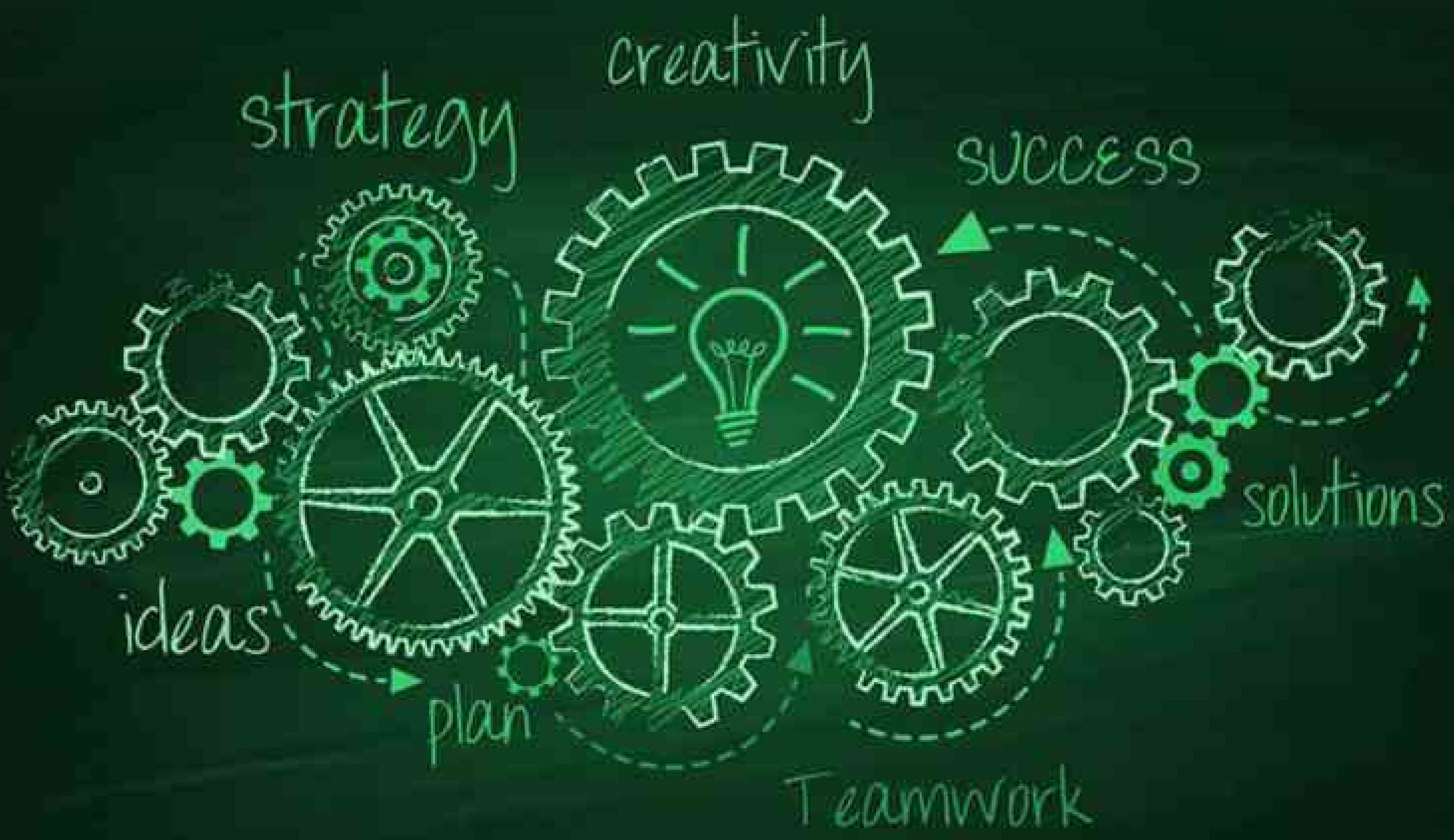
Our Mandate

Providing financial assistance for the establishment of large, medium and small enterprises; as well as expansion, diversification and modernisation of existing enterprises; and rehabilitation of ailing ones.



Our Core Values

Service
Professionalism
Passion
Integrity
Resourcefulness
Innovation
Team Spirit



Dr. Okechukwu Enyinna Enelamah

Honourable Minister, Federal Ministry of Industry, Trade & Investment

Aisha Abubakar

Honourable Minister of State, Federal Ministry of Industry, Trade & Investment

Mr. Edet Sunday Akpan

Permanent Secretary, Federal Ministry of Industry, Trade & Investment

Foreword by The Honourable Minister of Industry Trade and Investment

I have the honour as the Minister of Industry, Trade and Investment to present the 2018 Annual Report of the Bank of Industry, Nigeria's oldest and foremost Development Finance Institution. I congratulate the Board and management of the Bank for another successful year, and rejoice with them as the coming year, 2019 would mark 60 years of the existence of the Bank.

As the head of the supervising ministry of the institution, I am particularly elated that the Bank has consistently improved on its developmental achievement on a year-on-year basis.

2018 was a year of significant success for the Bank, as they were able to support and execute value-adding projects, not only based on their core mandate of providing financial and business advisory support for Micro, Small, Medium and Large enterprises, but also supported the Federal Government in actualising its Social Investment Programme through the Government Enterprise Empowerment Programme (GEEP) and N-Power Programme.

In 2018, the Bank embarked on an unprecedented industrial development drive which saw growth in its disbursement to enterprises by over 100% over the prior year from ₦112.5 billion in 2017 to ₦259.6 billion in 2018. As a result, over 2 million estimated direct and indirect jobs were created. In partnership with the Federal Government's Government Enterprise Empowerment Programme (GEEP) and N-Power Programmes, the Bank was also able to facilitate the disbursement of soft loans to 1.7 million beneficiaries.

The Bank's focus on the creative Industry, women and youth businesses in the past year must also be commended. The Bank's innovative support to the creative industry has grown the size of the entire value chain of the film industry in the country, from production to distribution. Its interventions has increased the number of cinema screens in the country to over 200 in 2018, from less than 20 a decade ago; as well as funded over 40 major productions covering film, theatre and stage plays. Women businesses across all levels of the enterprise pyramid are also being supported. Likewise, through its youth-focused programmes, the Bank has trained over 14,000 youth in entrepreneurship, alongside providing affordable financing to support their businesses.

These feats were achieved not only through the immense dedication, passion and hard work by the Board and management of the Bank, but also due to deliberate steps taken by the Federal Government in ensuring a business-friendly climate which has improved the ease with which business is done in Nigeria.

As 2019 begins, I task the Board, management and staff of the Bank to continue to toe the path of excellence in service delivery and support to the industrial sector of our dear country. I urge them to leverage the lessons learnt over the past six decades towards moving forward and building a greater bank and nation. On our part as an oversight institution, we shall keep developing and promoting business and investment-friendly policies to support entrepreneurship and industrialisation in Nigeria.

Okechukwu Enelamah
Honourable Minister
Federal Ministry of Industry, Trade & Investment

Board of Directors

Alhaji Aliyu AbdulRahman Dikko	1.	Chairman, Board of Directors
Mr. Olukayode A. Pitan	2.	Managing Director / Chief Executive Officer
Dr. Waheed A. Olagunju	3.	Executive Director, Small and Medium Enterprises
Mrs. Toyin Adeniji	4.	Executive Director, Micro-Enterprises
Mr. Jonathan Tobin	5.	Executive Director, Corporate Services and Commercial
Mr. Simon Aranonu	6.	Executive Director, Large Enterprises
Dr. Mudashiru Olaitan	7.	Non Executive Director
Mr. Femi Edun	8.	Non Executive Director
Dr. Bakari Wadinga	9.	Non Executive Director
Engr. Chukwuemeka Nzewi	10.	Non Executive Director
Alhaji. Mohammed Mustapha Bintube	11.	Non Executive Director

NOTICE OF 59TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Ninth Annual General Meeting of the Bank will be held at the **Transcorp Hilton Hotel, Abuja**, on Monday, May 13, 2019 at 12.00 noon precisely to transact the following businesses:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and of the Group for the year ended December 31, 2018 together with the Report of the Directors and the Auditors of the Company thereon.

2. To declare a dividend.

3. To elect/appoint Directors.

4. To re-appoint KPMG Professional Services (Chartered Accountants) as Auditors of the Company and to authorize the Directors of the Company to fix their remuneration.

SPECIAL BUSINESS

5. To fix the remuneration of Non-Executive Directors.

DATED this 17th day of April, 2019

BY ORDER OF THE BOARD

OLUFUNLOLA O. SALAMI (MRS.)
Company Secretary
FRC/2018/ICSAN/00000018804
Bank of Industry Limited
BOI House
23 Marina
Lagos

NOTE:
A member entitled to attend and vote at the General Meeting is entitled to appoint a Proxy (who need not be a member of the Company) to attend and vote instead of himself/herself. All instruments of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.

Chairman's Statement – 59th Annual General Meeting Bank of Industry

Distinguished Ladies and Gentlemen,

It is with profound gratitude and pleasure that I welcome you all to the 59th Annual General Meeting of the Bank of Industry.

I hereby present the annual report of our bank for the financial year ended December 2018.

Global Economy

According to the International Monetary Fund (IMF), global Gross Domestic Product was estimated to have grown by 3.7% in 2018 despite higher expectations and increased investors' confidence at the start of the year, following the uptick in global manufacturing and trade in the latter months of 2017.

The global economy however lost some steam in the first quarter of 2018 as industrial production, particularly of capital goods and world trade volumes fell. One of the drivers for the loss of momentum was the escalation of trade tensions among major world economies. The year saw a more pronounced discourse on trade by several global economies, which was followed by the review of trade agreements and policies primarily by the United States, and retaliatory measures by other nations, especially China. As a result of these actions, the global economy in 2018 was adversely impacted by uncertainties concerning international trade policies and investment opportunities.

The United States recorded a growth of 2.6% in the last quarter of 2018; higher than 2.4% that was achieved in the preceding quarter. The improvement was attributed to improved consumer spending as well as fixed investments. China, on the other hand experienced a slight growth reduction to 6.4% in the fourth quarter of the year, compared to 6.5% growth rate of the third quarter of the year. It was its lowest growth rate since the 2008 global financial crisis. The intense trade dispute with the United States and the weakening domestic consumer demand were adjudged responsible for this slow down.

The Brexit rhetoric, which has consumed the United Kingdom for about 3 years has had significant impact on growth expectations in the country. Attention had been primarily directed at securing a favourable Brexit deal as opposed to developing key economic policies towards boosting national productivity and competitiveness, especially at this time of global economic and financial uncertainty. Hence, the country's economy experienced a slowed GDP growth of 0.2% in the last quarter of 2018, from the previous quarter which experienced a growth of 0.6%.

With respect to India, which has consistently experienced impressive economic growths over the past years, a growth of 6.6% was recorded in the last quarter of the year, the lowest in the preceding 5 quarters. The slowdown was due largely to reduction in both government consumption and consumer spending.

Global crude oil prices rallied for most parts of the year after gaining momentum at the end of 2017. However, prices became volatile by the third quarter of 2018 on the back of major influences on supply such as the US sanctions on Iran, increased output by OPEC and some Non-OPEC nations, and fears of softening global demand. Although OPEC prices peaked a high of over $84 per barrel, they ended at about $50 per barrel by the year-end. The year also saw Qatar terminate its OPEC membership after close to 60 years of partnership, to focus on gas production.

In Sub-Saharan Africa, there was strengthened economic recovery backed by broad-based gains in its biggest economies, Nigeria and South Africa, as well as in Ghana and Kenya. Angola's manufacturing sector rebounded towards the end of the year despite contractions in its oil sector and an ongoing recession. Growth across the region was largely due to buoyant external demand for mining and quarrying products, impressive agricultural gains and modest performance of the services sector.

The Nigerian Economy

On the domestic front, Nigeria sustained its economic expansion streak amidst tensions and apprehensions, especially concerning foreign investors and the general elections in 2019. Annual GDP growth rate of 1.93% was achieved compared to 0.82% that was achieved in 2017. The non-oil economy was primarily responsible for the growth as it improved to a 2% growth, while the Oil sector growth reduced to 1.14% when compared to 2017 growth rates of 0.47% and 4.69% respectively. Though the annual contribution of the manufacturing sector to real GDP in 2018 improved slightly from 9.18% in 2017 to 9.2%, the industry players still grappled with key issues such as high cost of finance, inadequate infrastructure and persisting insecurity concerns.

In a bid to promote the growth and development of MSMEs in Nigeria, the Presidential Enabling Business Environment Council (PEBEC) kicked off its 3rd National Action Plan geared towards minimising difficulties faced by Micro Small and Medium Enterprises (MSMEs) in accessing credit, paying taxes or moving goods across the country. Additionally, the Corporate Affairs Commission (CAC), in collaboration with PEBEC, approved a special window of 90 days, which was extended to 180 days, to register businesses at a discounted fee of ₦5,000 as part of its Business Incentive Strategy.

The Federal Government also launched the Economic Recovery & Growth Plan (ERGP) Focus Labs with the objective of fast-tracking the attainment of the broad economic objectives of the country by attracting private capital to finance projects nationwide.

Banking Industry - Monetary Policy

The Central Bank of Nigeria continued to maintain its monetary policy rate at 14% in a bid to moderate inflationary pressures and to stabilise the macroeconomic environment. The benchmark rate was last changed in July 2016, when it was hiked by 200 basis points.

The Apex bank also maintained its strategy to enhance foreign exchange liquidity towards safeguarding the stability of the Naira. In May of 2018, it also reviewed its foreign exchange policy by ensuring same day Over The Counter (OTC) access to foreign exchange by travellers. The period within which Bureau De Change (BDC) operators could access foreign exchange was also extended from 2 to 3 days per week thereby boosting supply to each BDC from $40,000 to $60,000 weekly.

The year also experienced the introduction of a new dividend policy targeted at Nigerian banks with high non-performing loan ratio, with the aim of further strengthening the financial system. The new policy prohibits the payment of dividends on shares until all preliminary expenses, operating expenses, share selling commission, brokerage, losses incurred, and capital expenses not represented by tangible assets are fully written-off and adequate provisions have been made.

Financial Performance and Developmental Impact Highlights

In 2018, the group's total asset grew by 49% to ₦1.07 trillion from ₦713.3 billion in 2017. Likewise, we also achieved improvement in the group's total equity which increased by 12.5% year-on-year to ₦258.3 billion from ₦241 billion in the prior year. Profit Before Tax of the group for the year was ₦36.7billion, 39% higher than ₦26.4billion which was achieved in the previous year.

In the same light, the bank improved its developmental impact by achieving 130% growth on a year-on-year basis with respect to disbursement of new loans to ₦259.6 billion in 2018 (₦112.5 billion was disbursed in 2017). ₦33.9 billion of this figure was disbursed specifically to Micro Small and Medium Enterprises, while the rest was deployed to support Large Enterprises.

Corporate Governance

At this point, I would like to celebrate our erstwhile Executive Director, Small and Medium Enterprises, Dr. Waheed Olagunju, who retired from the Bank in December 2018. He joined Nigerian Industrial Development Bank (NIDB), BOI's precursor agency in 1990 as a Senior Manager and rose through the ranks until his appointment as Executive Director in 2012. On behalf of the Board of Directors and the entire staff of the bank, I say 'Thank you!' to Dr. Olagunju for his immense contribution to the growth of our bank.

Kindly permit me to also seize this opportunity to express deep gratitude to my colleagues on the Board for the unrivalled oversight on the management of the Bank.

The Bank's developmental impact profile and financial performance are fundamental indicators of our success. As we celebrate 60 years of our existence in 2019 and move ahead into the future, we will continue to streamline our efforts to ensure that these outcomes continuously align with our core values and the expectations of our stakeholders.

Thank you all for listening.

Aliyu Abdulrahman Dikko
Chairman, Board of Directors

Managing Director/ Chief Executive Officer's 59th Annual General Meeting Bank of Industry

Distinguished Ladies and Gentlemen,

I welcome you all to the 59th Annual General Meeting of the Bank of Industry Limited with great pleasure and gratitude to God Almighty. Our sustained commitment to the industrialisation drive in Nigeria is one that started 59 years ago. And through the years, our commitment to national development has not wavered, and will only get stronger with the support of all our stakeholders.

2018 was a year of growth for Nigeria, as the progress that was achieved in 2017 was improved upon following the development and review of growth-based macro economic policies. This resulted in inflation rates declining on a month-on-month basis. A relatively stable foreign exchange rate was also achieved through the sustained intervention of the Central Bank of Nigeria. These actions provided the much needed investor confidence necessary for driving long-term investment in the country.

Year-on-year real growth rate of 1.93% was achieved with respect to Gross Domestic Product (GDP) in 2018. This is more than twice the growth of 0.82% that was recorded in 2017. This improvement was largely driven by the non-oil component of the GDP which grew by 2% compared to 0.47% growth in the previous year. Key sectors responsible for the GDP growth in 2018 were Transport, Information & Communication, Electricity, Water and Arts & Entertainment. The oil & gas component of the GDP on the other hand experienced a reduction in annual growth to 1.14%, compared to 4.69% that was reported in 2017. The Bank was able to significantly leverage these economic tailwinds and progress to enhance its intervention in the industrial sector.

Financial Performance Review

The Bank achieved the ₦1trillion mark in Total Assets in the course of the year under review and closed the year with ₦1.07 trillion. This figure represents a growth of 49% when compared to ₦713 billion that we closed the year with in 2017. Loan and Advances also improved by 20% to ₦633.7 billion in 2018.

Following the conclusion of our $750m syndicated medium term facility in 2018, the Bank's borrowings increased by 75% to ₦684.6 billion. Profit Before Tax in the year also improved by 55% to ₦35.4 billion when compared to ₦22.7 billion that was achieved in 2017.

Strategic Direction and Partnerships

2018 was an exciting one for the Bank as we were able to significantly leverage strategic partnerships with key public, private and multilateral institutions not only to enhance the effectiveness of our operations, but also to boost our lending capacity by raising debt capital, which ultimately resulted in the unprecedented level of disbursement that was achieved in the year.

Towards enhancing our relationship with the commercial and merchant banks (our strategic partners in the credit delivery process) we introduced the Bank MDs/CEOs forum, an annual executive session between the senior executives of Bank of Industry and the commercial/merchant banks in Nigeria. I am happy to report that the inaugural session held in January 2018 and was a great success, as we were able to jointly brainstorm and proffer initiatives to strengthen our mutually beneficial relationship. To ensure continuity and follow up on implementation of agreements reached at the forum we also set up quarterly technical sessions between the Chief Risk Officers and the Treasurers of all the banks. This has facilitated the introduction and implementation of various value-adding strategic and operational initiatives.

In line with our mandate as a Development Finance Institution to build capacity and enhance the competitiveness of our local entrepreneurs, the Bank sponsored over 50 Nigerian SMEs to attend the Inaugural Intra-Africa Trade Fair (IATF) in Cairo, Egypt in December 2018. The Bank also supported the Nigerian Export Promotion Council (NEPC) to sponsor another 60 export ready Entrepreneurs and to host the Nigeria Day event at the fair. The Trade Fair, was organised by Africa Export Import Bank (AFREXIMBANK) in collaboration with the African Union. It offered a platform for sharing trade, investment and market information amongst entrepreneurs. It also created Business-to-Business and Business-to-Customer markets by enabling buyers, sellers and investors from various African countries to meet, discuss and conclude business deals.

We also carried out a revalidation of our corporate strategy in 2018, in light of the constantly changing local and international economic environment. A key outcome of the exercise was the streamlining of the Bank's core focus for the 2019-2021 planning horizon along the following 3 strategic pillars:

1. Deepen our penetration in core and key markets (including emerging sectors and segments);
2. Building and improving focus on exceptional Customer Service Delivery and;
3. Strengthening our operating model and service capabilities across People, Technology and Risk Management.

Developmental Impact Performance Snapshot

By leveraging strategic partnerships and revamping internal business processes, we were able to significantly grow our loan disbursement to enterprises in the year to ₦259.6 billion, representing a growth of 130% when compared to ₦112.5 billion that was disbursed in 2017.

This sharp increase in disbursements has enhanced our overall development impact especially in the area of job creation. An estimated 2,700,000 direct and indirect jobs were created and/or saved by the activities of the Bank in 2018. We will continue to focus on transformational projects to drive this index.

In partnership with the Federal Government with respect to its Government Enterprise and Empowerment Programme, a component of the Social Investment Programme, we facilitated the disbursement of ₦29 billion to 1,550,000 beneficiaries nationwide through its flagship products - TraderMoni and MarketMoni. These products are specifically aimed at providing soft loans at 0% interest rate to micro-entrepreneurs (e.g. market women, food vendors, petty traders, artisans, youth etc.) We also worked with the Federal Government in the implementation of the N-Power programme, which is also part of the Social Intervention Programme. Soft loans worth ₦15.34 billion were provided to 199,989 beneficiaries to purchase work-tools to operate in the following sectors: Agriculture, Health and Education sectors.
Through the Bank's youth-centric initiatives: Youth Entrepreneurship Support Programme (YES-P) and the Graduate Entrepreneurship Fund (GEF), 14,000 youths have been trained in entrepreneurship and other business management modules since inception. A total of ₦1.8 billion have so far been disbursed to 726 beneficiaries under these programmes.

In addition, the Bank's on-lending platform – The Bottom of Pyramid Scheme, disbursed ₦380 million to 5 partner Microfinance Banks (MFBs), thereby increasing the bank's MFB partners to 23. 3,135 micro-entrepreneurs benefitted from the scheme in the year, accompanied by the creation of 15,675 jobs.

Our Funding Strategy

Consistent with our strategic goal to become self-financing, we accelerated efforts to raise capital by leveraging strategic partnerships with public, private and multilateral institutions:

- The Bank raised $750 million through a Medium Term Loan syndication that was arranged and managed by Africa Export Import Bank (AFREXIM) with participation from 16 international financial institutions (including AFREXIM). This fund is being deployed to support MSMEs and Large Enterprises across key growth sectors of the economy.

- We also support local content through the $200m Nigerian Content Intervention Fund that the Bank is managing on behalf of the Nigerian Content Development and Monitoring Board to support indigenous players in the Nigerian Oil & Gas sector. Over US$165.5Million and ₦2.97billion has been approved over the last one year and disbursements have commenced in earnest.

- The Bank signed a Memorandum of Understanding with the Export-Import Bank of China for a $500 million Line of credit to support the importation of plant and machinery from China including Modular refineries. Discussions are also ongoing with the China Export Credit Insurance Corporation (SINOSURE) to provide credit risk insurance cover for the facility.

- We are in the process of concluding the conditions precedent to draw down on the $40m line of credit that was approved for the Bank from the Islamic Corporation for the Development of the Private Sector, a member institution of the Islamic Development Bank. This is expected to enhance our ethical finance offering to the market.

- Through our partnership with the Brazilian Development bank (BNDES), the Bank was granted a $20 million line of credit to support financing the importation of equipment manufactured in Brazil to Nigeria. The goal is to develop the local market and encourage local production in Nigeria.

We are grateful to these organisations for their continued support of the growth and development of the Bank of Industry and the Nigerian economy.

Credit Ratings

In the year under review, Fitch ratings re-affirmed our AA+ National Long Term Rating as well as our long-term Issuer Default Rating (IDR) at B+. These ratings were however accompanied by a downgrade in outlook from stable to negative on the back of the downgraded sovereign rating of Nigeria.

Moody's, another international rating agency, maintained our long-term local and foreign currency issuer ratings at B2 and our long-term local and foreign currency national scale issuer ratings at Aa3.ng/NG-1. The ratings were accompanied by a stable outlook. The Bank's B2 profile reflects its robust capital buffers, a stable liability structure, and tangible improvements to the bank's risk positioning.

Lastly, the Bank's domestic ratings by Agusto & Co. rating agency was also maintained at Aa.

ISO Certifications

We maintained our ISO 9001-2015: Quality Management Certification upon the conclusion of the 2018 Surveillance Audit. In line with global best practices, we have continued to pro-actively review, upgrade, automate, document and communicate our business operations and processes to enhance our internal and external customer experience. We also continue to seek initiatives to ensure that the standards and principles of ISO-Quality Management System are entrenched into our corporate values and culture.

We are also currently going through the process of obtaining ISO 27001: Information Security Management System (ISMS) certification, towards ensuring adequate protection from information security risks.

Conclusion and Outlook

In closing, I would like to express my deepest gratitude and wholehearted appreciation to all our stakeholders who have been supporting the strategic aspirations and mandate of our bank since we commenced operations:

- To our customers, thank you for allowing us to be of service. We will continue to listen to you and keep improving our processes and product offerings to serve you better;

- To our staff, thank you for being dedicated, relentless, tenacious and staying focused on achieving our mandate;

- To our shareholders, regulators and oversight agencies, notably – Central Bank of Nigeria, Federal Ministry of Finance and the Federal Ministry of Industry, Trade & Investment – thank you for your unending support and advice;

- To all other stakeholders and strategic partners, we could not have achieved all that we did in 2018 without your support.

As we advance into 2019, our 60th year of operations, we intend to be even more deliberate in our efforts to support entrepreneurship and industrialisation in Nigeria through the provision of affordable and convenient financing opportunities, promoting entrepreneurship, advocating for a more favourable business climate and facilitate job creation.

Thank you and God bless you all.

Olukayode Pitan
Managing Director/Chief Executive Officer

The Directors have the pleasure in submitting to members, their report and the audited financial statements for the year ended 31 December 2018.

1. **Legal Form**
The Bank of Industry Limited (BOI) was reconstructed in 2001 out of the Nigerian Industrial Development Bank (NIDB) Limited, which was incorporated in 1964. Although the Bank's authorized share capital was initially set at N50 billion in the wake of NIDB's reconstruction into BOI in 2001, it has been increased to N250 billion in order to put the Bank in a better position to be in tune with the nation's rising economic profile in line with its mandate.

2. **State of Affairs/Subsequent Events**
In the opinion of the Directors, the state of the Bank's affairs was satisfactory and no event has occurred since the reporting date, which would affect the consolidated and separate financial statements as presented.

3. **Result for the Year**

	Group		Bank	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
	N'000	N'000	N'000	N'000
Gross earnings	82,715,642	46,185,243	79,029,642	40,992,257
Profit before tax	36,663,210	26,363,321	35,353,321	22,737,679
Income tax	(4,209,382)	(3,203,771)	(3,445,677)	(3,149,567)
Profit for the year	32,453,828	23,159,550	31,907,644	19,588,112
Other comprehensive income	(1,277,184)	(95,099)	(1,216,757)	(70,982)
Total comprehensive income for the year	31,176,644	23,064,451	30,690,887	19,517,130

4. **Principal Activities**
The Bank's mandate includes the provision of financial assistance for the establishment of large, medium and small projects as well as expansion, diversification and modernization of existing enterprises; and rehabilitation of ailing industries. The Bank also manages dedicated funds and through its subsidiaries, provides business advisory services, trusteeship, leasing, insurance brokerage, etc. There was no change in the activities of the Group and Bank during the year.

5. **Business Review**
Bank of Industry Limited carries out its activities in accordance with its Memorandum and Articles of Association and Companies and Allied Matters Act, CAP C20, LFN 2004.

6. **Directors**
The names of Directors who held office during the year are as follows:

Mallam Aliyu AbdulRahman Dikko	Chairman Board of Directors
Mr. Olukayode A. Pitan	Managing Directors/Chief Executive Officer
Dr. Waheed A. Olagunju	Executive Director Small and Medium Enterprises (SME)
Mrs. Toyin Adeniji	Executive Director, Micro-Enterprises
Mr. Jonathan Tobin	Executive Director, Corporate Service and Commercial
Mr. Simon Aranonu	Executive Director, Large Enterprises
Dr. Mudashiru A. Olaitan	Non-Executive Director
Mr. Olufemi Edun	Non-Executive Director
Dr. Bakari Wadinga	Non-Executive Director
Engr. Chukwuemeka Nzewi	Non-Executive Director
Mallam Mohammed Mustapha Bintube	Non-Executive Director

7. **Record of Attendance of Directors**
Pursuant to and in accordance with the provisions of Section 258(2) of the Companies and Allied Matters Act CAP C20 LFN 2004, the Record of Directors' Attendance at Board Meetings held during the year under review is set out in Item 14 (4) of this Report and shall be made available for inspection at the Annual General Meeting.

8. **Interest of Directors**
The interest of Directors in the issued share capital of the Group and Bank are recorded in the register of Director's Shareholding as at 31 December, 2018 is as follows:

S/N	Names of Directors	31-Dec-18	31-Dec-17
I)	Mallam Aliyu AbdulRahman Dikko	Nil	Nil
ii)	Mr. Olukayode A. Pitan	Nil	Nil
iii)	Dr. Waheed A. Olagunju	Nil	Nil
iv)	Mrs. Toyin Adeniji	Nil	Nil
v)	Mr. Jonathan Tobin	Nil	Nil
vi)	Mr. Simon Aranonu	Nil	Nil
vii)	Dr. Mudashiru A. Olaitan	Nil	Nil
viii)	Mr. Olufemi Edun	Nil	Nil
ix)	Dr. Bakari Wadinga	Nil	Nil
x)	Engr Chukwuemeka Nzewi	Nil	Nil
xi)	Mallam Mohammed Mustapha Bintube	Nil	Nil

9. Analysis of Shareholding

As at the end of 2018, BOI's shares were held by 44 shareholders as analysed in the table below:

	No of Shares Held	% of Total Shareholding	
i)	Ministry of Finance Incorporated	69,857,608,889	94.8
ii)	Central Bank of Nigeria	3,827,446,730	5.2
iii)	42 Other Nigerians	605,000	negligible

10. Substantial Interest in Shares (10% and above)

The above analysis shows that one shareholder (Ministry of Finance Incorporated) has 94.8% holding.

11. Interest of Directors in Contracts

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004 of any disclosable interest in contracts with which the Company was involved as at 31 December 2018.

12. Property and equipment

Movements in property and equipment during the year are shown in note 25. In the opinion of the directors, the market value of the Group's properties is not less than the value shown in the financial statements.

13. Employment and Employees

13.1 Employment of Physically Challenged Persons

The Group and Company operates a non-discriminatory policy in the consideration of applications for employment including those received from physically challenged persons. The Group's policy is that the most qualified persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

13.2 Health, Safety at Work and Welfare of Employees

The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Group provides medical facilities to its employees and their immediate families at its expense.

13.3 Employee Involvement and Training

The Group encourages participation of its employees in arriving at decisions in respect of matters affecting their well-being. Towards this end, the Group provides opportunities where employees deliberate on issues affecting the Group and employees interest, with a view to making inputs to decisions thereon. The Group places a high premium on the development of its manpower.

13.4 Research and Development

The Group also on a continuous basis carries out research into new banking products and services.

14. Donations and charitable gifts

The Bank made contributions to charitable and non-political organisations of N2.337 million (December 2017: N9.022 million) during the year.

15. Auditors

The Company appointed Messrs KPMG Professional Services as its auditors during the year. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as auditors to the Bank. In accordance with section 357(2) of the Companies and Allied Matters Act of Nigeria therefore, the auditors will be re-appointed at the next annual general meeting of the Bank without any resolution being passed.

BY ORDER OF THE BOARD

OLUFUNLOLA O. SALAMI (MRS.)
Company Secretary
FRC/2018/ICSAN/00000018804

Statement of Directors' Responsibilities for the Preparation and Approval of the Financial Statements

The Directors accept responsibility for the preparation of the annual consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004, the Central Bank of Nigeria (CBN)'s Regulatory and Supervisory Guidelines for Development Finance Institutions in Nigeria and other relevant Guidelines and Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters' Act, Cap C.20, Laws of the Federation of Nigeria 2004, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement whether due to fraud or error.

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

Olukayode Pitan	Aliyu AbdulRahman Dikko
Managing Director/CEO	*Chairman Board of Directors*
FRC/2018/IODN/00000017947	FRC/2013/IODN/000000002375

Report of the Audit Committee

TO THE MEMBERS OF

Bank of Industry Limited

In compliance with Section 359(6) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 ["CAMA"] and the Central Bank of Nigeria (CBN)'s Regulatory and Supervisory Guidelines for Development Finance Institutions in Nigeria, we have reviewed the consolidated and separate financial statements of the Bank of Industry Limited and its subsidiaries for the year ended 31 December 2018 and the reports thereon and confirm as follows:

1. In our opinion, the scope and planning of the audit requirement were adequate.

2. That the accounting and reporting policies of the Group and Bank are in accordance with legal requirements and agreed ethical practices.

3. We have reviewed the findings on the Management letters in conjunction with the External Auditors and are satisfied with the response of Management thereon. The External Auditor's findings as stated in the Management letter are being dealt with satisfactorily by the Management.

4. That the Bank's system of accounting and internal controls is adequate.

5. Related party transactions and balances have been disclosed in note 39 to the consolidated and separate financial statements.

Dr Mudashiru Olaitan
Chairman
03 May 2019

Members of the Audit Committee

- Dr. Mudashiru Olaitan
- Mrs. Toyin Adeniji
- Mr. Simon Aranonu
- Engr. Chukwuemeka Nzewi
- Mallam Mohammed Mustapha Bintube

2.2.1. Senior Management

Among them, BOI's senior management team members have several decades of working experience in the Nigerian banking sector; each of their profiles is provided below.

Mr. Olukayode A. Pitan ● Managing Director / Chief Executive Officer

Mr. Pitan is the Managing Director and Chief Executive Officer of Bank of Industry Ltd, a position he has held since May 2017. Mr. Pitan draws on significant work experience gained in both the corporate and banking sectors during the course of his 30-year career.

He began his career with Citibank Nigeria in 1986. Prior to joining BOI, Mr. Pitan was the MD/CEO of Caroline Properties Ltd and Director of Excel E&P Ltd. Previously, Mr. Pitan held the position of Executive Director of Unity Bank Plc in charge of Corporate Banking and Treasury Management after having served as the MD/CEO at First Interstate Bank Plc in August 2004, where he successfully led the bank through a merger with eight other lending institutions to form Unity Bank.

He graduated with a BSc (Hons) Degree in Economics as a UAC scholar from the University of Ibadan in 1982 and obtained a Master's degree in International Management as a Rotary International Scholar from the American Graduate School of International Management, Thunderbird Campus at Glendale, Arizona. He is an alumnus of Lagos Business School and London Business School. He is also an alumnus of the Haggai Institute in Singapore. He is an ordained Senior Pastor of the Redeemed Christian Church of God. Mr. Pitan also participated in many innovative transactions in the Nigerian Capital Market.

Mr. Pitan held several board and other senior positions, some of which are:

- Chairman of the Technical Committee that led to the merger of Centerpoint Securities Ltd and FIIST Ventures Ltd to form Unity Registrars Ltd and served as Chairman of the Unity Registrars Ltd;
- Chairman of the Technical Committee that merged Kapital insurance Plc, Intercontinental Assurance Company Ltd and Global Commerce and General Assurance Co Ltd into UnityKapital Insurance Co Plc and also served as Director of the new entity;
- Chairman of the Technical Committee of the landmark transaction where nine banks were merged to form Unity Bank Plc and the listing of the bank on the Nigerian Stock Exchange;
- Technical Chairman brokering the formation of FUG Pensions Ltd, pooling together the interests of Futureview Financial Services Ltd, Unity Bank Plc and Glanvill Enthoven & Co Ltd to form a viable and significant player in the Pensions management industry, subsequently holding the position of Chairman of FUG Pensions Ltd;
- Mr Pitan has also served as member of several boards including: the alternative Director of Kakawa Discount House Ltd, Director of Newdevco Investments & Securities co. Ltd, Director of Banque International Du Benin;
- Currently he is the Chairman of Habitation of Hope, an NGO set up by Pastor (Mrs) Folu Adeboye to salvage, transform and empower the abandoned, hopeless and homeless street boys and girls in living in Nigeria.

Executive Director, Small and Medium Enterprises (until December 31st, 2018) ● Dr. Waheed A. Olagunju

Dr. Waheed Olagunju joined the Bank of Industry's precursor institution, the Nigerian Industrial Development Bank (NIDB) in August 1990 as a Senior Manager and by November 2012 he had risen to the position of Executive Director, Business Development.

Dr. Olagunju has also acted as Managing Director and Chief Executive Officer for several months each time in early 2014 and again in early 2016. Dr. Olagunju was subsequently reassigned as Executive Director, Small and Medium Enterprises ("SME").

Under Dr. Olagunju's leadership of the SME Directorate, the Bank increased its annual loan approvals to SMEs from an average of approximately ₦1.8 billion per year previously, to a record ₦8 billion in 2016.

During the last twenty eight years, Dr. Olagunju headed five different departments and/or directorates of the Bank. Dr Olagunju was also appointed Assistant Company Secretary and Secretary of the Executive Management Committee in 1994 and was subsequently appointed Company Secretary and Secretary to the Board in 1997, a position he held for fifteen (15) years until he was elevated to the Board in 2012 as Executive Director.

Dr. Olagunju was actively involved with the reconstruction of NIDB into the Bank of Industry Ltd (2000-2001) and the consolidation of the mandates of NIDB, the Nigerian Bank for Commerce and Industry (NBCI) and the National Economic Reconstruction Fund (NERFUND) into that of BOI, having worked very closely with the then leadership of the Federal Ministry of Industry as well as with KPMG, the appointed consultant on the project. Dr. Olagunju stands out as one of the architects of the Bank's outstanding turnaround and transformation into one of Africa's strongest DFIs, that has earned the confidence of its domestic and foreign development partners, financiers, customers, international and Nigerian rating agencies and other stakeholders

Dr. Olagunju bagged his Bachelor of Arts and Master of Social Sciences degrees from the University of Lagos in 1981 and 1984 respectively as well a Doctorate Degree in Business Administration from the Paris School of Business in 2017. He obtained a professional certificate in Investment Appraisal and Risk Analysis from the Queens University, Canada in 2013 and a certificate in Executive Development in 2018 from the Wharton School, University of Pennsylvania, United States of America.

He is also an Honorary member of the Chartered Institute of Bankers of Nigeria.

Mrs. Toyin Adeniji ● Executive Director, Micro-Enterprises

Mrs. Adeniji was appointed as an Executive Director of the Bank in February 2016 and she currently oversees the Micro-Enterprises Directorate where she is responsible for the Bank's strategy and operations for this focus market.

Mrs. Adeniji is a financial services professional with a career spanning over 26 years of work experience in international development, financial inclusion, microfinance, gender finance and SME development as well as in strategy and business development.

Prior to joining BOI, Mrs. Adeniji was engaged in the development of the Micro, Small and Medium Enterprise ("MSME") and agribusiness strategies for Nigeria's Unity Bank Plc; her work involved the creation of strategies for agricultural value chains, agricultural SME financing, high growth SMEs in identified segments and women and youth development.

During 2013-2014, Mrs. Adeniji held the position of Investment Officer with the International Finance Corporation ("IFC") in the Syndications & International Securities as well as the Global Mining Departments. Her position entailed the provision of business advisory to SMEs through intermediaries and aggregators, providing management and operational support, as well as the development of capacity and skills to equip SME's for growth, financial inclusion and value chain linkages. Her prior position within the IFC was as Head of Women in Business, where she led the programme to mainstream gender across the IFC's investment and advisory portfolio.

Prior to her engagement by the IFC, Mrs. Adeniji briefly worked for Chartered Accountants, Arthur Andersen. Mrs. Adeniji was also previously the Managing Director of Susu Microfinance Bank Limited, which was one of the first five indigenously operated microfinance institutions licensed by the CBN to provide a broad range of financial services to micro entrepreneurs and to the unbanked market.

Mrs. Adeniji is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN). She holds a Bachelor of Science in Civil Engineering with Second Class Honours (Upper Division) from the University of Lagos, a Masters of Business Administration (MBA) from the Harvard Graduate School of Business Administration and is a Chartered Accountant.

Mr. Jonathan Tobin ● Executive Director, Corporate Services and Commercial

Mr. Tobin was appointed as an Executive Director of the Bank in 2016. He currently oversees the Corporate Services and Commercial Directorate where his responsibilities include overseeing the operations of the Management Services Division, Human Resources and Administration Departments and the Bank's subsidiaries.

Mr. Tobin has over 27 years of working experience in the fields of agriculture value chain and MSME financing, including having served as an officer of the Central Bank of Nigeria ("CBN").

Prior to joining the Bank, Mr. Tobin worked for the CBN, where he reached the position of Deputy Director. He was responsible for managing the CBN's ₦220 billion MSME Development Office which focuses on promoting financial inclusion across Nigeria's unbanked and under-banked communities. The fund was established in recognition of the significant contributions of the MSME sub-sector to the economy and the existing huge financing gap. Under Mr. Tobin's direction, a small portion of the fund was devoted to developmental objectives such as grants, capacity building and administrative costs while the vast majority was allocated to participating financial institutions at very low interest rates, for the purpose of on-lending to MSMEs. Eligible activities financed during Mr. Tobin's leadership included agricultural value chain, services, cottage industries, artisans, trade and commerce and other income generating business.

Mr. Tobin also held the position of pioneer Project Manager for the CBN's ₦20 billion Anchor Borrowers' Rice project for Kebbi State, which involved extending financing solutions to 78,000 smallholder farmers, who were granted loans and other inputs such as fertiliser, pesticides, seeds and water pumps for irrigation.

Mr. Tobin holds a Bachelor of Science Degree in Agricultural Economics and Extension from the University of Science and Technology, Rivers State, Nigeria. He has also trained in the Project Management fast track course at Boston University, Massachusetts, USA.

He is also an Honorary member of the Chartered Institute of Bankers of Nigeria.

Mr. Simon Aranonu ● Executive Director, Large Enterprises

Mr. Simon Aranonu has held the position of Executive Director of the Bank's Large Enterprises Directorate since August 2016. His responsibilities include developing the Bank's strategy for Nigeria's larger corporates as well as managing BOI's team in charge of the Large Enterprise loan portfolio.

Mr. Aranonu boasts of more than 30 years banking and financial consulting experience, including several senior positions in some of Nigeria's better known financial institutions. His significant expertise lies particularly with credit and corporate governance.

In 2008, Mr. Aranonu was appointed Executive Director at Intercontinental Bank Plc (now Access Bank Plc) and had served as Executive Director in Global Bank Plc. He has worked at various times for Liberty Merchant Bank as Assistant General Manager and also at Manufacturers Merchant Bank as Assistant Manager.

Mr. Aranonu's banking career began in 1987 when he joined Chase Merchant Bank, later becoming Continental Merchant Bank, where he spent three years in various middle management positions.

Mr. Aranonu holds a Bachelor of Science degree from the University of Nigeria, where in 1984, he also won the University Foundation prize as the Best Graduating Student in Finance. He is also a graduate of the Advance Management programme of Stanford University California, United States. Mr. Aranonu is also a Chartered Accountant and is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) an Honorary Member of the Chartered Institute of Bankers of Nigeria.

An avid scholar, Mr. Aranonu has attended various business leadership programmes throughout his career, including Harvard Business School, Chicago Business School and Cranfield University, Milton Keynes, England. Other training programmes that he has attended included courses at Citibank School of Banking, New York, Chase Manhattan Bank, New York, at Mellon Bank, Philadelphia. In the spring of 2000, Mr. Aranonu became a beneficiary of the USAID- sponsored Best and Brightest African Bankers training programme in the USA.

Mr. Aranonu is licensed by the IFC to train Company Directors on Corporate Governance.

Executive Management Team

Mr. Shekarau Omar • (Former GM (SME-North, now Executive Director SME wef March 2019)

Shekarau D. Omar graduated with a 2nd Class Upper (B.Ed) Honors degree from Ahmadu Bello University, Zaria in 1985. He also obtained two Masters' degrees in Educational Administration (M.Ed, 1991) and International Law and Diplomacy (MILD, 1992) from University of Lagos.

He is a Licensed Human Resource Professional, a member of the Society for Human Resources Management (SHRM), a member of the Chartered Institute of Personnel Management (CIPM) and a Member of the Chartered Institute of Administration of Nigeria.

He had previously served in the Military, Banking and Telecoms Sectors before joining BOI in 2005 as a Senior Manager/Head of Human Resources. He rose to become a General Manager in 2014 and was the General Manager (SME-North) and subsequently General Manager (Large Enterprises-1) until he was appointed as Executive Director SME in March, 2019.

Dr. Ezekiel Oseni • (General Manager/Chief Risk Officer)

Ezekiel holds B.Sc (1990) and MSc (1996) Degrees in Accounting from the University of Ilorin and a Ph.D. from the Olabisi Onabanjo University which he received in 2012. He is a Fellow of Institute of Chartered Accountant of Nigeria (ICAN) and a Certified Information Systems Auditor.

He joined BOI in 2005 as a Senior Manager and Head of the Internal Control and Audit Division.

He became a General Manager in 2014 and is currently the Chief Risk Officer (CRO).

Mr. Akeem Adesina • (General Manager, Operations & Technology)

Akeem holds a B.Sc (1995) degree in Accounting and MBA (2004) from University of Lagos and Obafemi Awolowo University respectively. He is a Fellow of Institute of Chartered Accountant of Nigeria (ICAN) and the Chartered Institute of Taxation.

He was the pioneer Head of Finance and Chief Financial Officer of the Bank from 2001 when the Bank was reconstructed to BOI, a position he held till 2013.

He became a General Manager in 2014 and is currently in charge of the Operations and Technology Division of the Bank.

Mr. Leonard Kange • (General Manager, Large Enterprises)

Leonard obtained a BSc degree in Sociology in 1986 from Ahmadu Bello University. He also earned the Project Management Professional (PMP) designation in 2008. Leonard has over 28 years' experience in the financial services sector locally with FSB International Bank Plc (Now merged with Fidelity Bank Plc) and internationally with the Royal Bank of Canada.

His areas of expertise include Mergers and Acquisitions, Project Finance, Risk Management, Strategy, Corporate Banking, IT and more.

He joined BOI in 2017 as a General Manager (Large Enterprises)

Mr. Muhammed Rislanudeen • (General Manager, SME North wef November 2018)

Muhammad Rislanudeen obtained B.Sc (1985) in Economics from the Bayero University Kano. He Holds M.Sc (1991) in Economics from Ahmadu Bello University Zaria. He is a Fellow of Institute of Corporate Administration, Fellow of Association of Enterprise Risk Management Professionals, Fellow of Nigerian Institute of Fiscal Studies, Associate of Nigerian Institute of Management Consultants and Honorary Senior Member of Chartered Institute of Bankers of Nigeria.

He has over 33 years' experience in Budget and Economic Planning, Corporate Banking, Credit and Operations, Retail and Commercial Banking, Risk Management, Investment Advisory Services, Real Estate Management, Staff recruitment, Training and Placement.

He became a General Manager Small and Medium scale Enterprise in November 2018.

BOI Presence Across Nigeria

(by end 2018)

Working Harder, Getting Closer... to you

HEAD OFFICE
BOI Building,
23, Marina Street,
Lagos State.

CORPORATE OFFICE
Plot 259, Zone A O,
Off Hebert Macaulay Way,
Behind Unity Bank,
Central Business District,
FCT-Abuja.

ABIA
25, Adelabu Street,
Adelabu Housing Estate,
Umuahia,
Abia State.

ANAMBRA
37, Zik Avenue,
Akwa, Anambra State.

BAUCHI
BOI House,
Maiduguri Road,
Bauchi State.

BENUE
BOI Beside Fajeh Global Resources Filling Station,
Ankpa Road,
Makurdi.

BORNO
5, Sir Kashim Ibrahim Way
opposite GT Bank
Maiduguri, Borno.

CROSS RIVER
115, Marian Road,
Calabar,
Cross River State.

DELTA
Plot 25, Okpanam Road,
Asaba, Delta State.

ENUGU
47, Coal City Garden Estate,
Behind Central Bank,
Okapara, Avenue,
Enugu State.

GOMBE
Shonga Estate, Near NNPC Depot, Gombe State.

KADUNA
BOI House,
18, Muhammadu Buhari way, Kaduna State.

KANO
Guda Abdulahi Road,
City Center (Farm Center)
Nassarawa.

KATSINA
10, Hassan Usman Road,
Zamani House, Opp. CBN,
Katsina.

KEBBI
Plot A1,
Sultan Abubakar RD,
GRA, Birnin Kebbi,
Kebbi.

KWARA
Adanma Bola Saad House,
by Mat-Rite Supermarket,
Ahmadu Bello Way,
G.R.A, Ilorin,
Kwara State.

LAGOS
3, Ashabi Cole Street,
Off Agidingbi Road, CBD,
Alausa, Ikeja,
Lagos.

NIGER
Adjacent Sharman Plaza,
Opposite Murtala Park,
Bosson Road,
Minna,
Niger State.

OGUN
Oluwatoyin House,
Lalugu Road, Okelewo,
Abeokuta,
Ogun State.

ONDO
BOI House, BOI Close,
Ado/Owo Road,
Akure, Ondo State.

OSUN
10, Obafemi Awolowo way,
Igbona, Osogbo.

OYO
OSFICO Building,
Foodco Road,
Jerico, G.R.A,
Ibadan.

RIVERS
Plot 162, Road 34,
off Ordinance Road, Trans Amadi Industrial Layout,
Port Harcourt,
River State.

SOKOTO
6, Ahmadu Bello way
Sokoto.

TARABA
72, Ham Maruwa Way,
opposite GT Bank, Jalingo,
Taraba.

...visit us and let's explore a partnership that works!

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...transforming Nigeria's industrial sector

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Corporate
Profile

Corporate Profile

Bank of Industry Limited (the "Bank" or "BOI) is Nigeria's foremost Development Financial Institution (DFI). It was incorporated in 1959 as the Investment Company of Nigeria (ICON) Limited and reconstructed into the Nigerian Industrial Development Bank (NIDB) in 1964. The bank transformed into the Bank of Industry in 2001, following the merger of the mandates of NIDB, Nigerian Bank for Commerce and Industry (NBCI) and the National Economic Reconstruction Fund (NERFUND).

BOI has a mandate to transform Nigeria's industrial sector by providing financial assistance for the establishment of large, medium and small enterprises; as well as to drive expansion, diversification and modernisation of existing enterprises; and rehabilitation of ailing ones. This mandate is geared towards supporting projects with potential developmental impact, and the capability to generate considerable multiplier effects such as industrialisation, job creation, and poverty alleviation, which would have significant positive effects on the socio-economic condition of Nigerians.

BOI History

1959	• BOI began operations as Investment Company of Nigeria (ICON)
1964	• NIDB was established under the guidance of the World Bank with an authorised share capital of £2m • International Finance Corporation held 75% equity
1976	• Equity structure of NIDB was diluted with the Federal Government owning more shares as part of its indigenisation Decree
2001	• BOI emerged from the merger between NIDB and NBCI with an authorised share capital of ₦50bn
2007	• Authorised share capital of BOI was increased to ₦250bn, in order to put the bank in a position to better address its mandate
2014	• BOI secures credit rating of A- from Agusto & Co. • Engaged 122 SME Consultants to support SMEs • Entered into strategic alliance with 10 SME friendly commercial banks
2015	• Obtained ISO 9001-2008 Quality Mgt. Certification • Bank secures rating of AA+ from Fitch Rating • Expands offices from 7 to 15 state offices • Upgrades Core Banking Application
2016	• Fitch re-affirmed AA+ National Credit rating • Moody's assigned Aa1.ng/NG-1 rating • Increased SME Consultants to 200
2017	• Obtained ISO 9001-2015 Quality Management Certification • Expands from 20 to 24 state offices • Launched $200m local content fund in partnership with the Nigerian Content Development & Monitoring Board • Secured $750m syndicated loan through partnership with AFREXIM
2018	• Secured strategic partnership with InfraCredit by providing a ₦10bn line of credit for issuing local currency guarantees for infrasturcture projects • Instituting quarterly interactive session between BOI and MDs/CEOs, CROs and Treasurers of Commercial and Merchant Banks • Part sponsored the inaugural Intra-Africa Trade Fair (IATF) in Cairo, Egypt and supported over 50 Nigerian SMEs participate in the fair

2018 Achievements

Development Achievement

- Disbursements to enterprises in 2018 grew by over 130% from ₦112.5bn to ₦259.6bn
- Facilitated the disbursement of ₦29bn to 1,550,000 beneficiaries through the Federal Government GEEP programme
- Intervention through the N-Power Scheme worth ₦15.34 billion to 199,989 beneficiaries
- To date, the Bank has trained 14,000 youths and disbursed ₦1.8 billion to 726 youth entrepreneurs through our youth-centric initiatives: Youth Entrepreneurship Support Programme (YES-P) and the Graduate Entrepreneurship Fund (GEF).

Corporate Governance

- Mr Omar Shekarau was appointed ED, Small and Medium Enterprises following the retirement of Dr. Waheed Olagunju who occupied the same role from 2012 to 2018
- Recertified our ISO 9001-2015 Quality Management Certification

Credit Ratings

All 2017 ratings were retained, a testament to our financial stability:

- Fitch Ratings: AA+ National Long Term Rating
- Moody's Ratings: Aa3
- Agusto & Co: Aa

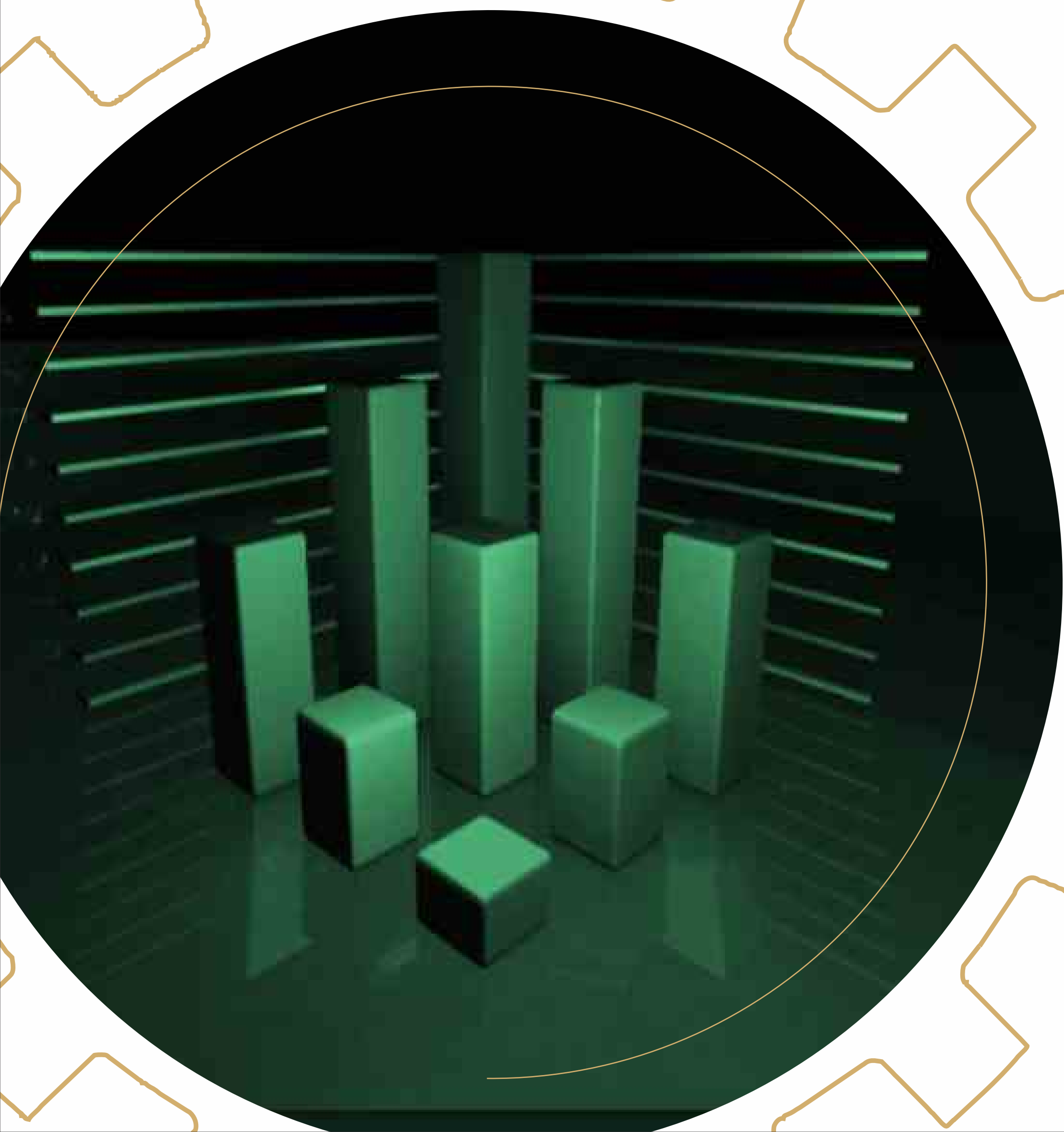
Financial Performance

- Profit Before Tax witnessed a growth of 55.5% from ₦22.7 bn to ₦35.4 bn
- Loans and Advances grew from ₦525.4 bn to ₦633.7 bn marking a 20.6% increase
- Total assets grew by 49% to ₦1,066.2 bn from ₦713.1 bn

Funding

- Signed a Memorandum of Understanding with the Export-Import Bank of China for a $500 million Line of credit to support the importation of plant and machinery from China including Modular refineries
- Through our partnership with the Brazilian Development bank (BNDES), the Bank was granted a $20 million line of credit to support financing the importation of equipment manufactured in Brazil to Nigeria

Economic
and Social Impact



Economic and Social Impact

Corporate Disbursement Profile

Since 2015, the Bank has disbursed loans worth ₦577.8 billion to 4,448 enterprises. This led to the creation of over 2.5 million jobs. These efforts are spread across several key sectors of the economy. These include Agro-processing, Solid Minerals, Healthcare, Petrochemicals etc. There were also targeted focus on emerging sectors that are typically underserved by other financial institutions, given their high-risk nature such as the Youth segment, Renewable Energy, Creative/Entertainment Industry and women businesses.

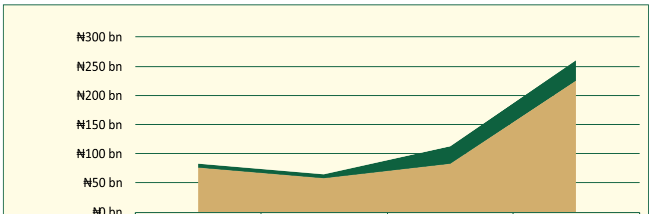
In 2018, the Bank disbursed a total of ₦259.6 billion, which represents a growth of 130% when compared to ₦112.5 billion that was disbursed in the previous year. This performance, when compared to 2015, represents over 210% increase in the Bank's disbursement profile. By leveraging our strategic partnerships and revamping internal business processes, we were able to significantly grow our loan disbursement, particularly, to the MSME segment from ₦7.4 billion in 2015 to ₦33.9 billion in 2018, representing a 360% growth. The increasing trend over the 4-year period was driven largely by the following:

- The introduction of specialised products and funds targeted at the youth entrepreneurs, special funding programmes such as the Bottom of Pyramid (BOP) Scheme to meet the needs of micro-entrepreneurs.

- De-risking initiatives and collaborating with key strategic stakeholders towards enhancing our support to MSMEs.

The Bank's disbursement in 2018 was spread across various regions and industry sectors as illustrated in the graph below.

Figure 1 : Disbursement by Economic Segment

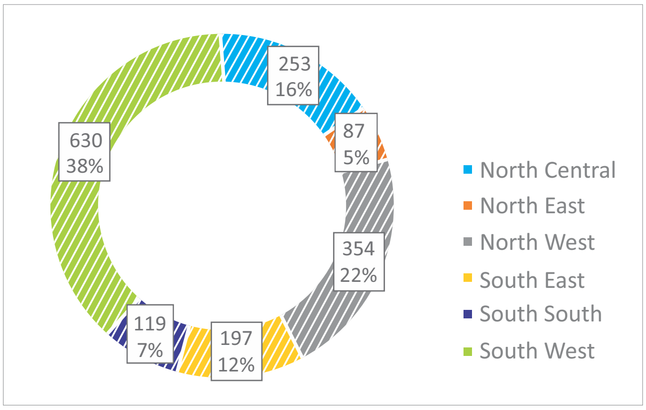


	2015 ₦'bn	2016 ₦'bn	2017 ₦'bn	2018 ₦'bn
MSMEs	7.4	8.2	29.5	33.9
Large Eanterprises	76.1	57.8	83	225.7
Total	83.5	66	112.5	259.6

Regional Impact (2015-2018)

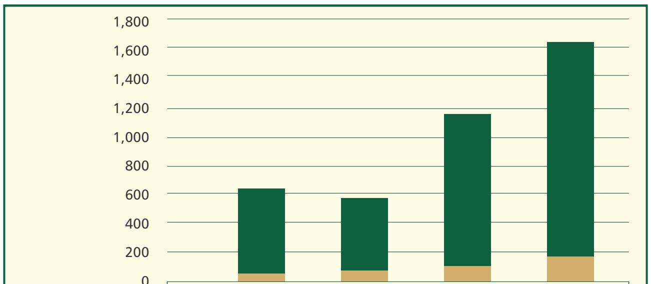
In line with our mandate to support industrialisation across the nation, the Bank has increasingly spread its intervention across all geo-political zones of the nation. The Bank continually seeks to work with various governments and the private sector in the states of the federation towards enhancing the spread of its intervention nationwide.

Figure 2: Regional distribution of Projects in 2018



Number of Beneficiaries

As can be expected, about 90% of beneficiaries in 2018 were MSMEs, while the rest are Large Enterprises. In comparison to 2017, the number of MSME and Large Enterprises grew by 38% and 70% respectively.



	2015	2016	2017	2018
MSMEs	563	472	1,066	1,468
Large Enterprises	58	80	101	172
Total	621	552	1167	1640

Industry and Sectoral Focus

In 2018, the top 5 largest sectors in terms of disbursement were Food Processing, Agro Processing, Healthcare & Petrochemicals, Oil & Gas and the Creative industry. While we have been focusing on these economic sectors, BOI is also increasingly ramping up disbursements in high potential growth sectors and segments such as Renewable Energy, Gender Business etc.

Figure 4: Disbursement by Sector between in 2017 and 2018

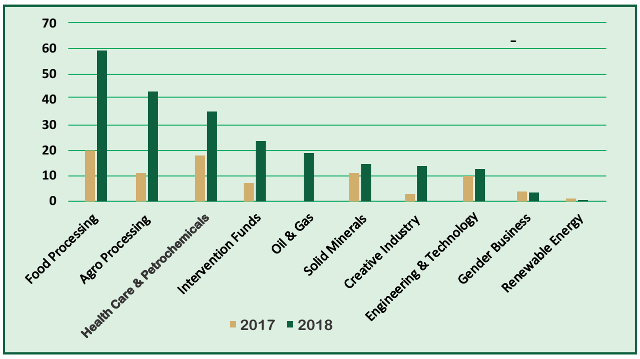
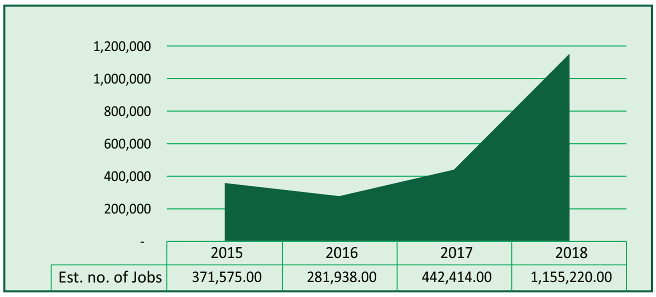


Figure 5: Estimated Number of Jobs Created between 2015 and 2018



Support for Youth Entrepreneurship

Through the Bank's flagship youth-focused products - Graduate Entrepreneurship Fund (GEF) and the Youth Entrepreneurship Support Programme (YES- P), the Bank funded the training of 14,779 participants and has also disbursed a total of ₦1.97bn to 787 youth entrepreneurs.

§ The Graduate Entrepreneurship Fund (GEF) has empowered 420 entrepreneurs with loan amounts valued at ₦678.2m with trainings conducted for 3,084 participants.

§ The Youth Entrepreneurship Support Programme (YES- P) has empowered 367 entrepreneurs with loan amount valued at ₦1.3bn while online and in-class trainings were conducted for 7,000 and 4,695 participants respectively.

Youth Programmes	GEF	YES - P	Total
Total Disbursement	₦678.2mn	₦1,290mn	**₦1,968.2mn**
No. of Beneficiaries	420	367	**787**
No. of Participants Trained	3,084	11,695	**14,779**

Job Creation

Job creation is one of our key focus areas at BOI. As a result of the Bank's sustained interventions, there has been a sharp rise in the estimated number of jobs created as can be seen below. Our intervention in 2018 led to the creation of an estimated 1,155,220 jobs, a great increase compared to the over 440,000 jobs created in the previous year. We expect that in the next few years, there will be a continued focus on supporting transformational projects to drive this index.

Strategic Partnership with the Federal Government

- Government Enterprise & Empowerment Programme

  In 2016, the Bank entered into a strategic partnership with the Federal Government (FG) to disburse funds on its behalf under the FG's Government Enterprise & Empowerment Programme (GEEP), which is a segment of the Social Intervention Programme. GEEP is targeted at informal businesses at the Bottom of the Pyramid.

  Through this partnership, ₦30.27 billion was effectively disbursed to 1,804,154 beneficiaries

GEEP	2016	2017	2018	2019	Total
Disbursement (bn)	₦0.18	₦11.09	₦17.36	₦1.64	**₦30.27**
No. of Beneficiaries	1,865	205,863	1,309,302	287,124.00	**1,804,154**

- N-Power Programme

  In 2017, the Bank also partnered with the Federal Government (FG) to provide finance to the beneficiaries of the N-Power programme, another initiative under the FG's Social Intervention Programme, which is a skills development and knowledge sharing/acquisition scheme for the youth. The funds were disbursed to finance the purchase of worktools for beneficiaries. A total of ₦15.34 billion was disbursed to199,989 beneficiaries

N-POWER	2017	2018	Total
Disbursement (bn)	₦13.57	₦1.77	**₦15.34**
No. of Beneficiaries	169,934	30,055	**199,989**

Promotion of Women Businesses and Empowerment

Promotion of Women Businesses/Empowerment and Gender Equality are part of the bank's strategic focus. As a result, we provide financial support through BOI's dedicated gender desk to ensure there is sufficient growth and development of women businesses.

BOI is also a strong advocate for women's rights and regularly participates and sponsors events that support female entrepreneurship and well-being. The bank recently held an International Women's Day Programme which brought together notable Nigerians to share their experiences in their various journeys to business and corporate success in the hope that they will encourage other women to take that bold step in their business aspirations. The programme was attended by 300 participants who were empowered by the experiences of established female entrepreneurs.

Environmental Impact

BOI is committed to upholding the principles of environmental conservation. We also recognise that our attempts to promote industrial activity should not come at the detriment of the environment.

One of the primary drivers of our developmental strategy is to support environmentally-friendly and sustainable projects. Therefore, the projects that we provide financing for are required to declare the environmental impact of their business activities, which then feeds into the decision-making process on whether or not to support such projects.

Also, as a Development Finance Institution, we are also committed to operating within the guidelines of the Sustainable Banking Principles of the Central Bank of Nigeria.

Additionally, the Bank recently implemented the Electronic Data Management System (EDMS) towards effectively managing the bank's documents through electronic means. This reduces our use of paper.

Finally, our Risk Acceptance Criteria requires that the business activities of our existing or prospective clients must not adversely affect the environment where such businesses exist.

- Resource Management: Currently, we conserve energy by ensuring that we procure energy-efficient products within our offices. We also ensure that machines/ equipment used are completely turned off when not in use, typically overnight and during weekends.

- Loan Process & Technology: BOI is committed to promoting greater environmental responsibility through our business activities. We strongly encourage our clients to adopt policies, guidelines and strategies that include a clear commitment to environmental conservation and sustainable development. In addition to this, we are strong advocates for leveraging technology in our business operations. A key part of our loan process transformation centres on having all our processes transitioning from paper to full automation. Not only does this reduce our use of paper, it also helps in reducing our operating expenses.

Human Rights Protection

BOI is committed to conducting business in an ethical and responsible manner. We are not only committed to respecting and protecting human rights within our own operations, but also through the work of our clients. We condemn human right violations and will not be complicit in human rights abuses of any kind by knowingly providing assistance or support for any actions that perpetuate abuse.

Our partnerships with certain organisations and government agencies operating in the social and economic development field allows us to partake, albeit indirectly in human rights efforts.

We also take steps to ensure that the operations of our customers do not violate any human rights. As a standing policy, BOI does not do business with companies that are accused of human rights violations.

As part of our processes, we work with our clients to help them to develop policies and guidelines that address human right risks. By helping our clients to develop effective policies and guidelines on human rights issues, we not only help to promote respect for human rights beyond ourselves, but also through our clients' business relationships and partnerships.

We also take note to condemn human rights violations and are willing to either terminate our engagement or initiate punitive proceedings if our clients are found to have been responsible for human rights violations. Overall, we use our influence on clients to promote human rights by sharing our experience and good practice.

BOI has never been the subject of investigations, legal cases, rulings, fines, or other incidents related to human rights violations. Also, no incidents of human rights violations by our clients have been reported to any of our state offices.

Labour Rights Protection

At BOI, the relevance of labour principles extends far beyond our own operations. Labour rights are relevant in BOI – not only in our relations with our employees, but also in terms of our business relationships with our clients. If our clients do not comply with labour principles in their day-to-day businesses, they may face significant reputational risks which may subsequently affect us.

BOI does not discriminate in any aspect of human resources functions including hiring, remuneration, etc. We are an equal opportunity employer that seeks diversity in our workforce and make employment decisions on the basis of merit. Applicants are not discriminated against either directly or indirectly on the grounds of race, nationality, ethnic origin, gender, marital status, cultural or religious beliefs, disability and age.

We have a Human Resource policy & Employee Manual that guides activities as pertain to employees. The manual clearly sets out employee rights in terms of conditions of employment, performance management, leave entitlements, recruitment and employment termination procedures.

We also have a Whistle Blowing Policy that provides an avenue for staff to report any incident of unethical behaviour, actual or suspected fraud or violation of BOI's code of conduct.

- Workplace profile: At the end of December 2018, BOI had 432 permanent employees. The Bank's attrition rate currently stands at 2% which is seen as good; considering the dynamic and mobile nature of the industry we operate in.

- Engagement profile: By engaging with our employees on a regular basis, we are able to evaluate our performance in terms of labour principles. We organise bi-annual employee surveys and look to implement recommendations, measures and actions that are identified after completion of the survey.

- Diversity metrics: BOI's gender diversity profile is seen in the table below:

Sex	Number	Percentage
Male	259	60%
Female	173	40%
Total	**432**	**100%**

Corporate

Governance

The Board of Directors of Bank of Industry Limited ("the Board") ensures that a framework of rules and policies are in place to guarantee accountability, impartiality and openness in its interaction with all its stakeholders (Government, financiers, customers, Management, employees and the general public etc).

GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

The Board is responsible for the provision of overall guidance to Management regarding the Bank's operations and the stewardship of its assets and its roles include:

1. Provision of Strategic Direction.
2. Policy Formulation.
3. Decision Making.
4. Oversight.

The Board delegates some of its specific powers and authority to four (4) Board Committees, namely:

1. Board Credit, Investment and Governance (BCIG) Committee.
2. Board Audit and Risk Committee (BARC).
3. Board Finance and General Purpose (F&GP) Committee.
4. Board Adhoc Committee on BOI and Group Properties.

The Board consists of persons of diverse disciplines and skills, chosen on the basis of professional background and expertise, business experience and integrity as well as knowledge of the Bank's business.

The Bank's Directors are fully abreast of their responsibilities and knowledgeable in the business and are therefore able to exercise sound judgment on issues relating to the Bank's operations.

Responsibilities of the Board

1. The Board is collectively responsible for the long term success of the Bank. It achieves this by setting out strategies and monitoring its implementation.
2. The Board is responsible for overseeing the management of the business and affairs of the Bank and other oversight functions, as may be determined by it from time to time.
3. The Board has also delegated to Management, the power to take decisions as may be necessary to transact the day-to-day business of the Bank efficiently.
4. The roles of Chairman of the Board and Managing Director/Chief Executive Officer (MD/CEO) of the Bank are separated and do not reside with one (1) single individual.
5. The Board makes available to its new members of the Board, a suitable induction process, and ongoing training for existing members of the Board.

ATTENDANCE AT BOARD MEETING

The Board of the Bank of Industry Limited met six (6) times in 2018. The record of attendance is provided below:

Name	Position	February 22	March 29	April 25	July 12	October 18	December 20
Mallam Aliyu Abdulrahman Dikko	Chairman	✓	✓	✓	✓	✓	✓
Mr. Olukayode Pitan	Managing Director/ CEO	✓	✓	✓	✓	✓	✓
Dr. Waheed A. Olagunju	Executive Director (SME)	✓	✓	✓	✓	✓	✓
Mrs. Toyin Adeniji	Executive Director (Micro-Enterprises)	✓	✓	✓	x	✓	✓
Mr. Jonathan Tobin	Executive Director (CS&C)	✓	✓	✓	✓	✓	✓
Mr. Simon Aranonu	Executive Director (LE)	✓	✓	✓	✓	✓	✓
Dr. Mudashiru Olaitan	Non-Executive Director (representing Central Bank of Nigeria)	✓	✓	✓	✓	x	✓
Mr. Femi Edun	Non-Executive Director (representing Ministry of Industry, Trade and Investment)	✓	✓	✓	✓	✓	✓
Dr. Bakari Wadinga	Non-Executive Director (representing Federal Ministry of Finance Incorporated)	✓	x	✓	x	✓	✓
Engr. Chukwuemeka Nzewi	Non-Executive Director (representing Manufacturing Association of Nigeria)	✓	✓	✓	✓	✓	✓
Mallam Mohammed Mustapha Bintube	Non-Executive Director	✓	✓	✓	✓	✓	✓

BOARD COMMITTEES:

Board and Committee Governance Structure

Board Credit Investment and Governance (BCIG) Committee

Mr. Femi Edun
Chairman

Membership

1. Mr. Femi Edun - Chairman
2. Dr. Bakari Wadinga - Member
3. Engr. Chukwuemeka Nzewi - Member
4. Mallam Mohammed M. Bintube - Member

The Board Credit Investment and Governance Committee meets at least once every quarter. Additional meetings can be convened as may be necessary.

The Board Credit Investment and Governance Committee met twelve (12) times during the financial year ended December 31, 2018.

Attendance At The Board Credit Investment and Governance (BCIG) Committee Meetings in 2018

Name	Feb. 5	Feb. 19	March 28	June 28	July 3	Sept. 27	Oct. 16	Oct. 25	Nov. 21	Dec. 5	Dec. 17	Dec. 19
Mr. Femi Edun	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Bakari Wadinga	✓	✓	X	✓	✓	X	✓	✓	X	X	✓	X
Engr. Chukwuemeka Nzewi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Alhaji Mohammed Mustapha Bintube	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Key Responsibilities

The key responsibilities of the BCIG Committee include:

1. Considering and approving specific loans above the Executive Management Committee (EMC) approval limit, as may be determined by the Board from time to time.
2. Recommending for Board approval specific loans above the BCIG Committee approval limit, as may be determined by the Board from time to time.
3. Reviewing, approving and/or recommending for Board approval all investment issues involving the Bank.
4. Recommending to the Board for approval, the Board Governance and Board Committee frameworks/mechanisms and conducting its periodic review as it deems appropriate.
5. Ensuring that the Bank complies with rules and procedures regarding the governance of its operations.
6. Evaluating the overall system of Corporate Governance for the Bank and proposing any changes to the Board for approval.
7. Proffering advice the Board on corporate governance standards and policies.
8. Reviewing and recommending for Board approval, all the policies of the Bank.
9. Handling any other issues as may be referred to it by the Board.

Dr. Mudashiru Olaitan
Chairman

Board Audit and Risk Committee

1. Dr. Mudashiru Olaitan - Chairman
2. Mrs. Toyin Adeniji - Member
3. Mr. Simon Aranonu - Member
4. Engr. Chukwuemeka Nzewi - Member
5. Mallam Mohammed Mustapha Bintube - Member

The Board Audit & Risk Committee assists the Board in fulfilling its oversight functions regarding the Bank's system of Internal Audit and Control as well as ensuring compliance with the Bank's Enterprise-wide Risk Management Policies.

The Board Audit and Risk Committee meets at least once a quarter or as often may be required.

The Committee met eight (8) times during the year ended December 31, 2018.

Attendance At The Board Audit and Risk Committee (BARC) Meetings in 2018

Name	January 24	February 20	March 23	June 28	July 11	Sept. 27	Dec. 10	Dec. 12
Dr. Mudashiru Olaitan	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Toyin Adeniji	✓	✓	X	✓	X	✓	✓	✓
Mr. Simon Aranonu	✓	✓	✓	✓	✓	✓	✓	✓
Engr. Chukwuemeka Nzewi	✓	✓	✓	✓	✓	✓	✓	✓
Mallam Mohammed Mustapha Bintube	✓	✓	✓	✓	✓	✓	✓	✓

Key Responsibilities

The key responsibilities of the Board Audit and Risk Committee include, inter alia, the following:

1. Monitoring and assessing the overall integrity of the financial statements and disclosures of the financial condition and results of the Bank's operations.
2. Assisting the Board of Directors in fulfilling its oversight responsibilities with regard to the Bank's Risk Management, internal audit and internal control framework.

3. Discharging the Board's Risk management responsibilities as defined in the Bank's risk policies and in compliance with regulations, laws and statutes applicable to Development Finance Institutions (DFIs).
4. Monitoring Management's responsibilities to ensure that an effective system of financial and internal controls are in place.
5. Reviewing and assessing the integrity and adequacy of the overall risk management function of the Bank.
6. Monitoring and evaluating on a regular basis the qualifications, independence and performance of the Internal Audit & Investigation and Internal Control and Compliance Divisions as well as the Bank's External Auditors.
7. Setting Credit Approval Limits for the EMC, BARC and the Board and recommending same for Board approval.
8. Assisting the Board in discharging its responsibilities on Information Technology (IT) as it relates to financial reporting and the status of the Bank as a going concern.
9. Handling any other issues as may be referred to it by the Board.

The Chief Risk Officer (CRO), Head (Internal Audit & Investigation) and Head (Internal Control and Compliance) present regular reports to the Committee at its meetings. These reports are recommended to the Board for approval and/or information purposes.

BOARD FINANCE AND GENERAL PURPOSE COMMITTEE

Dr. Bakari Wadinga
Chairman

Membership

1. Dr. Bakari Wadinga - Chairman
2. Mr. Olukayode Pitan - Member
3. Dr. Mudashiru Olaitan - Member
4. Mr. Femi Edun - Member

The Board Finance and General Purpose Committee discharges the Board's responsibilities with regard to strategic and budgetary direction.

The Committee meets quarterly and additional meetings may be convened as required.

The Committee held five (5) meetings during the year ended December 31, 2018.

Attendance At The Board Finance and General Purpose Committee Meetings in 2018

Name	February 18	April 24	July 2	October 17	December 19
Dr. Bakari Wadinga	✓	✓	✓	✓	✓
Mr. Olukayode Pitan	✓	✓	✓	✓	✓
Dr. Mudashiru Olaitan	✓	✓	✓	✓	✓
Mr. Femi Edun	X	✓	✓	✓	✓

Key Responsibilities

The key responsibilities of the Board Finance and General Purpose Committee include, inter alia:

1. Reviewing and recommending for Board approval, the Bank's Budget.
2. Monitoring the Bank's performance against Budget.
3. Reviewing the remuneration of all the staff of the Bank including Management staff.
4. Providing oversight on financial matters and the performance of the Bank.
5. Handling any other issues as may be referred to it by the Board.

BOARD ADHOC COMMITTEE ON BOI AND GROUP PROPERTIES

Engr. Chukwuemeka Nzewi
Chairman

Membership

- Engr. Chukwuemeka Nzewi - Chairman
- Mr. Olukayode Pitan - Member
- Dr. Waheed Olagunju - Member
- Mr. Jonathan Tobin - Member

The Board Adhoc Committee on BOI and Group Properties provide oversight in respect of all of the Bank's and Group properties.

The Committee meets at least once a quarter or as often as may be required.

The Committee met six (6) times during the year ended December 31, 2018.

Attendance At The Board Adhoc Committee on BOI and Group Properties Meetings in 2018

Name	February 20	March 23	June 28	Sept. 28	October 16	December 4
Engr. Chukwuemeka Nzewi	✓	✓	✓	✓	✓	✓
Mr. Olukayode Pitan	✓	✓	✓	✓	✓	✓
Dr. Waheed Olagunju	✓	✓	✓	✓	✓	✓
Mr. Jonathan Tobin	✓	✓	✓	✓	✓	✓

Key Responsibilities

The key responsibilities of the Committee, inter alia, include the following:

1. Overseeing the management of the Bank and Group's properties.
2. Reviewing and making recommendations to the Board regarding the acquisition and/or disposal of the Bank and Group's real properties.
3. Reviewing and recommending for Board approval, all issues regarding capital projects that the Bank has or intends to embark upon.
4. Handling any other issues as may be referred to it by the Board.

MANAGEMENT COMMITTEES

The Management Committees of the Bank comprise of Senior Management staff who are involved in taking decisions that facilitate the day-to-day operations of the Bank, in line with the authority delegated to it by the Board and the relevant laws and regulations applicable to it.

The Management Standing Committees of the Bank meet as often as may be required in order to take decisions on issues referred to them.

They include the following:

1. Executive Management Committee (EMC).
2. Assets and Liability Committee (ALCO).
3. Micro-Credit Committee (MiCC).
4. Information Technology (IT) Steering Committee.
5. Management Contract Committee (MCC).

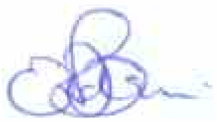
THE COMPANY SECRETARY

The Company Secretary is responsible for advising the Board on all governance matters.

Key responsibilities of the Company Secretary include:

1. Maintenance of the Company's statutory books.
2. Facilitating all Board meetings, Board Committee meetings, Executive Committee meetings, Annual General meetings etc.
3. Ensuring compliance with the Bank's Memorandum and Articles of Association as well as other laws and regulations.
4. Filing of Statutory Returns at the Corporate Affairs Committee.
5. Induction of newly appointed Directors to the Bank's Board and ongoing training for the members of the Board of existing Directors.
6. Effectively liaising with the Bank's shareholders.

BY ORDER OF THE BOARD



OLUFUNLOLA O. SALAMI (MRS.)
Company Secretary
FRC/2018/ICSAN/00000018804

AML/CFT
Framework

Introduction

To enable us at the Bank of Industry pursue and achieve our vision of being the leading DFI in Africa, we are fully committed to all regulations, policies and measures aimed at preventing all forms of economic and financial crimes including money laundering and funding of any acts of terrorism. The Bank continuously implements its policy and framework on Anti- Money Laundering and Combating the Financing of Terrorism (AML/CFT) as well as the prevention of the financing of illegal activities and proliferation of weapons of mass destruction.

The policy and framework ensures our full compliance with all the Nigerian legislation and regulations on AML/CFT and the recommendations of the Financial Action Task Force (FATF). We also implement the framework in line with the global best practices.

Structures of the AML/CFT Framework

The framework which detailed the required procedural guidelines for implementation is updated regularly to ensure that they are relevant, current and in tune with the evolving and new legislations, regulations and best practices.

The Bank adopts a risk based approach in the formulation and implementation of the AML/CFT Framework. The Bank is very proactive in its risk identification, measurement and mitigation processes. It allocates the required resources for the risk management processes to ensure that none of the identified risks crystalized.

Scope of the AML/CFT Framework

The framework amongst others defines the responsibilities of the Board of Directors and the Senior Management of the Bank as well as the procedural guidelines for Know Your Customer (KYC), monitoring and reporting of transactions, relationship with regulators, law enforcement agencies, and correspondent banks, sanctions and treatment of politically exposed persons.

i) **Board of Directors and Management responsibilities**

The Board of Directors exercises oversight and supervisory responsibilities for the AML/CFT framework. It is the Board's duty to ensure that all the staff of the Bank and its agents comply strictly with all the regulatory and internal procedures relating to the framework and that the Bank at all times maintains a zero tolerance to all forms of AML/CFT infractions. The implementation of the AML/CFT framework has a very strong backing of the Board in line with the AML/CFT global best practice.

ii) **Reports to the Executive Management Committee and the Board**

The Executive Management Committee (EMC) and the Board of the Bank receive and consider the AML/CFT reports at least once in a month and quarterly basis respectively. The reports keep the EMC and the Board up to date on the Bank's compliance with the regulatory obligations, internal procedures and global best practices. The reports also ensure that the members of the EMC and the Board are kept abreast on current trends and developments in the financial industry and especially as it regards the AML/CFT compliance risks.

iii) **Know Your Customer (KYC) Procedures:**

The Bank conducts customer due diligence on every of its customers starting from the moment a loan application is received by the Bank. Since the Bank does not deal with individuals but registered businesses and corporate persons, the due diligence process include corporate searches with the Corporate Affairs Commission, identity verification of all the Chief Promoters, directors and key management staff of the customer, business address verification and background checks on business partners (equipment and raw material suppliers as well as product off takers). The Bank obtains the Central Bank of Nigeria (CBN) mandatory's Bank Verification Number (BNV) of all the customer's Chief Promoters, directors and key management staff as well as the company's Tax Index Number (TIN) required by the Federal Inland Revenue Services.

The due diligence is extended to the business funding and loan repayment sources. The Bank obtains acceptable means of identification, the current photograph and personal tax clearance certificates of the Chief Promoters and all the key individuals on the Management of the customers

.

The Bank also conducts enhanced due diligence on high risk customers and those that have politically exposed persons (PEPs) and financially exposed persons (FEPs) on the Boards and/ or key members of their Management team. The approval of the EMC and the Board which would detail the risk mitigation measures is required for all customers identified to be PEPs and FEPs prior to any exposures to such high risk customers.

iv) **Transaction Monitoring**

The Bank has put in place a robust transaction monitoring system. Every staff of the Bank is advised regularly of signals of money laundering and terrorism financing transactions. The Risk Management Division and Compliance Department on their part also provide institutional checks to ensure that such transactions never sail through the system. The staff are fully informed and regularly reminded that all suspicious transactions should be promptly reported to the Compliance Department.

v) **Transaction Reporting**

The Bank is in full compliance with all regulatory and statutory requirements that provide that certain reports and returns be made to regulatory bodies. Specifically, we provide the required returns and reports as follows:

i)Nigerian Financial Intelligence Unit (NFIU)

- Suspicious Transaction Report (STR)
- Foreign Currency Transaction Report (FCTR)
- Returns on Politically Exposed Persons (PEPs)

ii) Central Bank of Nigeria (CBN)
- Suspicious Transaction Report (STR)
- Whistle Blowing Returns
- Returns on Politically Exposed Persons (PEPs)

In accordance with sections (2), (6) and (10) of the Money Laundering (Prohibition) Act of 2011 as amended ("the Act"), the Bank renders reports to the NFIU and the CBN. Section (2) of the Act requires that financial institutions must render reports on all transfers of funds and securities of any sum exceeding ten thousand dollars ($10,000) across the nation's borders. Section (6) of the Act requires all financial institutions to submit a report on all unusual and suspicious transactions. (This section applies to Deposit Money Banks and it does not apply to DFIs - BOI)

vi) **Relationship with Regulators and Law Enforcement Agencies**
To ensure that all acts of money laundering and financing of terrorism are discouraged, the Bank acknowledges its corporate and social responsibility to provide maximum cooperation to all law enforcement agencies entrusted with the responsibility of combating all forms of economic and financial crimes. The Bank therefore maintains a very cordial and supportive relationship with all the regulatory and law enforcement agencies by complying with all requests made on the Bank in accordance with the law. The Bank promptly files all required reports and returns and in addition provides all other required information to all the regulatory authorities and law enforcement agencies including CBN and NFIU. The Bank's cooperation towards combating the economic and financial crimes also extend to provisions of feedback to regulators and law enforcement agencies on new regulations and other means of mitigating emerging risks arising from new technologies, products, innovations and processes.

vii) **Sanction Compliance Management**
It is the Bank's policy not to transact with any company or individual that is sanctioned or under investigation for any AML/CFT crimes. The Bank ensures that all names of individuals and organizations intending to engage the Bank in any business relationship or transaction are duly screened against the Bank's internal caution and watch lists which are regularly updated.

The internal caution and watch lists contains the names of individuals and businesses who have been blacklisted by various sanction agencies across the globe. All employees are required not to transact business on behalf of the Bank with any names confirmed to be on the watch list. All staff are also required to escalate any intending customer confirmed to be on the watch list to the Compliance Department of the Bank for further escalation to appropriate authorities and relevant regulatory and law enforcement agencies.

viii) **Politically Exposed Persons (PEPs)**
PEPs are individuals of great influence who derived the influence from the office they occupied or the association they have with occupiers of positions of influence. The Bank considers such person as high risk individuals and ensure therefore that enhanced due diligence measures are applied on them to mitigate the AML/CFT and other risks they pose to the Bank. The measures are to ensure that the Bank is not inadvertently aiding any acts of money laundering and/or the financing of terrorism.

All relationships with PEPs are subjected strictly to the Bank's Risk Acceptance Criteria (RAC) and require the approval of the Compliance Department, Risk Management Division, and ultimately the Executive Management Committee (EMC) and the Board.

ix) **AML/CFT principles for Correspondent Banking:**
The Bank enters into relationship and maintain correspondent banking relationship only with financial institutions that are AML/CFT compliant. The Bank conducts annual due diligence on all its correspondent banks to avoid any associated risks.

The Bank has no relationship with Shell Banks.

x) **AML/CFT Training:**
The Bank considers training of its staff on all aspects of operations a priority. To that effect, AML/CFT trainings are regularly conducted for all staff of the Bank including Management Staff to keep them abreast of the AML/CFT laws and policies, KYC principles and any other AML/CFT related issues.

The Board and Senior Management members attend at least one training in a year on AML/CFT. In addition to organized seminars and workshops, trainings are also organized via our e-learning and off-site facilities. The Bank also issue regular updates on AML/CFT to all staff through electronic media.

xi) **AML/CFT Audits:**
The Internal Audit & Investigation conducts periodic review of the AML/CFT function and advises EMC and the Board accordingly. The internal audit purpose is to provide continuous assurance on the effectiveness of the AML/CFT controls and adequacy of the controls.

xii) **Record Retention:**
The Bank retains all customers' documents including identification throughout the life of the relationship and thereafter for a minimum of 10 years after the banking relationship has ceased to exist in accordance with AML/CFT Policy. However, where the customer is in litigation with the Bank, all records relating to the customer and transactions are kept till the matter is fully disposed of by the court.

Internal Control

& Risk Management Systems

Bank of Industry's internal control and risk management systems are designed to ensure timely identification and correction of material errors or inconsistencies in the financial statements to promote reliability of financial reports and compliance with internal policies and relevant regulatory requirements.

In order to ensure compliance with global best practice, the Bank's internal control framework is modelled after the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Framework.

COSO defines internal control as "a process, effected by an entity's Board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations"

The scope of internal control therefore covers all activities and functions that take place in the Bank. These include process for policy formulation, strategy development and implementation, project initiation, authorization and reporting, compliance, and other endeavors of all types at all levels of the Bank.

The Bank's internal control and risk management functions are designed to take proactive and preventive measures to forestall loses that could arise from the Bank's activities.

To facilitate the achievement of the Bank's mission, strategies and related business objectives, the Internal Control and Risk Management System has been designed and fashioned around the following five component areas:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

Control Environment

Two Board Committees (Board Audit and Risk Committee, and Board Credit, Investment and Governance Committee) have oversight function on the Bank's Risk Management Processes. The Committees are responsible for setting risk Management policies that ensure material risks inherent in the Bank's business are identified and mitigated or controlled. The oversight functions of the committees include among others, ensuring that quality accounting policies, internal controls, independent and objective statutory auditors are in place to prevent and detect fraud and material errors in financial reporting.

The Bank also has Executive Management Committee (EMC) responsible for implementing risk management policies set out by the Board. It is also responsible for setting internal control policies and monitoring the effectiveness of the internal control systems. It has responsibility to ensure proper books of accounts are kept and accounting policies are in conformity with: International Financial Reporting Standards; Prudential Guidelines and Circulars issued by the Central Bank of Nigeria; The requirements of the Banks and Other Financial Institutions Act; and The requirements of the Companies and Allied Matters Act.

Risk Assessment

The Board and Senior Management regularly assess the risks the Bank is exposed to, including risks relating to financial reporting. Management committee meet on regular basis to assess the enterprise bank-wide risks the Bank is facing based on its operation. Senior Management also regularly considers whether the existing internal controls are effective in relation to the risks identified in the financial reporting process.

The Board also assesses the effectiveness of the Bank's internal control over financial reporting on an ongoing basis and specifically at mid-year and year end. The Management letter issued by the external auditors which contains the auditors' observations on the control environment in the Bank is discussed at the Audit Committee meetings.

Control Activities

Control activities are an integral part of the Bank's day to day operations. Senior Management has set up control structure to ensure control activities are defined at every business area. Examples of the Bank's control activities include the following;

(i) Top Management Reviews

- Periodic Internal Audit Reports identifying control weaknesses and providing recommendation to improve and strengthen control points and processes to Management and Board Audit Committee.
- Daily Management review of financial statements.
- Monthly and quarterly profitability review, where the Bank's financial performance is reviewed and compared with set budgets.
- Quarterly reports of the Chief Risk Officer to the Board, eliciting the existing and potential risks facing the Bank and the mitigants deployed.

Activity Control

Control functions are embedded within each business area for self-checking of activities within the areas (for instance, transactions call over for timely detection of errors is carried out by all posting units).

Physical Controls

There are policies guiding access to the Bank's physical and financial assets, including dual custody, use of overrides etc.

Compliance with Limits

The Bank sets internal limits guiding financial authorization, credit concentration limits, Fixed Asset Coverage for credit exposures etc. The limits are monitored and compliance enforced on a daily basis by an independent unit outside the business areas.

Approval and Authorisation Limits

There are segregation of duties; no officer can start and conclude transactions. Limits exist for credit and expense approvals. Transactions are approved at appropriate levels.

Verifications and Reconciliations

All internal ledgers are regularly proofed and reconciled; exception reports are generated.

Whistle Blowing

The Bank has instituted a strong whistle blowing culture among staff and also created awareness among its stakeholders. The whistle blowing platform is accessible to all and the aim is primarily to ensure that all cases of irregularities are made known and addressed by the Bank.

Information and Communication/ Monitoring

The Bank's Management understands the need for a timely, reliable and accurate information flow within the Bank, for effective decision making and enhanced financial reporting. Every activity of the Bank is codified in the Bank's standard operating procedure (SOP), which outlines the process flow and specifies the duties and responsibilities of every officer in relation to the activity.

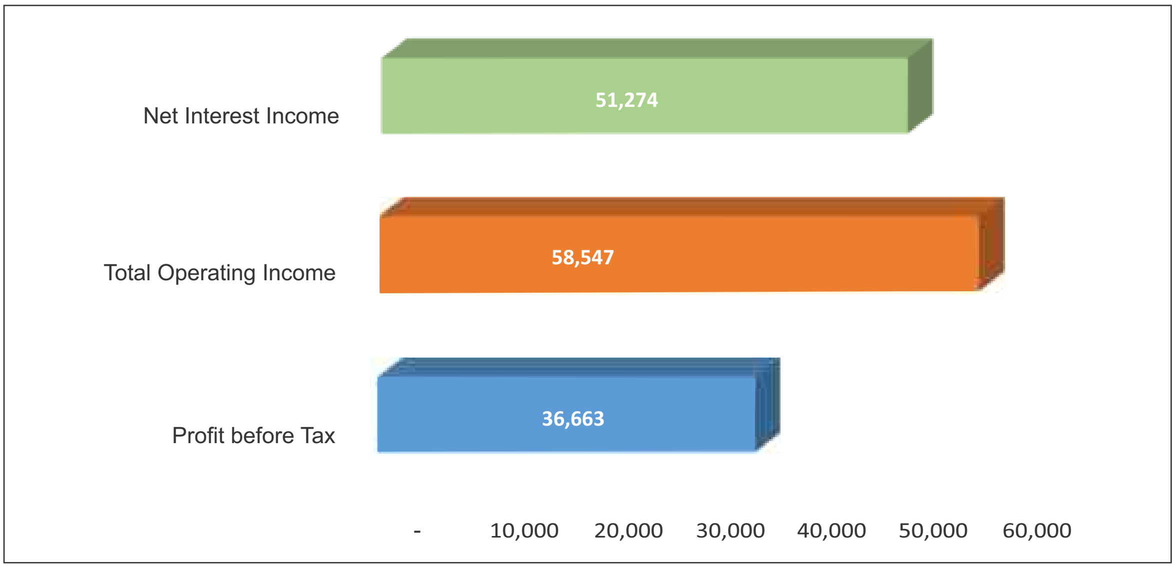
Financial
Highlights

NAIRA (NGN)	The Group		The Bank	
	2018	**2017**	2018	**2017**
MAJOR PROFIT OR LOSS ACCOUNT ITEMS	N'000	N'000	N'000	N'000
Interest income	67,719,337	34,966,778	65,208,827	33,820,364
Other operating income	7,273,285	7,814,650	6,242,925	5,520,446
Interest expense	(16,445,454)	(528,375)	(16,457,823)	(619,850)
Impairment writeback	5,155,154	3,403,815	5,010,024	1,651,447
Operating expenses	(27,039,112)	(19,293,546)	(24,650,632)	(17,634,728)
Profit before tax	36,663,210	26,363,321	35,353,321	22,737,679
Taxation	(4,209,382)	(3,203,771)	(3,445,677)	(3,149,567)
Profit after tax	32,453,828	23,159,550	31,907,644	19,588,112
MAJOR BALANCE SHEET ITEMS				
Loans and advances	634,116,033	525,837,976	633,706,120	525,386,170
Borrowings	686,730,273	389,450,139	684,647,342	389,450,139
Share capital	147,371,321	147,371,321	147,371,321	147,371,321
Total Equity	258,239,464	241,777,231	259,332,789	243,262,390
Total assets	1,069,045,180	713,255,924	1,066,160,794	713,143,335
Profit/basic earnings (in kobo)	44	31	43	27
Profit/diluted earnings (in kobo)	40	31	39	27
Net asset per share (in kobo)	350	328	352	330
Number of employees	485	393	420	337
Total ordinary shares	73,685,660,000	73,685,660,000	73,685,660,000	73,685,660,000

The Group

The Group reported an Operating Income of ₦58.5bn for the year ended December 2018 and Profit Before Tax (PBT) from operations increased to ₦36.7bn from ₦26.4bn in 2017. This showed an increase of 39.07% which was achieved from the growth in Operational Performance, improved Treasury Market Activities, Effective Loan Monitoring and Loan Collections. The Group reported a return on equity of 12.98% as compared to 10.03% reported in 2017 and return on asset of 3.64% as compared to 3.32% in 2017. This shows an improvement in the performance of the Group.

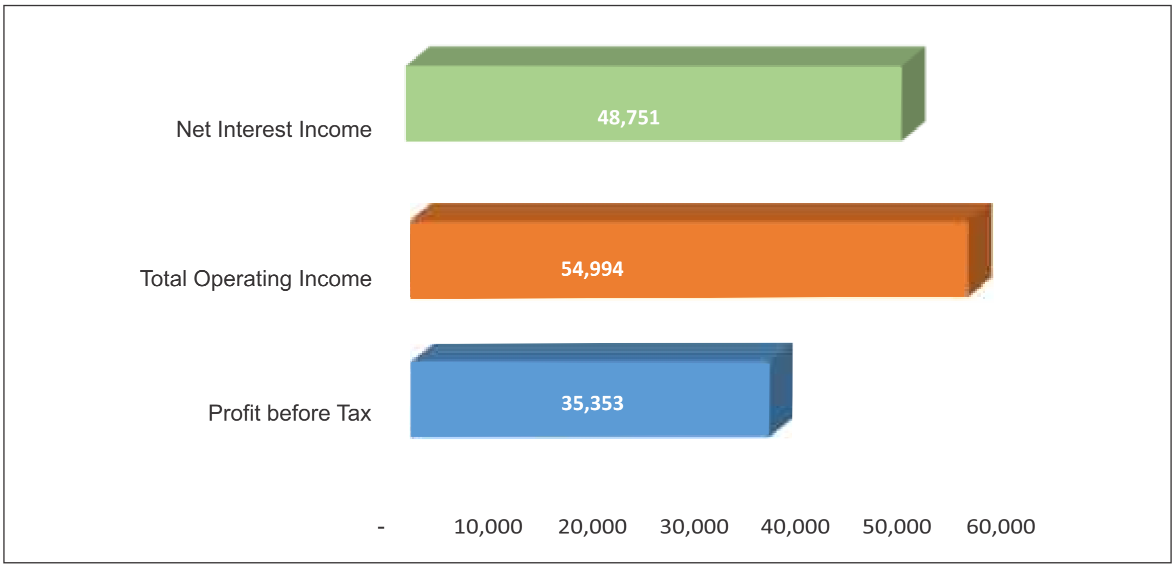
2018 FINANCIAL RESULTS IN N'm



The Bank

The Bank reported an operating income of ₦54.9bn in the reporting year ending December 2018 and profit before tax from operations increased to ₦35.4bn from ₦22.7bn in 2017. This showed an increase of 55.5% which was achieved from the growth in operational performance, improved treasury market activities, effective loan monitoring and loan collections. The Bank reported a return on equity of 12.7% as compared to 8.37% in 2017 and return on asset of 2.99% as compared to 2.80% in 2017. This is also indicating an improvement in the Bank's performance.

2018 FINANCIAL RESULTS IN N'm



The Group

Net Interest Income

The Group's Net Interest Income grew by 48.9% from N34.4bn in 2017 to ₦51.2bn in 2018. The increase in Net Interest income is as a result of increase in income from Treasury bills as well as loans and advances. Interest expense increased by 3012.5% to ₦16.4billion in 2018 (2017 : ₦528m). Overall, there was a growth of 48.9% in Net interest income.

Non – Interest Revenue

The Group's non interest income for 2018 is reported as ₦7.3bn (2017 : ₦7.8bn). This shows a relative stability in other income line.

Impairment

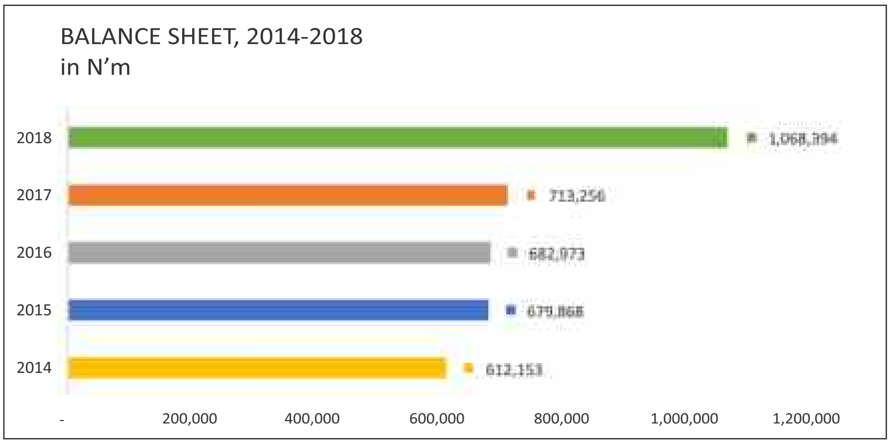
There was a write back of impairment during year. This amounted to ₦5.2bn as compared to an impairment write back of ₦3.4billion reported in 2017. This change shows the continuous strength in the Group's loan book and its recoverability of the impaired loans. This is attributable to improvement in the Group's Risk Management Strategy, Recovery and Loan Collection drive.

Strong & Viable Balance sheet

The Group has continuously shown sustainability in its performance reflected in the balance sheet statements for the year. The strong balance sheet reflects the Group's commitment and drive in achieving its objectives.

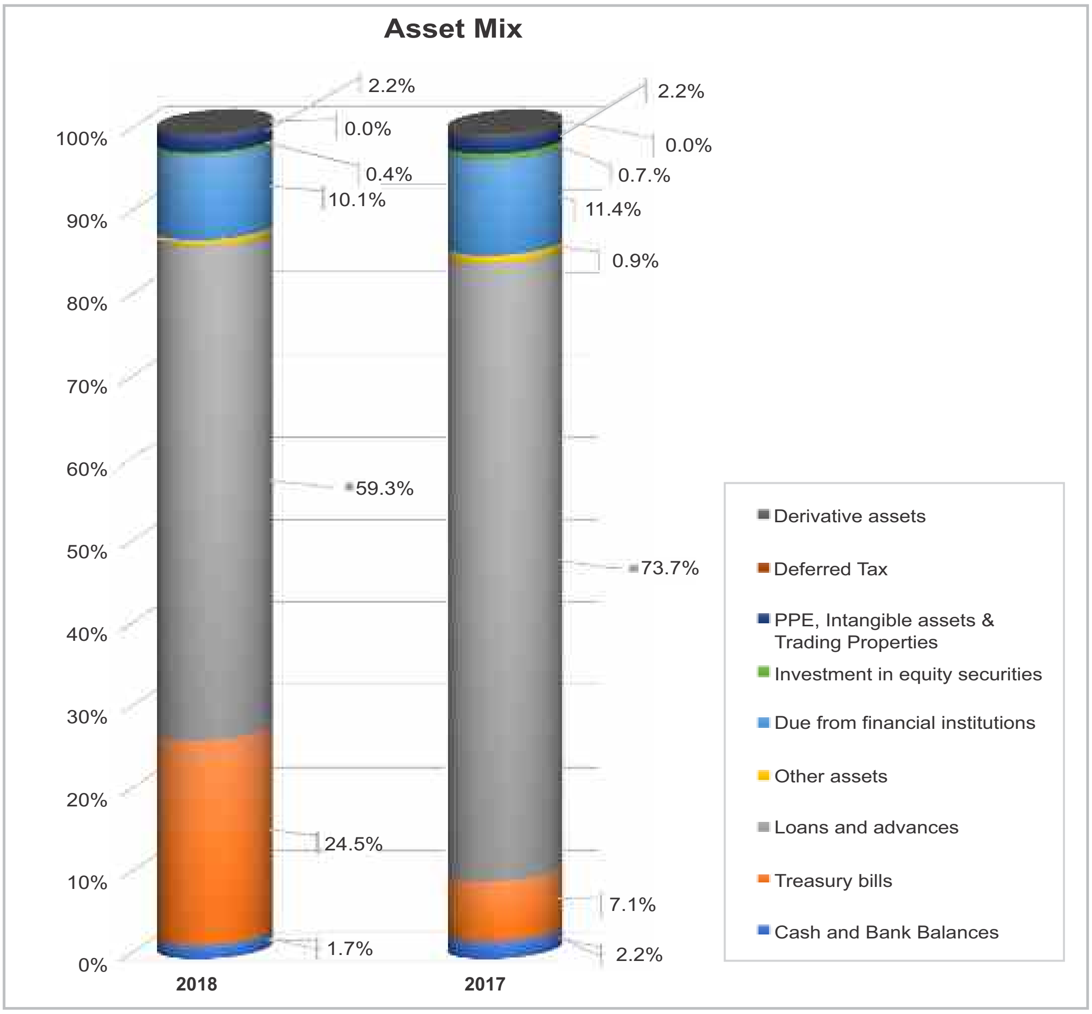
The Group reported a total asset of ₦1.069trillion as compared with ₦713billion reported in 2017 representing a 49.9% increase as compare to the previous year.

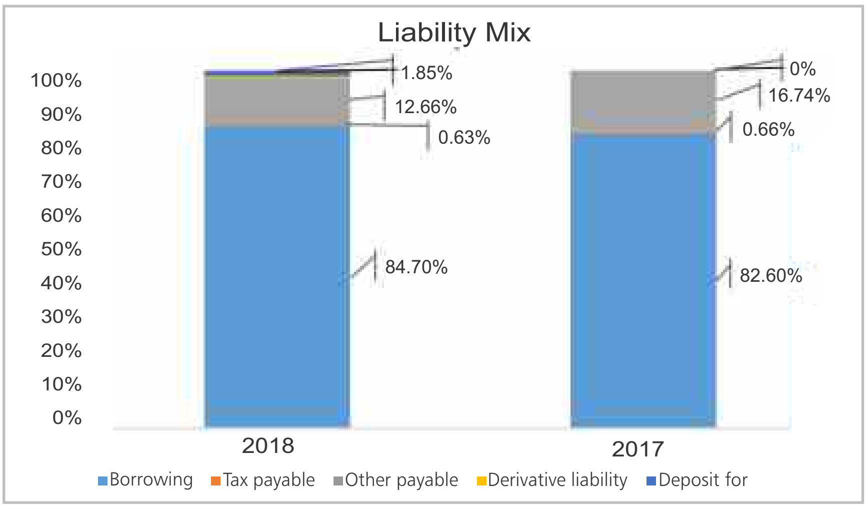
Total Liabilities totaled ₦810.8bn representing an increase of 72% and shareholder's funds of N258bn representing a 6.8% increase.



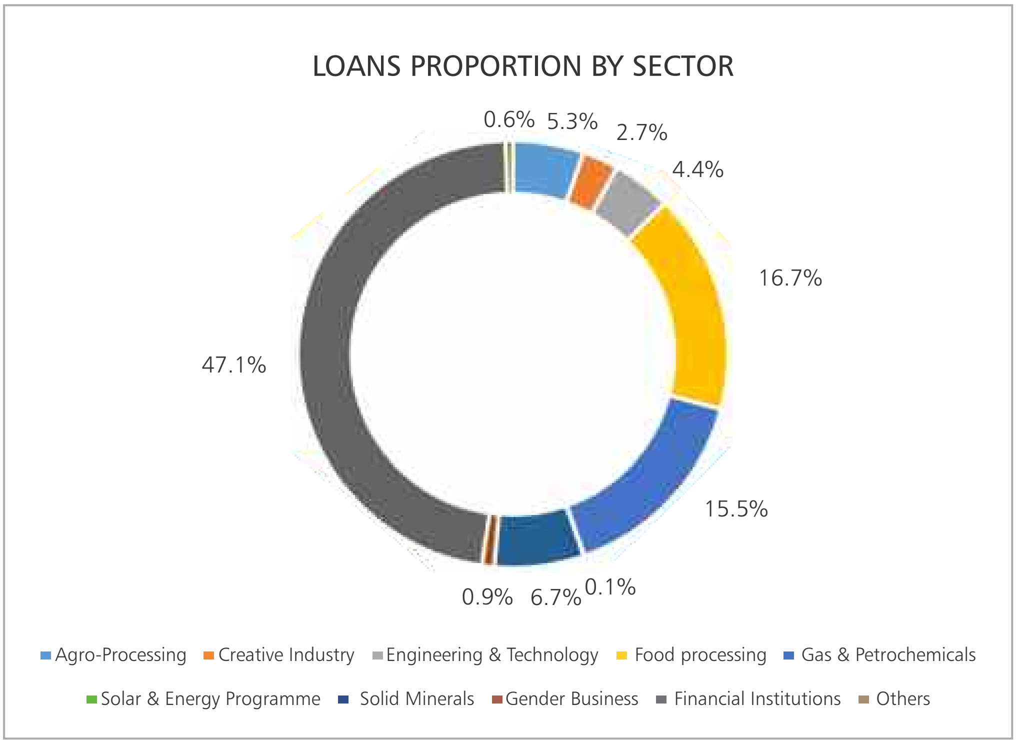
During the year ended, the Group continued to maintain its usual mix of assets and liabilities. The loans and advances continues to make up the highest proportion of the Groups assets. The Group also saw an increase in loans from financial institutions in the year. This as well as other investment activities within the Group depicts its consistent commitment to meeting its mandate towards industrialising the Nigerian economy within a vast range of business sectors.

The Group, however maintains a robust risk framework to ensure its assets are maintained to the highest standards. The assets and liabilities mix are depicted below





In line with the Group's objective to industrialize the Nigerian economy, the group continuously ensures diversity in its loan portfolio in order to include as many industries as possible. The sectorial allocation of the Group's loan portfolio can is illustrated below.



Capital Adequacy

In the reporting year, the Group's shareholders funds totalled N258bn which depicts a growth of 6.8% as compared with prior year while the Bank's shareholders fund totalled N259bn representing 6.6% increase as compared to 2017 financial year.

According to the Prudential guidelines, it is expected that the capital adequacy ratio should be benchmarked at 5% of Tier 1 capital to total assets. The Group's regulatory Tier 1 capital adequacy ratio is 35.07% in 2018 while the benchmark for Tier 2 capital adequacy ratio is set at 10%. The Group's Tier 2 capital adequacy ratio at the end of 2018 was 18.98%.

The Group reported an overall Capital adequacy ratio of 54.05% at the end of 2018. This surpasses the set benchmark of 10% for Development Financial Institutions.

Liquidity

The current liquidity ratio of the Group shows that it has more than adequate liquid assets to meet its financial obligations. This is measured by assessing the proportion of its current / liquid assets to its current liabilities. The Group reported a liquidity ratio of 3.60 in 2018. This implies that the Group is able to continuously meet demand on its outstanding liabilities as they fall due.

The benchmark set by the CBN's Regulatory & Supervisory Framework for banks is a minimum liquidity ratio of 10%. The Group has positive results by surpasing this set benchmark.

BoI Secures $750m Afreximbank Loan; Set to Disburse at Single-digit Rate

In fulfilment of its strategic drive to deepen penetration of its services to more businesses across the country, the Bank of Industry has secured a $750 million (N250 billion) syndicated loan facility from the African Export-Import Bank (Afreximbank), which it has committed to disburse to Micro, Small and Medium Enterprises (MSMEs) at single digit interest rate. It is the single largest syndicated facility to be received by a development finance institution in Nigeria, further cementing the Bank's position as the best-in-class DFI in the country, and the West African sub-region.

The BoI Managing Director, Mr Olukayode Pitan, who spoke in an interview on the sidelines of the signing of the MoU between the Bank and Afreximbank, said the loan would be given to MSMEs in the country for a period of between five and seven years, adding that the loan will enable the Bank to meet the funding need for MSMEs, which he projected to be around N700 billion.

Pitan explained that the $750 million (N250bn) was financed by a total of 16 bank, some of which include the Africa Export-Import Bank, ECOWAS Bank for Investment and Development, and British Arab Commercial Bank Plc, among others.

He said, *"There were 16 international banks that took part; our Nigerian banks that are based in the UK were a part of it. This money is medium term, which is three years and the interest is very good when you look at the rate Nigeria usually borrows.*

"The idea is to support industries. What this loan allows us to do is, it gives additional N250 billion depending on the exchange rate that is used (between N230bn and N250bn) to deploy to the industrial sector.

"We have done our own study. There is a gap in the funding of the industrial sector to the tune of N704 billion. This is our way to reduce that gap," Pitan said.

He stressed that the fund would be given to companies operating in the creative industry, manufacturing and gender-based businesses. This, he noted, would help reduce the unemployment rate in the country and create wealth for small and medium scale entrepreneurs. He said, "We are looking at small, medium and large enterprises. We are looking at enterprises or companies that have a focus in using local raw materials, companies that generate employment and bring down their cost of borrowing.

"This loan will be deployed at less than ten per cent interest per annum. We are looking at the creative industry, light manufacturing, mining, gender business etc to promote Nigerian industrial sector," Pitan said. According to him, BoI is working with the Central Bank of Nigeria to ensure that the loan it will give to Nigerian businesses will be a longer-term loan of between seven to eight years, for the industrial sector," he added.

TraderMoni to Achieve 2m Nigerians Reach Target, Command Centre Launched

Vice President, Prof. Yemi Osinbajo, has said the economic empowerment scheme of the Federal Government for petty traders, Trader Moni was already on course to achieving its target of 2million beneficiaries by the end of the year.

Osinbajo stated this when he visited the Command Centre of the TraderMoni at the Bank of Industry (BoI) office in Abuja. The Centre is where the Bank monitors and evaluates everything that goes on in the field.

The Vice President, who hinted that the sum of N20billion was earmarked for the programme this year, described as false, the stories making the rounds that the scheme was a campaign tool to sway votes in favour of the ruling party come 2019 presidential election. Osinbajo, said on the contrary, the national assembly approved the scheme and what the government was doing, was to vigorously implement it.

Osinbajo, who pronounced the initiative as the largest in Africa only maybe second to India, said it was also an expression of the determination of the President Muhammadu Buhari administration to lift as many struggling petty traders who could not access loans for their businesses out of poverty and make life generally meaningful for them. The Vice President, expressed satisfaction at the level of work and coordination at the Centre, stating that beyond any shadow of doubt, the scheme had almost achieved its target of 2million beneficiaries for this year with already 1.5million beneficiaries already recorded, which showed the scheme was on course to achieve its target.

Also speaking, the Bank's Managing Director, Mr Olukayode Pitan, revealed that, thus far, about N14billion has been expended on the project out of the N20billion earmarked for it this year. Pitan assured that those traders who had been registered but had not collected their loans would soon get disbursements. He also said it would be too early to give percentage of beneficiaries that had repaid their loans as the programme was just starting. He, however warned that those who default would be blacklisted from the scheme as the money is not a national cake.

Executive Director, Micro Enterprises, Bank of Industry (BoI), Mrs Toyin Adeniji, further explained that what the BoI has brought to the programme was technology or the engine to drive the programme. "We have built a system where we work with stakeholders to make the programme a reality. TraderMoni is paid over wallet to the petty traders and what that means is that we have over 4000 agents working with us, they go into the field and do enumeration. "After the enumeration which they do at the point of trade, it goes into our system and what the system does is to White List. So basically, it sieves the data so that only those that are credible, those who are actually qualified for the TraderMoni will now come on board and remain on the White List, and it is this White List that feeds into the mobile wallet," she further explained.

GEEP Chief Operating Officer, Mr Uzoma Nwagba, explained that the Command centre is there to resolve issues and ensure seamless operation of the scheme. "We have the cameras, CCTVs. We have about 4000 field agents, who wake up in the morning to go and capture beneficiaries for loans. We are able to track, monitor and receive calls. If anybody has problems, we want to resolve it for them. If anybody wants to make repayment and is confused about the process, we make sure that we clarify it," he explained.

Bank of Industry Partners with FG, Afreximbank, NSIA on Special Economic Zones

The Bank of Industry is one of the partners with the Federal Government of Nigeria on the development of special economic zones in the country; it signed agreements with the Federal Government along with other Development Finance Institutions and the Nigeria Sovereign Investment Authority (NSIA).

Presiding over the signing at the Council Chambers of the Aso Rock Villa, President Muhammadu Buhari, affirmed that the investment company in the Special Economic Zones (SEZ) will go into operation.

"Today, we are here to witness the signing of investment agreements, following which the Nigeria SEZ Investment Company Limited will become fully operational," he said.

The Federal Government set up NSEZCO Limited as a vehicle for participating in Public-Private Partnerships involving Federal and State Governments and local and foreign private investors to develop new Special Economic Zones all over the country, offering world-class infrastructure and facilities at competitive costs.

The projects in the pilot phase include Enyimba Economic City, Funtua Cotton Cluster and Lekki Model Industrial Park.

The three DFIs are among the five to partner with NSEZCO and the Ministry of Finance Incorporated. NSEZCO intends to raise at least $500 million in equity over the first five years in order to execute its ambitious strategy of becoming a leading investor in special economic zones in the country. The other investment partners are the African Development Bank (AfDB) and Africa Finance Corporation (AFC).

Called Project MINE (Made in Nigeria for Exports) the development of special economic zones under the direct supervision of the President Muhammudu Buhari, is a presidential special priority intervention aimed at using the zones to attract substantial foreign and domestic investment for the development of world-class facilities dedicated to export-oriented manufacturing in a range of industries across Nigeria.

Project MINE seeks to position Nigeria as the pre-eminent manufacturing hub in sub-Saharan Africa and as a major exporter of made in Nigeria goods and services regionally and globally; as well as boosting manufacturing's share of Gross Domestic Product to 20 per cent; generating $30 billion in annual export earnings; and creating 1.5 million new jobs all by 2025.

Speaking at the signing ceremony, President Buhari said the federal government set up the Nigeria SEZ Investment Company Limited as a vehicle for participating in Public-Private Partnerships involving federal and state governments and local and foreign private investors to develop new Special Economic Zones all over the country. He said, the projects in the pilot phase include Enyimba Economic City, Funtua Cotton Cluster and Lekki Model Industrial Park.

The president said the Federal Government is implementing a comprehensive plan including: "The invitation of experienced Special Economic Zone developers and operators to partner with us to upgrade the federal government owned Free Trade Zones in Calabar and Kano, to offer world-class standards of infrastructure and facilities. Whilst we await the completion of the process of bringing in these investors, the Federal Executive Council has approved the award of contracts in excess of N19.45 billion for the needed investment in Calabar and Kano Free Trade Zones and work is currently ongoing. This is the highest amount of capital investment ever in the history of these zones."

He said: "We have allocated substantial funds to upgrade the capabilities of our people and the systems in the Nigeria Export Processing Zones Authority to strengthen it as a regulator of our Special Economic Zones; and

"We are allocating substantial resources to the provision of "outside the fence" infrastructure to ensure that our Special Economic Zones are connected to global, regional and domestic markets.

"We are reviewing our incentive framework to ensure competitiveness relative to the other countries with whom we are in the race to attract export-oriented global manufacturing investment."

He added that the Federal Government will extend the early successes achieved in Ease of Doing Business to the areas critical to globally competitive export-oriented manufacturing operations.

He thanked the investment partners for their "strong demonstrations of support for the important initiative."

Okechukwu Enelamah, whose ministry, Industry, Trade and Investment is implementing Project MINE, recalled President Buhari's choice for special economic zones to hasten industrial development and the mandate to the ministry to attract investors to participate in the project.

Minister of Trade and Investment, Okechukwu Enelamah "This is the reason we are here today. The investors have all agreed to partner with us," he confirmed.

He said the initial projects such as the Enyimba Economic City are underway, while a feasibility study is going on in eight states.

The signing of the agreement was done by Benedict Oramah, President of Afreximbank; Kayode Pitan, Managing Director of Bank of Industry and Uche Orji, Managing Director of NSIA.

Femi Edun, a director of NSEZCO and Bakari Wadinga, Director, Ministry of Finance Incorporated, signed on behalf of the company.

Speaking separately, they all thanked the federal government for the opportunity to participate in the project and said they are happy to be partners because they believe in it and are confident of its success.

Project MINE seeks to achieve the following specific objectives:

- Aid structural transformation of the Nigerian economy by increasing the manufacturing sector's contribution to GDP to 20 per cent by 2025;
- Contribute to sustainable inclusive growth by creating 1.5 million new direct manufacturing jobs in the initial phase of Project MINE;
- Increase and diversify foreign exchange earnings to at least $30 billion annually by 2025, by increasing manufacturing sector exports;
- Create local models of global best practice in the provision of world-class infrastructure at competitive costs connecting SEZs to international and regional markets with transport links, uninterrupted power, ICT, water, sewage and other services to ensure smooth and efficient operation of SEZ businesses;
- Promote the "cluster" effect to be gained by locating similar export-oriented manufacturing businesses within the same locality;
- Attract world-class investors with strong positions in global supply chains and investors with the potential to increase the scale of operations rapidly to set up operations in SEZs; and
- Create an enabling environment for SEZ businesses by instituting best in class legal and regulatory frameworks, using technology and streamlined processes to facilitate movement of people, goods and capital and easy access to government services, approvals and permits.

BoI Partners Fidelity Bank, Ford Foundation on Aba Leather Cluster Financing

To improve capacity of operators in the leather products manufacturing sector and intensify import substitution, especially those in Aba cluster, the Bank of Industry (BoI), has unveiled the Aba Finished Leather Goods Cluster Financing programme, targeted at over 150,000 artisans in the cluster.

Under the arrangement, the Bank of Industry (BOI) has provided the sum of N400 million to be made available quarterly for the benefit of over 300 members of the Leather Products Manufacturers Association of Abia State (LEPMAAS).

The funds would be disbursed through the Fidelity Bank Plc while the Ford Foundation would be providing other technical support. This was in line with the Governor of Abia State, Dr. Okezie Ikpeazu's determination to ensure that Made–in –Nigeria products through the Aba Finished Leather Manufacturers are marketed beyond the shores of the country.

Welcoming stakeholders to the formal launch of the Aba Finished Goods Cluster Financing programme, the Bank's Managing Director/CEO, Mr. Olukayode Pitan, pointed out that the programme was aimed at providing an assortment of bespoke financial and non-financial services, including capacity building, to qualified members of the LEPMAAS.

According to him, the leather products which LEPMAAS remains a significant contributor accounts for 80 percent of the textile, apparel and footwear component of the manufacturing sector of the nations' economy. He added that the sector is a significant driver of job creation as it currently engages over 150,000 artisans to produce leather products sold both in the domestic market and to neighbouring West African countries.

Pitan went on to say that a bird's eye view and dipstick calculations of the Aba Cluster and the contributions of the members of LEPMAAS to the leather sector put annual revenue from the cluster at over N10 billion despite the competing volumes of similar goods being imported. "It was this significant opportunity to substitute import volumes by supporting quality improvement of Made in Aba products, create additional jobs and improve the qualities of lives of the Artisans that led the Bank of Industry to design this tailored programme.

"By providing low interest, non-collaterised loans, the Bank has provided flexibility for qualified members of LEPMAAS recommended by their lines and zonal chairman to access up to N300,000 towards the procurement of materials to expand and improve their production activities", he stated.

AfreximbankMoU

Alhaji Aliko Dangote, Chairman, Dangote Group; Benedict Oramah, President, Africa Export Import (Afrexim) Bank; and Mr. Olukayode Pitan, Managing Director, Bank of Industry; after BOI and Dangote Group signed off on medium term facilities provided by Afreximbank during Afreximbank's 25th AGM

Mr. Olukayode Pitan, Managing Director, Bank of Industry; Dr. Benedict Oramah, President, Africa Export Import (Afrexim) Bank; and Chairman, Board of Directors, Bank of Industry, Alhaji Abdulrahman Dikko at the side event during the Afreximbank 25th AGM to announce the establishment of the BOI's $750m Syndicated Medium Term Facility.

Visit of Rice Millers Association of Nigeria to Bank's Abuja Office

General Manager, SME North, Bank of Industry, Mr. Shekarau Omar; General Manager, Large Enterprises, Bank of Industry, Mr. Leonard Kange; Chairman, Rice Millers Association of Nigeria (RIMAN), Mohammed Abubakar; Managing Director, Bank of Industry, Mr. Olukayode Pitan; former Director, Development Finance, Central Bank of Nigeria, Dr. Paul Eluhaiwe; Executive Director, Corporate Services, Bank of Industry, Mr. Jonathan Tobin and Executive Director, Small and Medium Enterprises, Bank of Industry, Dr. Waheed Olagunju during a visit of the RIMAN to the Bank's Corporate Office in Abuja

Nigeria-Greece Business Forum


L-R: Michael Economakis, Executive Vice Chairman, AG Leventis; Kostantinos Bitsios, Executive Vice Chairman, Hellenic Federation of Enterprises; Executive Secretary, Nigeria Investment Promotion Council (NIPC), Yewande Sadiku; Ninos Yiamakis, Chairman, Hellenic-Nigeria Chamber of Commerce and Managing Director/CEO, Bank of Industry, Kayode Pitan at the Nigeria-Greece Investment Summit which held at the InterContinental Hotel, Lagos recently

UNILAG Student Innovation Challenge


Wale Babalakin (SAN), Chairman, Governing Council, UNILAG; Vice President, Yemi Osinbajo; Oluwatoyin Ogundipe, Vice Chancellor, University of Lagos (UNILAG); Nonny Ugboma, Executive Secretary/CEO, MTN Foundation; and Olukayode Pitan, MD/CEO, Bank of Industry (BoI); during the official launch of the Student Innovation Challenge 2018 at the UNILAG Akoka Campus

Olukayode Pitan, MD/CEO, Bank of Industry (BoI); Vice President, Yemi Osinbajo; Oluwatoyin Ogundipe, Vice Chancellor, University of Lagos (UNILAG), and Herbert Wigwe, GMD/CEO, Access Bank Plc, during the official launch of the Student Innovation Challenge 2018 at the UNILAG Akoka Campus

Afreximbank IATF 2018

Abubakar Abba Bello, Managing Director, NEXIM; Kayode Pitan, Managing Director/CEO, Bank of Industry (BOI); His Excellency, Prof. Yemi Osinbajo, Vice President, Federal Republic of Nigeria; Benedict Oramah, President, African Export-Import Bank and Segun Awolowo, Director General, Nigeria Export Promotion Commission at the inaugural Intra-African Trade Fair in Cairo recently

Olukayode Pitan, Managing Director/CEO, Bank of Industry (BOI); welcoming His Excellency, Prof. Yemi Osinbajo, Vice President, Federal Republic of Nigeria to the BOI Pavilion at the inaugural Intra-African Trade Fair in Cairo recently

73RD UN General Assembly

L-R: MD/CEO, Bank of Industry, Mr. Kayode Pitan, Deputy Secretary General, United Nations, Amina Mohammed; and MD, Standard Chartered Bank, Mrs. Bola Adesola at the UN Global Compact Leadership Summit 2018 which held at the UN Headquarters, New York on the sidelines of the UN General Assembly

Africa Investment Forum

L-R: Executive Director, Micro Enterprises, Bank of Industry, Toyin Adeniji; Supervising Minister of Finance, Hajia Zainab Ahmed; Managing Director/CEO, Bank of Industry, Olukayode Pitan; and Head, Communication and External Relations, Bank of Industry, Mabel Ndagi at the Africa Investment Forum in Johannesburg recently

L-R: Managing Director/CEO, Bank of Industry, Olukayode Pitan; and Chairman, Dangote Group, Alhaji Aliko Dangote at the Africa Investment Forum in Johannesburg recently

UNIDO Visit

R-L: Jubril Lawal, Expert, Investment and Technology Promotion Office (ITPO), UNIDO; Simon Aranonu, Executive Director, Large Enterprises, BOI; Kayode Pitan, Managing Director/CEO, BOI; Jean Bakole, UNIDO Representative to ECOWAS and Regional Director, Nigeria Regional Office Hub; Lola Odebiyi, , Expert, Investment and Technology Promotion Office (ITPO), UNIDO; Leonard Kange, General Manager, Large Enterprises, BOI; and Mabel Ndagi, Deputy General Manager, Communication and External Relations, BOI during the working visit of Mr. Bakole to the BOI Head Office in Marina, Lagos, recently

BOI UAE Engagement

Muhammad Ali AlKamal, Deputy CEO, Dubai Exports; Ganiyu Rufai, Permanent Secretary, Ministry of Commerce, Industry, Trade and Investment, Lagos State; Kayode Pitan, MD/CEO, Bank of Industry; Mr Fahad Al Taffaq, United Arab Emirates Ambassador to Nigeria and Mr Ulvmoen Knut, Deputy President, Lagos Chamber of Commerce and Industry at the LCCI-Dubai B2B Forum in Lagos

NCIF Stakeholders Forum

L-R: General Manager, Operations & Technology, Bank of Industry, Mr Akeem Adeshina; Chief Risk Officer,BoI, Dr. Ezekiel Oseni; MD/CEO,BoI,Mr Olukayode Pitan; Executive Secretary/CEO,Nigerian Content Development and Monitoring Board (NCDMB),Engr. Simbi Wabote; Executive Director, Finance,NCDMB,Mr Isaac Yalla,and General Manager,Finance & Account, NCDMB, Obinna Offili during the BOI/NCIFUND Stakeholders' Forum held in Lagos.

.L-R: GM, Large Enterprises,Bank of Industry (BoI), Mr. Leonard Kange; MD/CEO,BoI, Mr Olukayode Pitan; Executive Secretary/CEO,Nigerian Content Development and Monitoring Board (NCDMB),Engr. Simbi Wabote; Coordinator Legal Service,NCDMB,Rose Chukwuonwe; Executive Director, Finance,NCDMB,Mr Isaac Yalla,and General Manager,Finance & Account, NCDMB, Obinna Offili during the BOI/NCIFUND Stakeholders' Forum held in Lagos.

Innoson Visit

GM, Large Enterprises, Bank of Industry (BoI), Mr. Leonard Kange; MD/CEO, Bank of Industry, Mr Olukayode Pitan; Chairman, IVM Innoson Group, Chief Dr. Innocent Chukwuma OFR; Head, Communication and External Relations, Bank of Industry, Mabel Ndagi; and member, Board of Directors, Bank of Industry, Engr. Chukwuemeka Nzewi during the facility visit to Innoson by members of BOI management recently

BusinessDay BAFI Awards

L-R: Representative of the Emir of Kano/ Sarkin Shanu Kano,Alhaji Sheu Mohammed presenting the Award as the Bank of Industry Best Public Institution in SME Financing & Financial Inclusion to General Manager,Operations & Technology,Bank of Industry (BoI), Mr Akeem Adeshina while the Publisher/CEO,Frank Aigbogun looks on during the Business day BAFI Awards 2018 in Lagos

L-R: Chief Financial Officer,Bank of Industry (BoI), Mr Taiwo Kolawole; General Manager,Operations and Technology,Mr Akeem Adeshina; Head Internal Control and Compliance,BoI,Gbolahan Olutomiwa, and Technical Assistant to the MD,BoI,Mr Seun Tubi during the Business day BAFI Awards 2018 where BoI won Best Public Institution in SME Financing & Financial Inclusion in Lagos.

Launch of Tradermoni Command Centre

On December 20, 2019, the TraderMoni Command Centre was launched at the Bank of Industry Building in Abuja. The centre serves as a base where nationwide activities and results of the TraderMoni programme can be tracked in real time. These activities include all enumeration, verification, disbursements, cash-outs, management of agent networks, repayments, and live feeds from programme activities in the markets.

The Command Centre is built on a series of robust technology platforms connected to agent devices on the field and network of call centres in Abuja and Lagos. In a guided tour of the facility and its operations, the Vice President Yemi Osinbajo also worked as a Call Centre agent, taking customer support calls of beneficiaries from the field. The event was also attended by the Board of the Bank of Industry, as well as other senior staff and government officials.

Bank of Industry's N1.2 Billion North East Rehabilitation Fund to Enable BOI Assist the Federal Government's Efforts Towards Rebuilding the North East Region

The North East geopolitical zone has endured traumatic experiences due to Boko Haram insurgency since 2009. States in this geopolitical zone are Adamawa, Bauchi, Borno, Gombe, Taraba, and Yobe.

The insurgency has weakened and to some extent destroyed socio-cultural and economic infrastructural facilities in almost all the states in the zone, particularly Borno state.

To this end, the N1.2 billion Northeast Rehabilitation Fund from BOI was established from a pool of resources from the Bank with a program Limit of N1.2 billion; to be matched with same amount contributed from any partnering International Organization, State Governments or the Presidential Committee on North East Initiative (PCNI). The facility was designed to achieve the following strategic objectives:-

- Play a catalytic role in unlocking funding to the Micro, small and medium enterprises in the Region.
- To provide finance to civil servants engaged in Agriculture towards ensuring the development and growth of agriculture and its value chain businesses in the Region.
- Provide a source of finance for businesses affected by the insurgency.
- Re-Integrate the economy of the region and enhance its growth and development and boost the contribution of the Region's economy to Nigeria's economic growth
- Create a Social Intervention Program that would provide loans of N10, 000 to N100, 000 to micro enterprises, the segments of society with the greatest difficulty in accessing credit. Also, transit successful GEEP women from market women to full-fledged enterprise owners.
- Stimulate start-up activities targeting youths and women Products.




Ongoing Rehabilitation and Rebuilding Efforts in Borno and Yobe States.

Business
Focus

Micro Enterprises

Small and Medium Enterprises

Large Enterprises

Social Investment Office

MarketMoni

Kudin Kasuwa | Ego Ahia | Owo Oja

A special intervention program of the Federal Government of Nigeria

BANK OF INDUSTRY

...transforming Nigeria's industrial sector.

Introduction

The Micro Enterprise Directorate was established with a mandate to deepen BOI's engagement with the Micro Enterprise sector through innovative financial and non-financial products and services. The Directorate leverages technology and strategic partnerships to deliver financial services to its target clients. In particular, the Directorate engages Domestic and International development organizations, Government Parastatals and private organizations to provide financial solutions to its target market.

The Directorate's activities are structured along five business groups that caters to the specific needs of the target market.

A. **Financial Inclusion** focuses on lending to informal sector at the bottom of the pyramid. The Directorate leverages on intermediary channels including agent networks, cooperative and cluster structures to deliver customized technology enabled loan products to target customers.

The Directorate's flagship financial inclusion product is the Government Enterprise and Empowerment Program (GEEP). GEEP is a Microcredit Intervention initiative of the Federal Government of Nigeria, executed by the Bank of Industry. The programme is targeted at 4 major economic segments of Nigeria's informal sector - market traders, artisans, enterprising youth, small scale farmers and agricultural workers.

Through GEEP, the Federal Government of Nigeria has provided interest-free and collateral-free loans which are easily accessible through its three products - FarmerMoni, MarketMoni and TraderMoni – each structured to suit the peculiarities of the different target groups.

The implementation of GEEP has been significantly driven by technology from customer registration to loan disbursements and repayment. As a result, the programme has engaged a wide network of key stakeholders ranging from nationwide agent networks, to technology solution providers and payment platforms to deliver loans to beneficiaries who reside in areas with low proximity to formal financial structures.

Since the commencement of disbursement activities in December 2016, GEEP has emerged as the largest Government microcredit program worldwide. In particular, the programme has recorded the following achievements in its two years of operations:

- Total number of beneficiaries: Over 1.5 million
- Percentage of female beneficiaries: 52%
- Reach: All of Nigeria's 36 states and the FCT; Over 2,600 markets reached
- Number of new mobile wallets /bank accounts opened respectively : Over 1.2 million
- Average loan sizes: Market Moni – N50,000; Tradermoni – N10,000; Farmermoni – N300,000
- Total indirect jobs created: 40,000 through agent networks and increased economic activities from beneficiaries

In the next 4 years, GEEP projections focus on a significant scaling of the program to disburse up to 20 million loans (i.e. 5 million loans per annum). In addition, the programme expects to:

- Register **10 million new entrants into the formal financial system in four years** with bank accounts and mobile wallets.
- Catalyse innovation in informal lending (digital collateral, mobile technology, biometric identity) as a global case study for last-mile delivery of credit to the bottom of the pyramid.

B. **Cluster Financing** identifies and evaluates value chains strategic to the Nigerian economy and seeks to develop lending products that ring-fence access to quality raw material required by processors / manufacturers for their operational activities. The lending products reach the ultimate-beneficiaries through the processors/ manufacturers themselves, intermediary organizations or aggregator companies who work to bridge the gaps between the raw material sources and the processor (off-take markets).

The Directorate has been actively involved in the Agriculture value chain. Through its financing product, the Directorate seeks to reduce manufacturers' dependency on imported raw material supply while increasing their access to sufficient volumes of local agricultural produce. In addition, the manufacturers are better able to manage the quality of their produce through the input supply to the farmers.

The benefit of this product is not limited to the manufacturers only but also to the farmers who are now able to enjoy increased income due as a result of higher produce yields, access to mechanization and better farm education services.

Through its activities in Cluster financing, the following outcomes have been achieved

- **Jobs created in 2018:** 10,014 direct jobs; an additional 10,000 indirect jobs created

- Financing provided to Agricultural value chain/Cluster financing – N2.04 billion
- Employment generation and projections for the coming years: Over 30,000 jobs projected

Highlights of Major Deals in 2018:

o **Babban Gona Farmer Services Limited:** Babban Gona is an agricultural franchise that enables small-holder farmers reach their full potential by providing enhanced end-to-end agricultural services. The company has worked with farmers in Kaduna and Kano states for over 5 years and has played a strong role in increasing the production of quality grains in Nigeria. Over the last 5 years, Babban Gona has sold farm produce harvested from farmers under their supervision through guaranteed off-take contracts to large manufacturing companies, poultry farms and medium scale processors. The company secured a working capital facility to produce high quality maize volumes that will help the company meet its guaranteed off-take agreements. The working capital will provide loans in kind to farms to the tune of farm inputs (fertilizers, seeds, pesticides) worth up to N200,000. This will in turn guarantee constant access to raw materials for the manufacturers

o **Aba Finished Leather Goods (FLG) Cluster Financing Programme:** In supporting the Made in Aba campaign, the Directorate entered into a strategic partnership with Ford Foundation and Fidelity Bank to execute the Aba FLG Cluster Financing Programme. This programme provides working capital financing as well as capacity development initiatives to qualified artisans recommended by the association's leadership. Through this programme, loan beneficiaries have been able to expand their production activities. They have also been exposed to various training activities while corporate governance initiatives including the setup of a fully-equipped secretariat have been adopted by the leadership of the artisan's association.

C. **Partnerships** leverage financial institutions to provide indirect lending to micro and very small businesses. The Directorate has identified the need to ease access to finance for micro and very small businesses who requires loan amounts as little as N100,000 but not more than N10 million. However, in order to reach this target of customers quickly, the Directorate collaborates with Tier 2 commercial banks, microfinance banks at the state and unit levels as well as non-bank microfinance institutions through - programs. These programs are targeted at specific sectors that align with the priority sectors of the bank and come at affordable rates to the ultimate beneficiaries. Beneficiaries are mainly players in the agriculture, furniture making, trading in locally produced goods, health, etc.

D. **Technology** focuses on promoting the growth small businesses who utilize technology platforms to run their operational activities including financial technology companies and enterprises with digital solutions. In addition, the Directorate focuses on lending through digital platform its target markets.

E. **Equity Funds:** The Directorate focuses on developing equity and debt products that will be foster the development of micro and very small businesses. One of such products is BOI's investment in the Alitheia Identity Fund (AIF). AIF is an equity investment fund model created for the purpose of making equity investments in small and medium sized enterprises seeking growth capital and expansion into new products and markets. The Fund will also emphasize on funding female entrepreneurs.

In addition to the investment in AIF, the Directorate is focused on identifying other funds that support the development and expansion of Nigerian MSMEs in targeted sectors.

BANK OF INDUSTRY
...transforming Nigeria's industrial sector

Small & Medium Enterprises Directorate

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Fitch	Moody's	Agusto
National Long Term AA+	National Scale Issuer Rating Aa3.ng Issuer Rating – B2	Credit Rating Aa

SMALL AND MEDIUM ENTERPRISES DIRECTORATE

Introduction

The Directorate drives and catalyzes the development and growth of small & medium enterprises by providing bespoke and flexible financial and non-financial products and services that cater for the peculiar needs of customers in this category. The activities of the Directorate aligns with the federal government's economic and growth plans with emphasis on helping SME's take off or expand their operations. The SME Directorate offers medium term loans, working capital, business support such as capacity building trainings, workshops and subsidised consultancy services to SMEs across the country.

The Directorate strategically serves the entrepreneurs through 24 state offices across the country.

A. SME North comprises of the following Regions:

i. North East: The Regional office is in Bauch with business offices in Gombe, Taraba and Borno States. This region also covers activities in Jigawa, Yobe and Adamawa States

ii. North Central Region: The Regional office is located in Abuja. The North Central Region oversees Abuja, Niger and Benue states. In addition it covers Kogi, Nassarawa and Plateau States.

iii. North West Region: The Regional office is in Kaduna with business offices in Kano, Sokoto, Kebbi, Zamfara and Katsina States.

B. SME South comprises of the following Regions:

i. South-South Region: The Regional office is in Port Harcourt with business offices in Cross River and Delta States. The region also covers activities in Edo State

ii. South East Region: The Regional office is in Enugu with business offices in Abia and Anambra states. These three (3) offices also cover activities in Ebonyi and Imo States.

iii. South West Region: The Regional office is located in Ibadan, Oyo State and covers Osun, Ondo and Kwara States

iv. Lagos Region: The Regional office is located in Ikeja, Lagos. The Region covers Lagos State and Ogun States.

v. Bottom of Pyramid Group: This group serves the unbanked/under banked individuals and businesses such as artisans, micro enterprises etc. Funds are availed via onlending collaboration with Micro Finance Banks (MFBs). The MFBs lend these funds to the artisans and micro enterprises at affordable rates for suitable tenors.

vi. SME Credit Group: This group ensures quality of loan applications originating within the SME Directorate meet with the Risk Acceptance Criteria of the Bank and also comply with relevant regulatory Guidelines and the Bank's Credit Policy. The Group also assists the State Offices to review and restructure non performing facilities to take appropriate steps to restore good status. The Group is also responsible for managing the Business Development Service Providers (BDSP) Scheme. Presently, there are over 200 Consultants under the Scheme. Through the BDSPs, BOI is able to enable more SMEs to put together their applications to access funding from the bank.

vii. SME Funds Group: The group is responsible for the development of new products, management and interface with external partners who collaborate to fund customers. The group oversees all Matching and Managed Fund arrangements with some state governments and other Institutions. Some of the significant products and relationships include; The BOI/State Government Matching and Managed Funds, Graduate Entrepreneurship Fund (GEF), Youth Entrepreneurship Programme (YES-P), Youth Ignite Program, the Aliko Dangote Foundation/BOI Matching Fund and many other sector and Industry specific product programs e.g. the Nollywood Fund, Food Processing Product Programs, Agro Mechanization Fund, etc.

Aliko Dangote Foundation

UU FABRICATIONS NIG. LTD

The CEO of UU, Mr. Umar was trained during the YES capacity-building programme organized by BOI in 2016. The idea of UU Fabrication Nig. Ltd., was born five (5) years ago but was registered in 2016 and has been one of the fastest growing fabrications company in Gombe State, Nigeria. The business is offering premium and affordable products made with the best local materials. It hopes to build up robust factory with durable, most selective premium materials, all found locally.

FASHOLS INTEGRATED VENTURES

Fashols Integrated Ventures was primarily registered to established fish farming business amongst other businesses in Gombe State. The Chief Promoter Mr. Akpata Mawo, a 29 years old who holds a Bachelor of Science (Accounting) degree from Benue State University, Makurdi in 2013 is an innovative business man with marketing and managerial skills in fish farming business. He currently manages about 7,000 fishes in his farm at Kwadom, Yamaltu-Deba L.G.A, Gombe State. His farm was also among those that were featured on BOI impact program on Channel TV and NTA from Gombe State.

Mr. Akpata has also been trained during the 5 days in class Capacity Building of the YES program organized by BOI and awarded with the Certificate of Participation dated September 23, 2016.

DIYYO INT'L ENERGY LTD.

Diyyo Int'l Energy Ltd., is a limited liability company and was registered in 2017 with the aim of carrying out business of Long - Span Aluminum Zinc Roofing Sheets corrugation in its business location at Shongo Idrisa Opposite Yahaya Ahmed School, Bauchi Road, Gombe, Gombe State. The company is one of the most preferred indigenous aluminium roofing sheet in Gombe due to its products affordability and after sell service.

The MD/CEO of the company, Engr. Abubakar B. Umar, a 35 year old who holds a Master's degree in Civil Engineering (structural) from Bayero University Kano, in 2011 is an innovative business man with over 9 years managerial experience in Long - Span Aluminum/Alu-Zinc Roofing Sheets corrugation business. He was the pioneer Production Manager of Demmo Aluminium Company. He is determined to own and operate his business effectively and capture at least 20-40% of his immediate market within 2 years of its operation.

BILLYCONVALLEY

Billyconvalley was primarily registered to establish poultry farming business amongst other businesses in Gombe State.

Bitrus Reuben, a 32 year old who holds a Bachelor of Art (History) degree from University of Maiduguri, Borno in 2011 is an innovative business man with over 5 years managerial experience in poultry farming business. He was the pioneer farm manager of Bunyamba poultry business ventures which was registered since September 26, 2012 in Gombe, Gombe State. He is determine to own and operate his business effectively and capture at least 2% of his immediate market within 2 years of its operation. Currently he has about 500 layers in his farm.

Mr. Bitrus has also been trained during the 5 days in class Capacity Building of the YES program organized by BOI and awarded with the Certificate of Participation dated September 23, 2016.

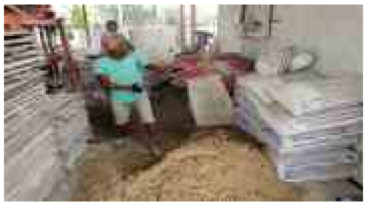
DESCON ENGINEERING CONSTRUCTION LIMITED

The company is 100% Nigerian owned. It is a construction based company engaged in the construction of roads, buildings and rendering of engineering constancy services, with record of successfully completed contracts in various parts of the country. The company is also engaged in the production of construction inputs such as concrete blocks, interlocking tiles kerbstones and electric poles.

The Bank granted a loan to the company in June 2018, towards the expansion/automation of its production process under BOI/Dangote Fund.





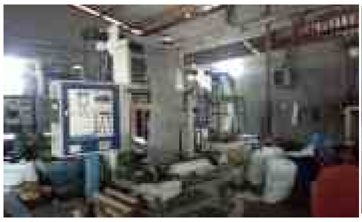
ZANDOB INDUSTRIES LIMITED

The company is 100% Nigerian. It is an integrated firm engaged in four (4) lines of businesses, which comprises of the production of alcoholic beverages, table water (bottled), polythene films/shopping bags, plastics PET preforms/blowing lines, and 3-Dimensional printing on shopping bags/polythene films.

It has been a customer of the BOI since 2003 when it first secured a term loan facility for the procurement of items of plant and machinery for the production of polythene films. Since then it has enjoyed several loan facilities from the Bank; including a term loan facility for the procurement of items of plant and machinery for the production of PET Preforms in 2009 and a working capital facility in 2011 for the procurement of raw materials. All these loan facilities have fully been liquidated.

The Bank also granted a working capital facility to the Company in June 2017, and recently granted multiple credit facilities to the company in August 2018 for the expansion of its 3-Dimensional printing business to 6-Dimensional printing on shopping bags/polythene films.






DAILY BEVERAGE LIMITED

The company is one of the most reputable fruit drink and beverages manufacturing companies in Nigeria. With just one product Daily Yogho at inception in 2008, Daily Beverages today has several products in the market. These include Daily Yogho Chocolate, Strawberry, Orange, Vanilla and Pineapple flavors as well as several sachet and pet table drinks. The company also manufactures table water.

The group has indeed grown tremendously through the years with current staff strength of over 150, very well trained and highly motivated work force. The company is conscious of the need for quality and so ensures that all its products pass through relevant regulatory and product test standard.

The Promoter, driven by the economic recession in Nigeria, opted to venture into PKO extraction and refining. The idea is to ensure that all material inputs for the production are sourced locally, given the upward surge of the USD against the Naira. This gave birth to the idea of setting up a PKO extracting plant in Amansea, Awka Anambra State. The factory is fully built and items of plant and machinery as well as one unit 1000KVA transformer have been acquired by the company and installed.

In order to fully maximize profitability, the company had decided to install a refinery to refine the PKO into vegetable oil. Thus, it approached BOI to fund the refinery as well as raw materials (palm kernel), having expended over N800 million on its own from equity.

The proposed project will be a large scale integrated palm kernel processing complex which would consist of two production lines as follows:

A 220 tons/day PKC crushing plant to produce CPKO.

A 100 tons/day CPKO refining plant which will refine the CPKO to produce refined PKO and other bye products. The raw materials are sourced from leased plantation in addition to harvests from the Chief Promoter's own plantation.

Employment Generation

Daily beverage expansion will generate a direct employment for 13 persons, in addition to the existing 160 staff, thereby giving a total labour force of 199 persons

SKIF ALU-STEEL COMPANY LIMITED

SKIF ALU-STEEL COMPANY LIMITED was incorporated in 2007. The company is engaged in the production of long span aluminium roofing sheets of various types and gauges with over a decade experience in manufacturing and distribution.

The project which is located along Onitsha-Enugu Expressway in Awka applied for facility for the upgrade and expansion of its existing capacity by the acquisition of metcoppo profile step tile machine, master profile step tile machine, trimdeck profile roll forming machine and automatic ridge cap machine as well as items of raw materials.

The tooling and processes we use are among the most complex in the metal forming industry. Our operators control the 350 to 1500 ton presses with care to ensure the authentic look and feel of our roofing system. Each shingle is immediately inspected for the quality of the locking system as well as for color, appearance, and integrity.

All of our machine scrap is meticulously collected, bundled, and sold back to an aluminum mill so it can be re-made into new coils of metal to be painted, tested, and manufactured into aluminum roofing, continuing the recycling loop.

BIOMEDICAL LIMITED

Biomedical Limited is an indigenous company and pioneer manufacturers of Intravenous Fluids in Nigeria which has its factory located in Ilorin, Kwara State. The company has been in business of manufacturing and distribution of innovative and affordable pharmaceutical products for over 30 years.

The company's flagship product and brand is 'Bioflex' Intravenous (IV) fluids of various compositions while its factory's current installed capacity is 2 million litres of intravenous fluid packed into 1000ml, 500ml and 100ml sizes.

Aside Intravenous fluids production, Biomedical Limited is pioneering the local production of both peritoneal dialysis fluids and haemo-dialysis concentrates for kidney therapy.

The company has a workforce of about 170 people which consists mainly of women.

SOUPAH KITCHEN ENTERPRISES

Soupah Kitchen Enterprises was registered in 2011. The company is into food products and processing. It is located in Ibadan and obtained a Term Loan of N4m in 2017 from BOI.

SOUPAH KITCHEN is a an innovative enterprise on the agricultural value chain that off-takes fresh tomatoes, peppers and herbs from local farmers to reduce post-harvest loss and transforms them into soup products that are iron fortified to nourish consumers.

It is a fast growing company that focuses on state of the art processes, eco-friendly initiatives and high quality food products as a priority.

Products ranging from pepper mixes and dehydrated tomato blends are processed using the best technology with proper food handling and safety.

It has a brand of Soupah Jollof Mix, which is the combination of dehydrated tomatoes, peppers, onions, chilies, ginger, crayfish, seasoning and iron that can be used for stews and other savory dishes.

We also have a brand of Soupah Efo-Riro Mix, which is the combination of peppers, onions, chilies, locust beans, crayfish, garlic, seasoning and iron that can be used for vegetable and other local soups.

We position ourselves as a triple bottom line enterprise that prioritizes people and the planet before profit as we respond to an environmental concern by reducing post-harvest waste, increasing farmers' profit and reducing the amount of emissions polluting the earth.

We have since inception gleaned well over 9468 tons of surplus vegetable and processed them into fortified products to also address nutritional deficiencies in Nigeria.








GODWIN OKAFOR & SONS LIMITED

The company started commercial production of Polyurethane foam products 33 years ago, by converting foam blocks into mattresses, pillows and foam sheets for the furniture industry with the brand name 'Winco' Foam.

The 'WINCO' brand has attained the status of a leading manufacturing company and won several awards of excellence. Winco Foam is one of the major quality Polyurethane foams for Nigerian homes, industry, and furniture as well for the healthcare industry. The Factory is managed by staff who have the requisite educational and technical qualification and have garnered several years of industries experience from similar industry and they coordinate the activities of the three factories (Anambra, Abuja & Lagos) to ensure that they operate optimally and maintain laid down standard for both production and quality of products on offer to markets every time and all the time.

The Company has two sister companies producing the same brand Winco foam.

Winco Industries Ltd – Lagos: This factory caters to the foam products needs of the Western markets comprising of; Lagos, Ogun, Oyo, Osun, Ekiti and Ondo while also hosting the head office and executive management base.

Win O Win Nig Ltd is the latest of the three factories and operates out of Abuja. Win O Wins Nig Limited was set up to cater to the Northern states markets for Winco foam products. The market covered includes; Kano, Kaduna, Niger, Nassarawa, Adamawa and up to Maiduguri.

The company ranks amongst the prominent foam producers in Nigeria and one of the largest in Lagos and South East of Nigeria and intends to expand its factory in Akwa, Anambra State.

GMICORD INTERBIZ LTD

Gmicord Interbiz Ltd started producing nails in 1989. It was the first company in Imo state to commence nail production at the time. Over the years it has diversified its production into binding wire, quarter rods for construction purposes. It is currently into the production of modern and various designs of long span Aluminium roofing Sheets.

The company has enjoyed two loans from BOI in the past and successfully repaid both loans. The first facility was obtained in May, 2006 and second in May, 2012.

The company has been an active member of the Manufacturers Association of Nigeria, Imo/Abia state Council since 2004 and even won the best BOI customer in the time past. The company also has awards from Consumer Protection Council for Quality standards.

The Company generates direct employment for 96 people.

FOODPRO LIMITED

Foodpro is a foremost indigenously owned and managed cashew nut processing company located in Ilorin, Kwara State, Nigeria and has been processing cashew since 2013. It specializes in production of high quality cashew kernels (raw and roasted) for wholesale/retail customers locally and internationally (mainly the United States and Europe).

Foodpro is certified by the African Cashew Alliance and is a multi-brand company operating the brand names: Lion Cashews and GoNutz.

Lion Cashews (pack sizes 100g, 50g and 20g) are lightly salted cashew nuts, while GoNutz (pack sizes 220g, 100g and 50g) have three flavour variants – Suya Spiced, Ginger Spiced and Caramelised Cinnamon. The brands are sold in most large chain stores such as Shoprite, Game, and Spar as well as neighbourhood stores across Nigeria.

The company currently employs over 400 people of which more than 90% are women. Foodpro has been able to achieve key milestones including, but not limited to expanding its annual processing capacity to process 5,000 tonnes of raw cashews with the recent expansion of the factory in Ilorin, Kwara State, as well as expanding its retail footprint across Nigeria.

GQP CONTINENTAL INDUSTRIES LTD.

GQP Continental Industries Limited (GQP) was incorporated in December 2008 with a vision to be the leading furniture and lifestyle brand in Africa by consistently providing durable, innovative, comfortable and unique pieces of furniture to home and offices owners. With a robust R & D Design team, the company designs and manufactures furniture for homes, offices, Suites, Hotels etc. using cutting-edge and modern wood-working technology and machinery.

The end-products are smart furniture and lifestyle pieces which fit into office/home space to various clientele cutting across various sectors of the economy from Banking and Finance to Oil and Gas and also Real Estate Development in different parts of Nigeria and the West African Coast. GQP's clientele includes Guaranty Trust Bank and Union Bank.

To meet increasing demands from its customers, GQP Continental approached BOI for credit facilities for the procurement of machinery as well as provision of working capital.

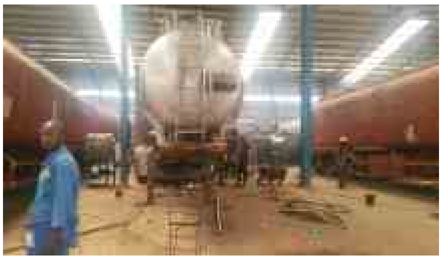
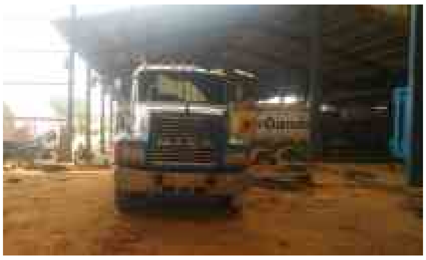
These credit facilities have resulted in increased capacity for the company as well as employment of more staffs.




GOD'S WILL TECHNICAL CONSTRUCTION LTD.

God's Will Technical Construction Limited was registered in 2008. The company since inception has been engaged in the manufacturing of metal tanks (1000L and above), mobile haulage tanks, underground tanks, warehouse fabrication, petrol station canopies etc.

The factory sits on an industrial facility with a warehouse capacity of over 200 trucks at the same time from construction to finishing stages.
To improve its speed of production and efficiency, the company approached BOI for a credit facility towards the procurement of an automatic tank rolling machine. Expanding the operations through this facility has increased the company's revenue as it enables it produce more tanks in shorter time.


DABOL NIGERIA LIMITED

Dabol Nigeria Limited commenced business of supplying Agricultural produce to major multinationals in 1997. The company previously operated from its Kaduna factory. The company later diversified into cleaning grains and supplying them to off-takers as semi-finished raw materials. Dabol's clientele is made up of blue-chip companies like Guinness Nigeria Plc, Nigerian Breweries etc.

A credit facility was obtained from BOI to expand and set up another factory in Ogun State, bringing the company closer to many of its off-takers. Through BOI's assistance, the company was able to procure plant and machinery needed for its new factory. The equipment are already being installed with business activities expected to commence soon in the Ogun factory.

TIMELESS BIZ RESOURCES

Timeless Biz Resources, a GEF-1 project, is an enterprise incorporated in 2013. The Enterprise is into leather works involving male and female bags and shoe making. The Enterprise currently enjoys a term loan facility used to acquire machinery and equipment as well as raw materials for the design and production of unisex bags and foot wears. The project as a result of this has employed additional seven (7) staff which include five (5) direct and two (2) indirect staff in addition to its three (3) existing staff.

OGC FOODS AND BEVERAGES LIMITED

OGC Foods and Beverages Ltd was incorporated on 17th November 2009 with the objective of carrying out food processing in all ramifications. After making three (3) unsuccessful attempt at getting water from boreholes, it decided to focus on plastics production to produce packaging material for the food industry. The Directors embarked on the acquisition of state of the art PET Preform production machines together with facilities to blow preforms into bottles. With further geological survey, the company sunk the fourth borehole in 2013 with a depth of 522 meters which successfully yielded natural mineral alkaline water. The borehole turned out to be artesian i.e the water comes out of the borehole under natural pressure without the use of submersible pump. The water also comes to the surface at a temperature of 70oc. This was the beginning of bottled water production by the company, and has created a niche for itself in the sector.

The current position of the company is such that it can produce PET Preforms and Bottles, together with Caps, in various sizes for the food and beverages (alcoholic and non-alcoholic, carbonated & non-carbonated drinks), pharmaceuticals and cosmetics industries. Its flagship water is branded as LASENA and enjoys good patronage. The company obtained a BOI facility to engage in the expansion of its Bottled Water and PET Preforms factory located at Plot 1/3, Oak Plastic Avenue, Riverview Estate, Behind Compass Newspaper Ltd, Isheri-North LGA, Lagos/Ibadan Expressway, Ogun State.

XYLEM WOOD

Xylem Wood, a YES-P project, is an enterprise incorporated in Nigeria in 2016. The Enterprise since its inception has been engaged in making furniture and other wood works.

The Enterprise currently enjoys a term loan facility used to acquire machinery and equipment as well as raw materials for the design and production of furniture and other wood works. The project as a result of this has employed additional five (5) staff which include three (3) direct and two (2) indirect staff in addition to its five (5) existing staff.

ACE MEDICARE CLINICS LTD.

Ace Medicare Clinics provides healthcare and healthcare related services. Services rendered at the hospital include 24-hr general out-patient consultation, in-patient (admissions), incubator care, phototherapy, surgeries, laboratory investigations, radio-diagnosis, infant welfare clinic and immunizations, antenatal care and deliveries, diabetes clinic, industrial medicine, comprehensive health check, ultrasound with 3D, echocardiography and Doppler facilities haemo-dialysis and CT scan. With a loan obtained from BOI, Ace Medicare was able to procure two (2) intensive care units (with constituent equipment), a 16-slice CT Scan Machine and a Solar Power Backup Solution- all to expand to the hospital's new building. The expansion solved the problem of overcrowding in the current hospital.



ENVY SIGNATURE

The Envy Signature is into designing quality and stylish footwear and accessories. The company's vision is to become a world-class shoe and male premium accessory company while having a strong brand reputation in the African and global fashion Industry. The Company specializes in producing Uniforms for Security Outfit (Bemil Nig Limited) as well as for Enyo Retail and Supply Limited, two top customers of the company.

Envy products are designed for the 21st century trendy male from the ages of 18-40. Some of these target includes corporate men, teenagers, Military group, Security institution and schools. The company's mission is to ensure individuals in Nigeria and its environs have a pair of Envy shoes, footwear that compliments their sense of style.



DE GRACE CAKES N KITCHENS

The Enterprise was registered in 2014 but it has been in the business of baking of cakes and other pastries since 2007. The company currently enjoys a term loan facility used to acquire machinery and equipment as well as raw materials for the expansion of its Catering and Specialized Cake production business. The project as a result of this expansion has employed additional ten (10) staff which include seven (7) direct and three (3) indirect staff in addition to its nine (9) existing staff.



DELIGHT ENERGY LIMITED

Delight Energy Limited was incorporated in 2009 to participate actively in Oil and Gas sector of the economy; with interest in downstream activities. The company is run by cohesive Board of Directors with Alhaji Yakubu Olayiwola Afolabi as Chairman and the EVC is Alhaji Isiaka Adebayo Jimoh. The company is one of the major Oil and gas players involved in bulk sales of automotive lubricants in drums and kegs to factories (for use of their plants and machinery). It also packages or re-bottles into smaller volumes for resale to final consumers. As at 2012, The Company operated a 3,000 Metric Tonne/day plant at a different property within the same locality but does bulk sales in 50 litre kegs and 200 litre drums.

The company's major clients include African Petroleum plc (AP); Conoil plc; Eternal Oil plc; Ibeto Oil Ltd; A-Z Petroleum; Tonimas; Ammasco Oil; Lubcon; Romi Oil; Techno Oil and Whiz Oil. The Company has established a fully automated 10,800 Metric Tonne/day plant to produce automotive lubricating oils in 1, 2 and 4 litre jerry cans for the retail market. The company has 50 direct staff.

There has been an increased demand for quality and environmentally safe lubricants to keep industrial machines and vehicles in optimal working condition. Undoubtedly, the business potential is very high which has led to the Company's request for additional working capital. It is therefore believed that the plan to boost its operation with additional working capital is ripe for implementation.



FIRST MAXIMUM POINT INDUSTRIES LIMITED (FMPI)

First Maximum Point Industries Limited (FMPI) was established and incorporated in March, 2007 to crush palm kernels into oil (PKO) and cake (PKC), as well as further process the PKO into edible vegetable oil.

First Maximum Point Industries Limited (FMPI), an Akure-based vegetable oil producing outfit, has been in palm kernel crushing into crude oil since 2008, progressing in stages as it later improved into blending soya crude oil (SCO) with the palm kernel oil (PKO) for an improved vegetable oil, using recently installed solvent for top-quality vegetable oil. With the solvent plant acquired at second stage level, crude oil was further processed into full-fledged vegetable oil by the company.

It has in place a 100MT/day PKO crushing Machines and Oil Expellers as well as a 100MT/day refining Plant for the production of top-quality refined Vegetable Oil, and a 150MT/day Rosedowns Oil Mill Equipment which serve as a direct feeder for its refining plant.






SARAH-BULOUS FASHION AND DESIGN ENTERPRISE LIMTED

Sarah-Bulous Fashion and Design Enterprise Limited operates a Fashion house set up to provide tailoring and fashion designing services for individuals and educational institutions. It commenced business in June, 2015. It produces and designs Ready-to-Wear outfits, Polo shirts, blazers, sport wears and school uniforms that meets its customers' needs based on orders as well as sewing for walk-in customers who bring their fabrics to the shop.

It has in place Monogramming Machines and other items of equipment for embroidery and creating patterns on textiles with the use of artistic and graphic designs for product branding, corporate advertising, and adornment on school uniforms, sport-wear and bedspreads etc. It also provides training services for young school-leavers and unemployed graduates to become self-employed and reliant.



ALHAJI MURITALA OYETUNJI AND SONS LIMITED

Alhaji Muritala Oyetunji & Sons Limited was incorporated on 8th March, 1986. The Company has been engaged in marketing and distribution of petroleum products as an Independent Marketer since 1995. It ventured into production and marketing of blended oil in 1996.

In December 2010, the Bank granted a loan facility under BOI/OOSG Fund for the expansion of its oil blending production business in Osogbo, Osun State. Before the company approached BOI or a facility in 2018, its capacity utilization was 5500 cartons/month which is 25% installed capacity of 22,000 cartons/month. With the additional facility granted, it has now increased its production output to 12,000 cartons per month.

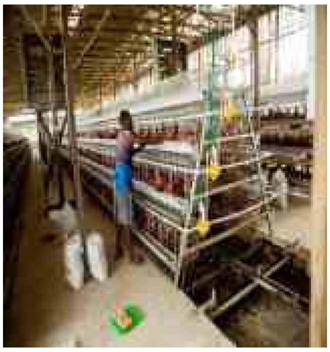



KALASE FARMS LIMITED

KALASE Farms Limited was registered in 2017 and it operates a fully integrated farming business.

The company currently enjoys multiple loan facilities from BOI. This comprises a term loan facility and a working capital facility used to acquire machinery and equipment as well as raw materials for poultry butchery/fish processing and production of animal feeds.

The project as a result of this expansion has employed additional forty (40) staff which include thirty (30) direct and ten (10) indirect staff in addition to its thirty five (35) previously existing staff.



T & D PRESS LIMITED

T & D PRESS LTD was registered in 2011. It has been engaged in printing/publication, lamination and foiling, graphic designing, book binding, De-bossment & embossment and plate production. The company deploys current technology to deliver on product and service quality as it has modern machinery such as computer to press (CTP) machines, laminating machines, Heidelberg high speed and full colour printers, binders as well as cutting machines.

The Enterprise currently enjoys a term loan facility used to acquire machinery and equipment as well as raw materials for the design and production of furniture and other wood works.

The project as a result of this has employed additional ten (10) staff which include eight (8) direct and two (2) indirect staff in addition to its thirty (30) existing staff.

DIPSON PLASTIC AND RECYCLING LIMITED

Dipson plastics and recycling limited company was incorporated in 2003 with an authorized share capital of N2.0 million divided in 2,000,000 ordinary shares of N1.0 each. The share capital has since been increased to N10.0 million.

Dipson plastics and recycling plant limited has been in the business of flexible packaging materials manufacturing for the past seven years. Its existing balance sheet stood at about N650.0 million as at December, 2017.

In 2015, the Bank granted a loan facility to the company to procure items of plant and machinery for the production of polythene nylon. The company's capacity utilization is 400 metric/tons of Low Density Polyethylene (LDPE) Lotrene in a month. With the additional facility granted the company by the Bank in 2018, it has now increased its production output to 923 metric/tonnes per month.

The project has created 69 direct jobs thus contributing to poverty alleviation and economic development of Osun State and Nigeria.

ABBIS FARMS LIMITED

Abbis Farms Limited was incorporated in Nigeria on 12th November, 2003. The Company has a palm tree farm on 637 hectares of farmland located at Adejo Village along Ala, Ogbese Road in Akure North Local Government Area of Ondo State.

The Company has already planted 300 out of its 637 hectares farmland. Out of the 300 hectares planted, 240 hectares are matured and fruiting. The Company commissioned a 1.5 tonne/hour mill in 2011 and has been upgraded to 5 tonne/hour in 2016 with BOI. It is currently one of the leading Crude Palm Oil (CPO) producers in Ondo State.

HELLO PRODUCT LIMITED

Hello Products Limited is a personal care company with its headquarters in Lagos and producing a range of personal and home care products among other leading medicated soap. The company has two major brands 'Tetmosol' and 'No.1', Tetmosol is positioned as the premium brand while No.1 is positioned to meet the lower end of the market. The company approached the Bank to finance equipment to enable it introduce a 3rd Soap Line to produce toilet flow wrap soap to enter into the Family and Beauty segment of the toilet soap market which represents 69% of the total soap market.

The company presently employs 106 people.

I O FURNITURE LIMITED

The company was incorporated previously as Interior Options Limited in May 1987 as an interior design consultancy business and this has evolved into a global interior design and furniture manufacturing company. IO Furniture Limited core operations involve interior design consultancy, manufacture of bespoke furniture and sale of manufactured furniture. The Company has designed and refurbished high profile projects in Nigeria notably the refurbishment of the rooms and redesign and refurbishment at Transcorp Hilton Hotel Abuja which cost over N1.5 Billion, furniture supply and installation to Access Bank Head Office, Wheatbaker Hotel, Four Points by Sheraton Hotel, Head Office and all e-branches of GTBank, International Centre of Central Bank of Nigeria Offices in Abuja to mention a few.

TOLARAM AFRICA ENTERPRISES LIMITED

Tolaram Africa Enterprises Ltd is a member of the Tolaram Group, an international conglomerate involved in various businesses around the world. Its manufacturing arm is involved in the food sector (Indomie noodles production in Nigeria & Ghana), paper and packaging sector (Kraft paper production in Estonia), textile sector (carpets and rugs production in West Africa) and chemical sector (dyes, printing ink, and bleach in Nigeria). In Nigeria, the Group is most notably known for Indomie Noodles, NOBLE Carpets/rugs, BHN Logistics and VConnect, amongst others.

FINCAP INVESTMENT COMPANY LIMITED

Fincap Investment Company Limited was registered, situated at 26, Boiyin Street, Jankara-Ijaiye, Lagos. The company produces quality competitive and affordable multipurpose bar soap and black soap (paste). The demand comes from households, hotels and restaurants as well as other business establishments. Other products produced by the company include Fincap Icing Sugar, Fincap Cocoa Powder, Fincap Custard Powder, and Fincap Corn Flour, which are all very competitive and affordable at the market.

SOLADEM PRINTERS

Soladem Printers is one of the reputable printing businesses that has been recognised for its high quality printing within the Shomolu/Yaba axis of Lagos. The company started business around 2007 engaged in printing of tertiary, secondary and primary school books as well as other print and publishing items like posters, bills, journals, calenders, flyers, invitation and brochures. The company also handles graphic designing of corporate logos, market advert layouts, typesetting and general printing of ledgers, magazines, catalogue, vouchers, receipts, deposit tellers etc.

VEEKAY CONTINENTAL PRODUCTS

Veekay Continental Products was incorporated as a Business name in August 2012. The company is currently involved in the production, packaging and sales of corn flour, custard powder, icing sugar, cocoa powder, cereal meal, baking and allied products such as Multipurpose soap, Car wash, Liquid Starch, Air Freshener. The brand names of their products are 'Queen Royale" and "Kay Fresh". The company specializes in the production of household products with a vision to give value and beat the market with unmatched quality products.

PERFECT PRINTERS LIMITED

Perfect Printers Limited was incorporated in 1998 and is situated at Agidingbi, Ikeja. The company has a Pre-press, Lithograph and various printing machines. The company is engaged in Printing (Posters, Labels, Brochures, Books, Catalogues, Customized Wrappings, Stickers, Newspapers, Magazines, Corporate documents, Seasonal Cards, Forms etc) Embossing, Matt Lamination, Screen Printing and Security Printing.

Its clientele includes: Independent National Electoral Commission (INEC), Access Bank Plc, GlaxoSmithKline, National Population Commission, United Nation Children's Emergency Fund (UNICEF), National Planning Commission, Keystone Bank, Institute of Chartered Accountants of Nigeria (ICAN) etc.

BERGER PAINTS NIGERIA PLC

Berger Paints Nigeria Plc, which commenced operation in Nigeria in 1959 has grown to be a leader in the Coating and Allied Industry in Nigeria - a legacy inherited from Lewis Berger, the German colour chemist who founded the Berger Paints' dynasty in London, in 1760. The Company's shares were quoted on The Nigerian Stock Exchange with effect from 14th March, 1974. The company is committed to the development and production of paints and allied coating which are at par with modern technology, environmentally friendly and formulated to withstand harsh tropical conditions.

The company has a reputation for being the first in setting standards in the paints industry in Nigeria. It has pioneered a wide range of specialty products such as: Berger Fire Retardant Texcote (a textured finish), Berger Rufhide (wall putty with superior adhesive strength over conventional P.O.P and other screeding materials). Its other well-known brands such as Luxol (Clinstay), Super Star, Classic, etc. continue to enjoy patronage across Nigeria today.

CYWE VENTURES

The company was registered in 2011. Cywe Ventures is a household product company. Its brand name is "CYWE" and its products are moringa body cream, tablet soap, liquid soap, herbal soap, brightening foam bath, body perfume, liquid insecticides, liquid air freshener and herbal hair cream.

Cywe Ventures renders services such as home deliveries of our products and vocational training programmes to interested parties.

LARGE ENTERPRISES DIRECTORATE

The Large Enterprises Directorate is focused on providing low cost, long-term funding and financial advice to critical sectors of the Nigerian Economy, in accordance with the policies of the Federal Government of Nigeria.

The priority sectors of the Large Enterprises Directorate are currently Food Processing, Agro (non-food) Processing, Light Manufacturing, Healthcare, Petrochemicals, Engineering and Technology, Solid Minerals, Oil and Gas, Creative Industry, Renewable Energy and Gender Business.

Large Enterprises Directorate also manages intervention funds aimed as specific sectors such as Power and Aviation, Cotton, Textile and Garment, etc.

Over the last three (3) years, the Large Enterprises Directorate has approved over 440 large enterprises across all sectors of the economy to the tune of N375bn, creating an estimated 1,500,000 jobs and further enhancing support to 93,750 SMEs that are either suppliers of inputs or off-takers of our customers.

The Large Enterprises Directorate has ten (10) business groups as shown below.

Agro Processing Group Key focus areas include projects, operations and activities within the non–food agro based sector of the economy, such as CTG (Cotton, Textile and Garment), Agro-allied, Wood, Rubber and Leather.

Food Processing Group
Key focus areas are projects in sub-sectors such as Cocoa, Breakfast Cereals, Seasonings, Rice Milling, Food and Beverages, Animal Feeds and Poultry, Biscuits and Confectioneries, Flour Milling and Oil Milling.

Healthcare and Petrochemicals Group Key focus are projects, operations and activities within the Healthcare, Personal Care and Petrochemicals sectors/sub-sectors of the economy.

Engineering and Technology Group Key focus areas include the following sub sectors: Engineering (Automobile Assembly and related components manufacturing; Information, Communication and Technology (ICT), Telecommunications, Digital Printing and Advertisement, production of Smart chips and security access cards.

Renewable Energy Group
The Renewable group provides services to companies in the renewable energy space. The group partners with the UNDP to provide off-grid solar solutions to businesses and households in rural communities across the country. The group also focuses on supporting on-grid and captive renewable projects to help solve the energy challenge in Nigeria.

Solid Minerals Group Key focus areas include projects in the value chain of the solid minerals and metals sector. The projects currently in the Group's portfolio include cement, ceramic tiles, granite aggregates, roofing sheets, wires/cables, steel and iron products, aluminium profiles, roofing sheets and electricity meters manufacturing companies.

Oil and Gas Group is a specialized business unit with focus on providing financial and business support to emerging initiatives in the oil and gas industry within the Nigerian economy. The Group's first major project was to develop and manage the $200Million Nigerian Content Intervention Fund (NCIFUND).

Creative Industry Group Key focus areas include Cinemas, Studio, Distribution, DVD Replication, Decoder Production, Content, Hospitality, Sports, Arts and Craft.

Intervention Funds
The Group is in charge of interventions in the Nigerian economy through the Central Bank of Nigeria (CBN) Intervention Funds for Restructuring and Refinancing Facility (RRF) of Banks' loans to the SME, Manufacturing, Power and Airline Intervention Sectors.

Gender Business Group
The Gender business group provides financial services and support to business owned by women. Services provided to women entrepreneurs include: mentoring and coaching by successful business entrepreneurs, business and financial literacy training, enhanced access to much needed financing on favourable terms.

COLEMAN TECHNICAL INDUSTRIES LIMITED

- Coleman Technical Industries Limited was incorporated on the July 1, 1975. The principal operation of Coleman Technical Industries Limited ('Coleman') is the manufacturing of a wide range of high quality standard and specialty electrical wires and cables for the power industry, oil industry, as well as for commercial and residential uses.

- The company has two (2) existing factories at Arepo and Sagamu named - Arepo I and Sagamu I. At Arepo I, the factory manufactures low voltage flexible cables, TV cables, network cables, DStv, coaxial cables etc. High and low voltage power cables, both armoured and unarmoured are produced in Sagamu 1.

- Coleman's first factory was established in 1998 at Ikotun, Lagos with a capacity to process 1,200 MT of copper and 800MT of aluminium per annum. In 2009, the company commissioned the largest cable factory in West Africa, located at Km 34 Lagos-Ibadan Expressway. The new factory has an installed capacity to process 15,000MT of copper and 18,000 MT of aluminium per annum.

- In addition to the above, the Bank of Industry Limited (BOI) in 2017 granted a Long Term Loan facility to the company to support the production of aluminium and copper rods used in the production of cables. This project is to be located in Sagamu, Ogun State. The major source of raw materials is scrap aluminium and copper sourced locally. When completed, the project would optimize and improve the efficiency of the company's existing operations. Thereby, driving the import substitution strategy of the Federal Government of Nigeria. There would also be foreign exchange savings, reduction in the cost of finished cables and as well as increased job creation.

- The project, aside from guaranteeing the existing three hundred and fifty direct (350) and one hundred and fifty (150) indirect jobs will generate employment for and an additional four hundred (400) direct and three thousand (3000) indirect jobs over the life of the project.

- Coleman is a leader in the development, design, manufacture, marketing and distribution of wire and cable products. It also offers broad range of innovative solutions, recognized brands, as well as solid service platform with dedicated professionals that create excellent customer value.

- Coleman is a member of the Cable Manufacturers Association of Nigeria (CAMAN) which comprises of top-rated cable manufacturers in Nigeria. The Company has been receiving Nigerian Industrial Standard (NIS) and Standard Organization of Nigeria (SON) certifications since 2002.








NIGERIAN FOUNDRIES LTD (NFL)

Nigerian Foundries Ltd (NFL) is the leading ferrous foundry group in sub-Sahara with a total installed capacity of 8,500 metric tons per year. The foundry complex is located at Sango-Otta, Ogun State Nigeria. NFL in 1969, started as a small grey iron foundry, by the Barberopoulos brothers, at Ilupeju, Lagos. The Foundry was producing cast iron municipal castings and water pipeline fittings.

In 1990, following an expansion, of plant and machinery, NFL moved into the production of steel iron alloy castings. This was done by a technological transfer agreement with Messrs. Bradley & Foster of the United Kingdom who were specialists in wear and heat resistant alloy castings.

In 1995/96 NFL purchased an old foundry in Otta, Ogun State with a land area of 54 acres. In 2002/03 the Otta plant was renovated with new equipment and became operational by adding on an additional 6000 tons of metal capacity. By January 2014, the Ilupeju foundry was shut down and merged with the Otta foundry, giving it an ability to produce a total of 8,500 metric tons of castings.

NFL produces castings from 0.5kg up to 10 tons per single piece.

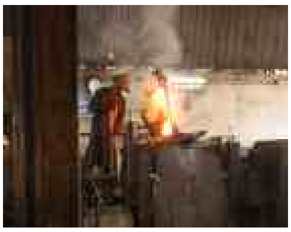
NIGERIAN FOUNDRIES LIMITED
RC 6297












FALCON CORPORATION LIMITED

Falcon Corporation commenced operations in 1994 under the trade name of Falcon Petroleum Limited. It holds a diverse portfolio of prime investments in Oil & Gas, Energy & Infrastructure, Real Estate & Construction.The company is a wholly indigenous organization that supports the Nigerian Local Content policy thrust with an employment policy that mirrors this as Nigerians with appropriate skill set are offered jobs in preference to foreign nationals, and developed further through trainings both locally and abroad on a continuous basis.

Falcon achieved 'First Gas' in November 2006 and has since deployed a network of over 50km of distribution pipeline across Ikorodu and environs, with a current delivery capacity of 25 million standard cubic feet per day (MMscf /d). It provides customers' alternative energy solutions designed to enhance their long term profitability and growth in a sustainable way.

Falcon Corporation is well established, under the Ikorodu Natural Gas Distribution Zone, as the licensed franchise operator with the mandate of providing gas pipeline and infrastructure development, gas distribution, operation and Management. The company is currently supplying gas to seventeen (17) companies in the Zone out of which eight (8) are BOI assisted projects as stated below:

- MBH Power Limited
- Nichemtext Limited,
- African Steel Mills Nigeria Limited.
- Pulkit Alloy &Steel Limited.
- Spintex Mills Nigeria Limited.
- Ikorodu Steel Mill Nig Limited
- Dangote Pasta Limited.
- Top Steel Nigeria Limited.
- Powergas Delta Innovations Limited.








APPLE AND PEARS LIMITED

Apples & Pears Ltd was incorporated in the year 2012 and commenced operation in July 2014, as an agro allied company to produce refined edible and cholesterol free oil from soya beans, other oil bearing seeds, as well as, soya meal for the feed mill industry for the Nigerian market.

The company is situated at Flower Gate Industrial Estate on Abeokuta Expressway. The plant has an installed soya seed crushing capacity of 50,000 MT per annum, producing 8,000 MT of soya bean oil and 41,250 MT of Soya Meal per annum.

The company's strength lies inherently in its human resources, strategic planning, focused leadership and commitment to new product development through continuous research and development.

Apple and Pears Limited has well established distribution channels for the vegetable oil and feed meal in Lagos, Kano, Abuja and Enugu. This includes a strong sales and marketing network throughout Nigeria under a National Sales Manager and Offices with sales representatives and distributors in all key geographical zones.

Leveraging on the above, the company has created strong brands of its products namely, Laziz Oil, Winner Oil and A1 Meal, all of which have exceptional nutritional values and good value for money. The current products are sold in the major supermarket chains in Nigeria such as Shoprite, Game, Spar and Grand Square. The company will leverage on these with its mayonnaise.




ASHAKA CEMENT PLC

AshakaCem Plc (Ashakacem) is a subsidiary of Lafarge Africa Plc., a member of LafargeHolcim Group. Lafarge African in Nigeria has a total installed capacity of circa 8.0 million metric tonnes with operating subsidiaries all over Nigeria. Ashakacem has cumulative experience of 37 years in the cement industry in Nigeria and serves the North-Eastern region of Nigeria.

AshakaCem is engaged in manufacturing and marketing of cement. The company was promoted by the Nigerian Industrial Development Bank Limited in partnership with the Federal Ministry of Industries, Blue circle Industries Plc. UK, the Nigeria Bank for commerce and Industry, Northern Nigeria Investment Limited and the Government then North-Eastern State (now Adamawa, Bauchi, Borno, Gombe, Taraba and Yobe States).

Ashaka cem became a public company and was listed on the Nigerian Stock Exchange in July 1990, the present Shareholding Structure is 17.54% held by Nigerians and 82.46% held by Lafarge Africa Plc. The company creates value for their customers and assist them to achieve their business objective and goals.

The company is proud of its commercial expertise, its efficiency and technical skills. They are committed to actively participating in the development of their customers, employees, shareholders and the community.

The company has future expansion plans which would require raw materials (limestone and lignite coal) for the cement operations as well as power generation. The expansion plan would be carried out in phases.

The company principal activities is the manufacture and sale of cement. Ashakacem produces Portland limestone cement which is a Nigerian industry Standard and certified cement product widely used in the Northern Nigeria. The company also runs a coal mine as a division.

TRANOS CONTRACTING LIMITED

TRANOS is a cutting-edge, value-driven, solutions-oriented and innovative company, building products and solutions for individuals, businesses and communities. The company was incorporated on February 1, 2008 to carry out the business of project management, engineering, quality management, business process management, construction management among other activities.

In its 8 years of existence, the company has grown into a recognized brand specialized in engineering, fabrication, maintenance and project management, which has made it highly sought after by both local and international companies. It services include assembly of high quality products in Power-Generation/Energy-Distribution (i.e assembly of diesel and hybrid generators), Control / Automation (i.e. control panels) and Enclosures (sound proof casing for generators).

The Bank financed the procurement of plant and machinery to set up the customers manufacturing plant for the production of low voltage product expand and also expand the company's current operation. The project has generated employment for 30 people with prospects of employing more people after its product launch.

The project is in line with government's plan of building a virile industrial base through import substitution which advocates replacing foreign imports with domestic production and would reduce the nation's dependence on foreign low voltage products through its local production. The project would generate revenue for government at various levels through payment of taxes. The continuous operation of the company would enhance the confidence of multinational organizations in the ability of local companies to meet both local and international demand for Low voltage products.








PARAS ENERGY & NATURAL RESOURCES DEVELOPMENT LIMITED

Paras Energy & Natural Resources Development Limited (PARAS ENERGY) was incorporated in 2002 with the objective of setting up an independent Power Plant. The company operates the Gas Power Plant within an existing factory of its sister company.

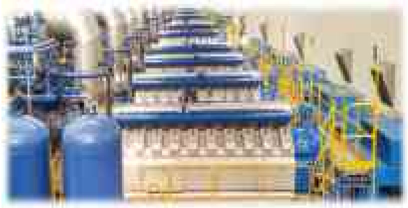
Paras Energy was awarded a license from the Nigerian Electricity Regulatory Commission (NERC) to operate power plants, with On-Grid generating capacity up to 96mw and to generate & provide reliable power supply at affordable prices to the manufacturing industry in Nigeria.

Paras Energy generates 96MW electricity using natural gas as fuel. The company's makes use of Wartsila model of generating sets to generate Power. The natural Gas for the station is taken from Kew metal station owned and maintained by Nigerian Gas Company (NGC) which is located about 200m from the company's site.

The strategic Advantage of Paras Energy Plant's location has to do with its nearness to 330 KV transmission line from Egbin to Ikeja West/Benin. The plant site is next to the NGC gas station having 12 inch Gas Pipeline with extra capacity for Power generation.

Paras Energy & Natural Resources, other core area includes; Power generation, consultancy services on selection of Equipment's for Power Plants, substation. Paras Energy also provides technical services to power generating firms to make businesses easy, more efficient and effective. Currently various projects feasibility studies are under processing within Nigeria and West African Countries for Power Plant Installation suitable for consumer requirements.

Paras Energy presently have the capacity to generate 100MW into the TCN grid at Ikorodu. The grid is able to accommodate this amount of power without overloading any section of the grid.


Substation Overview


Control Room


Gas Facility


Sub-station


MRSS- Control Room


Chimney Side

THINGS REMEMBERED NIGERIA LIMITED (TRNL)

Things Remembered Nigeria Limited (TRNL) is a consolidated catering and hospitality outfit. It was incorporated in 1983. It is a member of International Travel Catering Association (ITCA) and Nigerian Civil Aviation Authority (NCAA) approved and licensed In-Flight Catering Services Provider for both Domestic and International flight Catering operations.

TRNL services, which started as a small Airport restaurant and snack bar about 30 years ago and has blossomed into a unique brand as well as hospitality experience in the aviation industry in the country. It covers Airport Restaurant Services, Airport Lounge Services and In-flight Catering Service for domestic and international flights. They operate ultramodern restaurants in the 3 terminals of the Murtala Mohammed International Airport, (International, MMA2 and New GAT) and the Nnamdi Azikwe International Airport, Abuja. They also operate lounge services at the departure halls of MMIA, MMA2 and New GAT.

The new outlet in the Nnamdi Azikiwe Airport, Abuja is to be set up and equipped.

- The Obi Village Unit, which is directly opposite Arik Air Head Office, has a state of the art in-flight Catering Kitchen, equipped with modern equipment and operated to the strictest level of food safety and aviation security practices, from where the company provides meals for some selected Airlines. It operates Hazard Analysis and Critical Control Point (HACCP) based food safety management system, with well-trained chefs and quality control personnel.
- There is an in-flight catering dispatch system, fully integrated and equipped with a functional high capacity catering high-loader truck and other catering delivery vehicles with Apron pass for direct access to the airside for efficient catering delivery. Each delivery is accompanied by well-trained Aviation Security personnel as required by regulation.
- Its current Airline Clientele includes Medview Airline, Overland Airways, Discovery Airways (operation temporarily suspended) and Airfirst. Until recently when working capital issue became aggravated, Virgin Nigeria, Arik Air and Aero Contractors were also their clients. The company also provides specialized catering services to most of the chatter aircrafts operating out of Lagos and Abuia.
- In its drive to be the leading world class in-flight catering service provider, not only in Nigeria, but in the West African sub-regional and in Africa, the company has entered into a partnership with LSG Sky Chefs Lufthansa Services of Germany, which is the world's biggest and largest in-flight Catering Company as well as Air France, KLM and Etihad to providing in-flight catering services.

WESSY CREATION LIMITED

Wessy Creation Nigeria Limited was incorporated as a Private Limited Liability Company on August 13, 2013, with RC Number 1138707. The company is into production of African attires such as Kaftan, Dansiki, shirts, and Agbada using Nigerian made and imported fabrics such as batik and polyester.

The company has been in operations for about 30 years before its formal registration in August 2013. It has established itself as a top player in the production of high quality and international standard apparels as well as providing specialized services to its clientele by focusing on fashionable /trendy products and services that meet customer requirements/ standard.

During this period, the company has also been involved in the training of apprentice tailors and has identified a niche of prospective tailors willing to pay for the requisite training in tailoring.

In view of this, the company intends to expand its tailoring business by opening a production hub where specialized product training will be carried out. The production hub is planned to deepen the capacity building, train tailors with exportable skills and to cater for the fashion needs of its customers in Nigeria and beyond most specially the growing youth population and trending individual around the globe.

The production hub will be geared towards mass production as well as walk in customers, customized clothes for customers to reduce overhead cost. It will enable trained tailors without capital to start a small business of their own to operate in such a production hub.

Wessy Creations currently operates its factory from No 5 Oladipo Poopola Crescent Housing Estate Ibara Abeokuta, Ogun State. The show room is situated at Continental Suite IBB Presidential Boulevard Ibara, Abeokuta Ogun State.



BGAM SERVICES NIGERIA LIMITED

BGAM SERVICES NIGERIA LIMITED was incorporated in Nigeria as a Private Limited Liability Company on February 8, 2005 under the provisions of the Companies and Allied Matters Act (1990) with registration number RC.616266. The Company provides offshore support vessels and ancillary support services to operators in the Nigerian Upstream oil and Gas Industry. The company currently provides marine support services for the following companies: Shell, Chevron, Mobil, Total, Addax Petroleum, and Transocean.

They specialize in security patrol and crew boat operations and have been pre-qualified on the Nigerian Petroleum Exchange (NIPEX) to participate in all petroleum industry tenders for marine / logistics jobs. Their current fleet is made up of four Security Patrol / Crew boats. BGAM is a major participant in the local content technology development and the first beneficiary of Nigerian Content Intervention Fund (NCIFUND), a Managed Fund between the Nigerian Content Development & Monitoring Board (NCDMB) and Bank of Industry Limited (BOI) which was utilized in the acquisition of a security vessel.



GOSPELL DIGITAL LIMITED

Gospell Digital Technology Limited is a leading DTV and triple-play solution provider for Digital TV/OTT and Household entertainment manufacturing company in Nigeria: Founded in 2014 as the first indigenous DTT and DTH Set Top Box assembling plant In furtherance of the deadline set by the International Telecommunications Union (ITU) for the transition from analogue to digital broadcasting:

GOSPELL was among the pioneer companies licensed by The Federal Government of Nigeria under the National Broadcasting Commission (NBC) in its desire to ensure that all Nigerians go digital before the deadline of June 17, 2015 Digital Switch Over (DSO).

GOSPELL is the largest indigenous STB licensed manufacturer in West Africa with a production capacity of 1.2Million boxes annually. Also has extensive experience in over the top (OTT). IPTV and digital television antenna and dishes. GOSPEL Digital Technology Limited Nigeria was registered with the Corporate Affairs Commission on the 26th June 2014 as a Limited Liability Company. With RC No.1200088.

BOI financed the acquisition of plant and machinery for the production of set top boxes as well as the company's diversification strategy to the production of pre-paid meters.


WEST AFRICAN COMPANY LIMITED (WACOT)

West African company limited (WACOT) is a member of the tropical General Investment (TGI) Group, owned jointly by European and Nigerian Investors , with various business ventures in Nigeria. Some of the activities of the group in Nigeria include; food processing and manufacturing of fruit juice(chivita); fruit drinks(Caprisone); production of yoghurt, Evaporated milk, UHT long life milk; Flavoured milk (Hollandia); production of tomato paste (Terra), Tomato Mix (Pepe-Terra); fully integrated poultry Farming and Meat processing ;Industrial Bakery ; Dip sea fish Trawling ; Cotton ginning; Farmers; Outgrowing schemes; cotton seed multiplication; Manufacturing of pharmaceuticals; Manufacturing of Industrial Chemicals; Oil field Services; etc.

WACOT was incorporated to engage in the business of cotton ginning, cultivation and growing in its spheres as well as collection, buying and selling of all cotton products and by-products within or outside the country. The company commenced commercial activities in 1997 and successfully established State-of –the-art ginnery with capacity to gin 50,000mt of seed cotton per annum in Funtua, Katsina State. The factory has 3x143 Saw Gin from Lummus Corporation, USA, and Equip with a universal Eagle bale press from Continental Eagle Corporation, USA.

The company has been striving hard to enhance cotton yield and quality by sponsoring more than 60 demonstration plots in different cotton growing state of Katsina, Kano, Zamfara, Gombe etc. during the 2011 cotton season. The ginning activities and seed multiplication program of the company, which is certified by the institute of Agricultural Research (IAR) and National Agricultural Sector Council (NASC) are now fully developed and currently booming.



JUBAILI BROS (ENGR.) LIMITED

Jubaili Bros is a member of the Jubaili Group Holding, incorporated in Lebanon and manages several companies in the Middle East, Africa and Asia. To-date, Jubaili Bros has about 1500 international employees deployed in nine (9) countries with 28 branches and service centers, in the Middle East, Africa and Asia.

The Nigeria office was incorporated on December 28, 1995 with RC No. 285728 to assemble, service and sell generators, its components as well as assemble and produce low, medium and high voltage products.

The company is an energy solutions supplier for the telecommunication, industrial, financial, government and oil & gas sectors in Nigeria and continues to be a reliable source of power solution needs for the Nigerian market. In addition the company is now an Authorized ABB LV Panel Builder, Authorized ABB MV Dealer, GE Authorized Dealer (For Large Size Generators) and Enersys Authorized Dealer for Batteries.

In a bid to operate more efficiently, the company is exploring the use of alternative energy sources (solar) and in 2017, using its equity, the company designed and installed a captive 30kwp Solar Hybrid Energy solution for its factory which enabled it to save costs on power and operations.

Following the successful installation and operation of the 30kWp system, the company is in the process of scaling up the solution with an additional 207kWp to further reduce the associated energy costs. It then intends to use this platform to demonstrate the workability of Solar Hybrid solutions and integrate it into the company's product offerings to its numerous clients in various parts of Nigeria.

Jubaili Bros Engineering Ltd. activities include production/assembly of high quality products in Power-Generation/Energy-Distribution (i.e. production of switches and other low, medium and high voltage products as well as assembly of diesel and hybrid generators), Control / Automation (i.e. control panels) and Enclosures (sound proof casing for generators).








AUXANO SOLAR NIGERIA LIMITED

Auxano Solar Nigeria Ltd was incorporated in July 22, 2014, (RC No. 1205881) with a vison to provide affordable and reliable solar solutions for homes and businesses.

The company has a vision to commence the manufacturing of solar panels in Nigeria, and has started with the assembling of panels. Auxano assembled its first solar panels on the 15th of August, 2016 and have been one of the biggest suppliers to vendors at Alaba International Market.

In this regard, it has embarked on an expansion of its assembly plant and wish to automate its processes in line with emerging technologies and the need to meet the increasing demand for solar solutions. They are poised to be one of the leading indigenous solar energy companies in assembly, deployment, and installation of solar solutions in Nigeria.

The company is involved in sales, procurement, installation, assembling, maintenance and servicing of solar systems components (such as Solar panels, Batteries, Inverters, Solar fans, and Charge Controllers) for both grid, off-grid, homes, as well as street lights.

Auxano staff working with the Equipment Purchased by BOI (Automatic Solar cell stringing and tabbing Machine)

Equipment Purchased by BOI (Automatic Solar cell stringing and tabbing Machine)

Equipment Purchased by BOI (Automatic Solar cell stringing and tabbing Machine)

Auxano Staff trimming stringed cells in preparation for panel laminationn

Equipment Purchased by BOI (Automatic Solar cell stringing and tabbing Machine)

Auxano staff in the process of laminating solar panels

Completed panel

VITAFOAM NIGERIA PLC.

Vitafoam Nigeria Plc. and her subsidiaries (Vitapur Nigeria Limited, Vitablom Nigeria Limited, Vitavisco Nigeria Limited, Vitagreen Nigeria, Vitafoam Ghana and Sierra Leone Limited) engage in the manufacture, marketing and distribution of flexible/rigid foam, fiber products and textile linens in Nigeria, Ghana and Sierra Leone. These are complimented by quality furniture products (metal and wood) from Vono Furniture Products Limited also a subsidiary of Vitafoam Nigeria Plc. The vast array of products from the Group are tastefully designed and manufactured to meet consumers' needs in offices, homes, health institutions, hotels, oil and gas, automobile and agricultural sectors.

The company is one of Nigeria's leading manufacturer of flexible, reconstituted and rigid foam products, and has one of the largest foam manufacturing plant, as well as about thirty four (34) comfort centers (distribution / collection outlets); a network that enhances prompt delivery of finished products throughout the country and West African sub region.

The company was incorporated on August 4, 1962 and listed on the floor of the Nigerian Stock exchange in 1978, the shares are being actively traded on the floor of the Nigerian Stock Exchange. The company has 4 (four) fully operational factories at Aba (South-East), Ikeja (South-West), Jos (North-Central) and Kano (North-West).

The company's commitment to quality in its production process has earned its several quality awards including the Gold Certificate Award for most of its products, Vitafoam was the first manufacturing company in Nigeria to subject its quality system to the Quality Management System championed by the Standards Organization of Nigeria (SON). They obtained the NIS ISO 9002 certificate in 2001 and upgraded to NIS ISO 9001:2000 in 2004. They have also won the prestigious Nigerian Stock Exchange Annual Merit Award in the enlarged Industrial/Chemical products sector for eleven (11) consecutive times.






OLAM NIGERIA LIMITED

Olam Nigeria Limited is a wholly owned subsidiary of Olam International, Singapore – one of the 8 largest commodities traders in the world. Olam has developed an unrivalled expertise in the agribusiness globally, with presence in over 70 countries. The company started out as a trading concern for both major import and export items. These products include rice, fertilizer, Palm Oil, Sorghum and cocoa.

Olam has continually expanded its operations in Nigeria over the years, by building several processing factories for various agricultural produce. The company has also expanded its product base which led to expansion into the animal feed and related businesses in Nigeria. This expansion, to build on Olam's existing capabilities in origination of feed raw materials, involves the setting up of poultry and fish feed mills, as well as hatcheries to produce day-old chicks.

In 2015, the company acquired 13,500 hectares of arable farm land for cultivation of rice and have set up a fully integrated rice mill both in Nasarawa State, they are the producers of the 'Mama' range of rice.

The company prides itself in being one of the leading proponents of environmental conservation, health, education and safety standards in Nigeria which assist in the mitigation and minimisation of impacts of its operations on employees and their families, contractors, consumers and host communities in the surrounding biodiversity within its jurisdiction.

The following accolades have been awarded the company due to its continual commitment to ensuring the stipulated safety standards and best practices are met;

- ✓ National Productivity Council Award – Highest accolade for Industrial activity in Nigeria
- ✓ National award on Occupational Safety & Health compliance by House of representative committee on Labor employment and productivity.
- ✓ National award on Fire Safety Compliance by Federal Fire Service.
- ✓ Certified for FSMS ISO 22000-2005 certificate and FSSC 22000 certification in-progress (Apr'16).
- ✓ Mama's Pride awarded as Global Quality Excellence Award for the best quality rice product of Year 2015.
- ✓ Olam 6 Safety Imperatives implemented.
- ✓ Local talent pool developed for mill operations.

The company provides employment to 1544 persons directly and 9300 persons indirectly.



MASTERSTROKE PACKAGES LIMITED

Masterstroke Packages Limited was incorporated on October 18, 1989 as a private Limited Liability company. The company is noted for the production of quality print labels, paper packaging materials and scratch cards (telecommunications and other types). Masterstroke metamorphosed from being an ordinary printing company into flexographic printing, a current technology in the printing business, which is an upgrade of the letter press technology.

The process entails the use of flexible relief plate and guarantees prints on any type of substance such as plastic, metallic films, cellophane and paper. The technology adopted by the company has an advantage over lithography because it can use a wide range of printing inks, water based rather than oil based and is ideal for printing words on a variety of materials viz plastic, foils, acetate film, brown paper and other materials used in packaging.

The basic products of the company include brown corrugated boxes, flexible packaging e.g. retail and shopping bags of different sizes and colours, food and hygiene bags/sacks/zip locks, milk and beverage cartons, self-adhesive labels, disposable cups/containers, wall papers to mention a few.

From inception, the management of Masterstroke Packages Limited defined its goal, which was delivery of high quality services to its teeming customers with high expectations. The company expects to deliver high volumes to its existing customers, penetration to other market opportunities such as the wine and perfumery markets would be attained using the digital printing technology.




OIL AND INDUSTRIAL SERVICES LIMITED

Oil and Industrial Services Ltd was founded in 1979 and incorporated in 1986. The company was founded by Ken C Worgu and Dr Betty Worgu in Port Harcourt, Rivers State, Nigeria. For over three decades the company has grown sustainably to be one of the leading indigenous Petroleum and Energy Services company in West Africa with operations on other parts of Africa, America, Europe and other parts of the world.

In 2013, the company set out a plan to become one of the leading EPCI contractors in West Africa in 10 years and have achieved and exceeded its set goals over the past 4 years. The company possess a high level of technical expertise in which they use to execute projects. The company also own most of the equipment and assets needed for project execution which gives them a competitive advantage over its competitors. The company has executed projects on behalf of various International Oil Companies which include Mobil, LNG, Total, Shell and Chevron amongst others.

OIS is an Offshore, Swamp and Onshore Engineering, Procurement, Construction and Installation (EPCI) Contractor. Some of the projects include Upgrade/ repair/ build/ install facilities, lay offshore or onshore pipelines, project management, engineering, procurement, construction an installation.

EMZOR PHARMACEUTICAL INDUSTRIES LIMITED

Emzor Pharmaceutical Industries Limited is a wholly private indigenous pharmaceutical manufacturing group founded in 1984 by Dr. Stella C. Okoli, OON. The company is into the manufacture of high quality pharmaceutical products and medical consumables. Its holding company, Emzor Chemists Limited opened for retail business in January 1977 in Yaba, Lagos.

The rapid growth of the retail business encouraged Emzor Chemists Limited to venture into the importation and wholesale of assorted pharmaceuticals. The idea to manufacture locally came later and this was predicated on the need to develop local capability, create jobs and provide high quality pharmaceutical products and services to the Nigerian people at prices that are not only affordable but represent value.

Emzor Pharmaceutical Ind. Ltd. started pilot production in 1985. By 1988 it had become an established pharmaceutical manufacturing company especially with the introduction of Emzor Paracetamol which is today a leading brand of analgesic not only in Nigeria but across Sub Saharan Africa.

The company's factory is located in the Isolo industrial area of Lagos with facilities to make a wide variety of high quality pharmaceutical products that meet international standards at affordable and competitive prices. All Emzor products meet the highest international standards and are duly registered with NAFDAC.

- The company has over the years recorded impressive performance in terms of earnings, growth and capital employed. Presently it has over 140 strong brands of Over the Counter (OTC) medicines and ethical products. In order to expand its product portfolio and increase growth prospects, the company has built a state-of- the- art pharmaceutical Plant in Sagamu, Ogun State in compliance with the current Good Manufacturing Practice (cGMP) of the World Health Organization (WHO) in line with global practice.









INNOSON TECHNICAL AND INDUSTRIAL COMPANY LIMITED

The company was incorporated on the 7th of June, 2002 with full manufacturing activities commencing same year at its head office and factory. The company is very strategic in the Innoson Group of Companies' commitment to improving the quality of life of the Nigerian citizenry; an objective it achieves through the manufacturing of plastic products that meet the highest global industry standards.

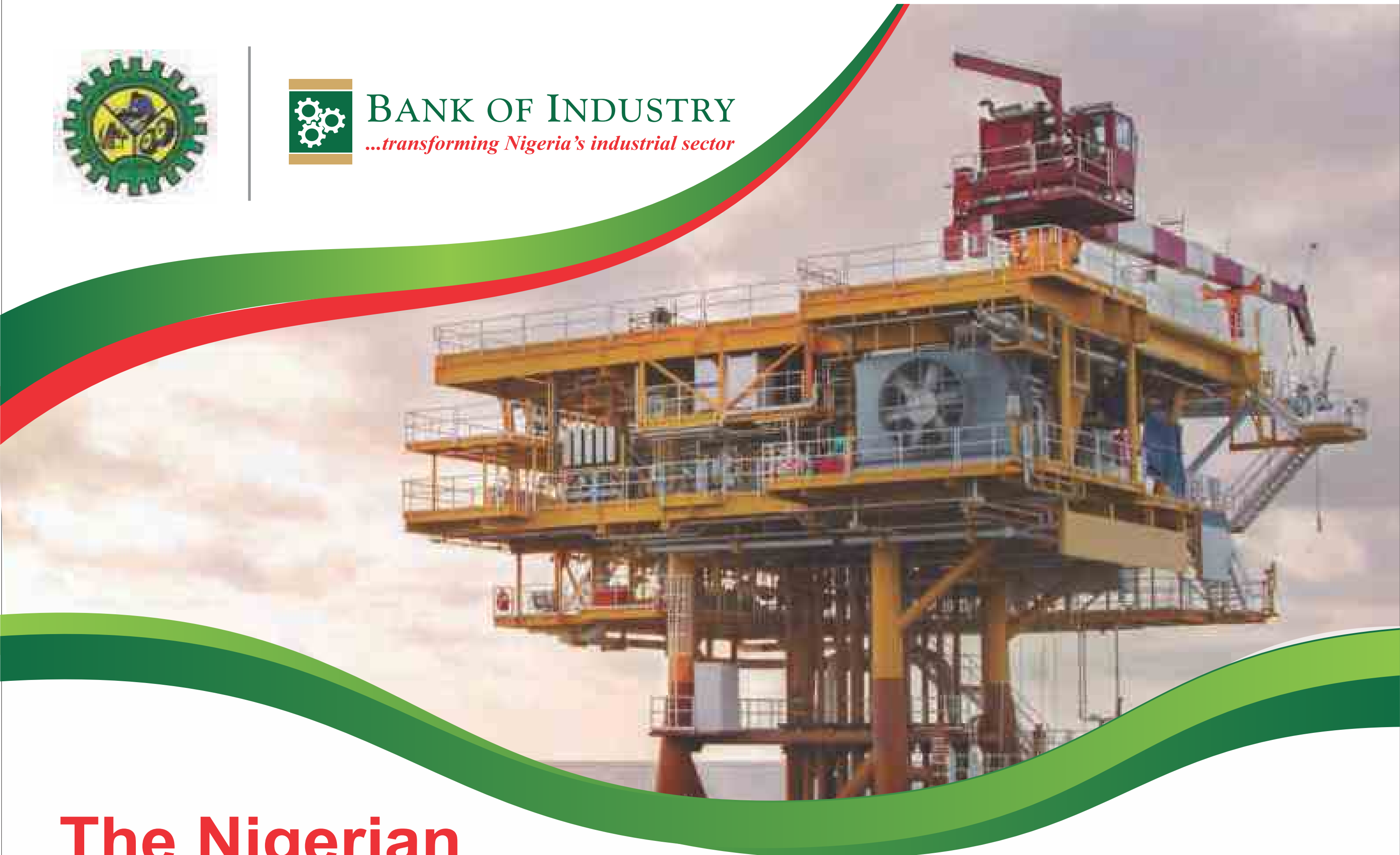
With a workforce of about 4,500 Nigerians and technical support from Chinese expatriates, Innoson Technical is one of the biggest plastic industry in Nigeria with product portfolio that covers over 150 lines of products including: plastic chairs, crash helmets (for motorcycles riders, construction and factory workers), tables, jerry cans of various sizes for exports of chemical products, water tanks of different volumes, dustbins, pallets, plates and many other allied products. Innoson Technical and industrial Company Limited also customizes products to suit the tastes and needs of its wide clientele.

The company has the capacity to produce high quality range of more than 10,000 plastic chairs per day, courtesy of the upgraded production lines featuring state-of-the-art injection moulds. This it has achieved with support from the Bank of Industry.

The plant has more than twelve production lines of injection moulds listed below:

1. Injection Moulding Products
2. Blowing Moulding Products
3. Metex Boxes and Accessories
4. Melamine Tablewares
5. Roof ceiling
6. Rotational Moulding Products
7. Foam Products

BANK OF INDUSTRY
...transforming Nigeria's industrial sector



The Nigerian Content Intervention Fund (NCI Fund)

Building local supply chain efficiency and competitiveness in the oil and gas sector...

The Nigerian Content Development and Monitoring Board (NCDMB) in conjunction with the Bank of Industry (BOI) have launched the US $200 million Nigerian Content Intervention Fund (NCI Fund). The financing scheme will solve the funding challenges of the local supply chain in the oil and gas industry.

To benefit, applicants must be contributors to the Nigerian Content Development Fund (NCDF).ÀÀ

Highlights:

- **Term Loans**
- **Working capital**
- **Leasing**
- **Interest rate for credit facilities;**
  - *Loan for Manufacturing* - 8%
  - *Asset Acquisition* - 8%
  - *Contract finance* - 8%
  - *Community Contractors* - 5%
  - *Loan Refinancing* - 8%
- **Loan Tenor: maximum of 5 years**

Available Facilities:

Loan for Manufacturing:
maximum of US$10M @ 8% p.a; tenor - up to 5 years.

Asset Acquisition:
maximum of US$10M @ 8% p.a; tenor - up to 5 years.

Contract Financing:
maximum of US$5M @ 8% p.a; tenor - up to 5 years.

Community Contract Financing:
maximum of ₦20M @ 5% p.a; tenor - up to 5 years.

Loan Refinancing: À
maximum of US$2M loans @ 8% p.a; tenor - up to 5 years.

Applications can be submitted online at- **www.boi.ng/ncifund**

Terms and conditions apply

For more information please log into:

www.ncdmb.gov.ng | www.boi.ng/ncifund

THE NIGERIAN CONTENT INTERVENTION FUND (NCIFUND)

The Nigerian Content Development and Monitoring Board (NCDMB) in conjunction with the Bank of industry (BOI) launched a US$200 million Nigeria Content Intervention Fund (NCIFund). The financing scheme will solve the funding challenges of the local supply chain in the oil and gas industry. The fund is designed to achieve the following strategic objectives:

a. To increase indigenous participation in the oil and gas industry, build local capacity and competencies.
b. To promote the growth and development of Nigerian Content in activities connected with sectors of the Nigerian oil and gas Industry.
c. To deepen the creation of linkages to other sectors of the national economy and boost industry contributions to the growth of Nigeria's National Gross Domestic Product.
d. To address persistent funding challenges that have hindered capacity and growth of local service providers in oil and gas.

To benefit applicants must be contributors to the Nigerian Content Development Fund (NCDF).

Highlights:

- Term Loans
- Working Capital
- Leasing
- Interest rate for credit facilities;
  - Loan for Manufacturing - 8%
  - Asset Acquisition - 8%
  - Community Contractors - 5%
  - Loan Refinancing - 8%

- Loan Tenor : Maximum of 5 years

Available Facilities:

Loan Manufacturing: Maximum of US$10M @ 8% p.a; tenor up to five years.
Asset Acquisition: Maximum of US$10M @ 8% p.a; tenor up to five years.
Contract Financing: Maximum of US$10M @ 8% p.a; tenor up to five years.
Community Contract Financing: Maximum of N20M @ 5% p.a; tenor up to five years.
Loan Refinancing: Maximum of UD$10M @ 8% p.a; tenor up to five years.

Financial
Statements

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Bank of Industry Limited

Opinion

We have audited the consolidated and separate annual financial statements of Bank of Industry Limited ("the Bank") and its subsidiaries (together, "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2018, 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 notes, comprising significant accounting policies and other explanatory information, as set out on pages 21 to 124.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Bank and its subsidiaries as at 31 December 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011 and the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

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

Key Audit Matters

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

Impairment of loans and advances

Loans and advances for the Group amounted to N665 billion as at December 2018 (N551 billion as at December 2017) and the total impairment allowance for the Group amounted to N31billion as at 31 December 2018 (N25 billion at 31 December 2017).

The Group adopted IFRS 9 Financial Instruments which became effective on 1 January 2018. For the Group, the key change arising from the adoption of IFRS 9 was that the Group's impairment losses on financial assets are now based on an Expected Credit Loss (ECL) model rather than an incurred loss model, with the most significant impact on impairment of loans and advances. The determination of impairment allowance using the ECL model requires the application of certain parameters such as; probability of default, exposure at default, loss given default, which are estimated from historical data obtained within and outside the Group, and incorporation of forward looking information such as Gross Domestic Product (GDP), inflation, exchange rates etc., as inputs, into the complex financial models.

Impairment allowance on loans that have shown a significant increase in credit risk, is based on the Group's estimate of losses expected to result from default events over the life of the loans. Impairment allowance on other loans that have not shown a significant increase in credit risk is recognized based on an estimate of the losses expected to result from default events within 12 months. This estimate is also an output of models, with the key assumptions being the possibility of a loan becoming past due and subsequently defaulting, the rate of recovery on the loans that are past due and in default.

The judgment involved in classifying loans into stages, the level of subjectivity inherent in estimating the key assumptions on the recoverability of loan balances, the Group's overlays for particular risk portfolios which are not appropriately captured in the expected credit loss model, application of industry knowledge and prevailing economic conditions in arriving at the level of impairment required, the inputs estimated, the complexity of the estimation process and the significant judgment involved in applying these estimates to determine the level of impairment allowance required, make the impairment of loans and advances a matter of significance to the audit.

How the matter was addressed in our audit
Our procedures included the following with respect to the impairment allowances as at 1 January 2018 and 31 December 2018:

- We evaluated the design and implementation of the key controls over the impairment assessment process such as Management's review of loans and advances. The key controls evaluated covered processes such as management review and monitoring of the performance of loans and advances and management review of relevant data used in the calculation of expected credit losses including the forward looking macroeconomic data included in the impairment model.

- For all loans and advances to customers, we assessed the appropriateness of the Group's determination of significant increase in credit risk and the resultant classification of loans into the various stages. For loans and advances to customers that had shown a significant increase in credit risk, we evaluated the level of past due obligations using qualitative factors such as available information about the obligors business or project being financed and qualitative backstop indicators such as number of days past due to determine the impairment based on the losses expected over the life of the facilities.

- For all loans and advances to financial institutions, we assessed the appropriateness of the Group's determination of significant increase in credit risk and evaluated the level of past due obligations using qualitative factors such as available information about the financial institutions to determine whether the Group should recognize an impairment based on the losses expected to result from default events within a year or default events over the life of the facilities.

- With the assistance of our Financial Risk Management specialists, we:
  - assessed the appropriateness of the Group's ECL methodology by considering whether it reflects probability-weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions, as required by the relevant accounting standard;
  - challenged the appropriateness of the modelling approach and the historical movement in the balances of facilities between default and non-default categories in determining the Probability of Default (PD) used in the ECL calculations;
  - evaluated the segmentation of loans and advances based on similar credit risk characteristics and consistent with the internal credit management of the Group and Bank;
  - evaluated the appropriateness of the data used in determining the Exposure at Default;
  - tested the accuracy of the calculation of the Loss Given Default (LGD) used by the Group;
  - assessed the valuation of the collateral used in the ECL model;
  - challenged the appropriateness of the Group's forward looking assumptions comprising the inflation rates, exchange rates and GDP growth rates used in the ECL calculations using publicly available information from external sources;
  - we checked the staging of facilities through the consideration of days past due as well as other qualitative characteristics that signified an increase in the credit risk of a loan customer.
  - tested the accuracy of the Group and Bank's ECL provision by re-performing the calculations of the ECL impairment allowance for loans and advances. For loans and advances which have shown a significant increase in credit risk, the recalculation was based on the amount which the Group and Bank may not recover throughout the life of the loans while for loans and advances that have not shown significant increase in credit risk, the recalculation was based on the losses expected to result from default events within a year.

- We assessed whether the transition adjustments arising from the application of the newly adopted standard was appropriately determined in accordance with the requirements of the standards.

The Group and Bank's accounting policy on impairment allowance for loans and advances, disclosure on judgment and estimate, notes on loans and advances and relevant financial risk disclosures are shown in Notes 4.4, 19 and 44 respectively.

Valuation of Derivative Instruments
The Group and Bank's derivative instruments totaling N1.37 billion derivative liability for the year 2018 (2017: N0.74 billion derivative asset) comprise foreign currency swaps entered into during the year. The Valuation of Derivative Instruments is considered to be of significance to the audit due to the significance of the amount and complexity involved in the valuation of the derivative and the related estimation uncertainty.

How the matter was addressed in our audit
Our audit procedures included the following:

- We evaluated the design, implementation and operating effectiveness of key controls over the inputs used in determining the Group

KPMG

and Bank's valuation of derivative instruments.

- With the assistance of our Financial Risk Management specialists, we: oinspected derivative contract documents as at year end to obtain an understanding of the respective transactions and challenged the Group and Bank's interpretation of the contract and assumptions applied

  - checked that the valuation methodology is in line with the requirements of the IFRS 9 requirements.
  - ascertained the accuracy of the fair value of derivative instruments by comparing the rates used by the Group and Bank to market observable rates.
  - Re-computed the fair value of the instruments as at 31 December 2018 and compared with the amount recorded by the Group and Bank.

The Group and Bank's accounting policy on derivative instruments, notes on derivative liability and relevant financial risk disclosures are shown in Notes 4.3(e), 16 and 45.2 respectively.

Other Information

The Directors are responsible for the other information which comprises the Corporate Information, Report of the Directors, Statement of Directors' responsibilities in relation to the Consolidated and Separate Financial Statements, Report of the Audit Committee, Value Added Statement, Financial summary, Additional Disclosure on Managed Funds but does not include the consolidated and separate annual financial statements and our audit report thereon.

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

In connection with our audit of the consolidated and separate annual 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.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate annual financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011 and the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and SeparateFinancial 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 and Bank's internal control.

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

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Bank 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 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 Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements
Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004.

In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and the Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account. Compliance with Section 27 (2) of the Banks and the other Financial Institutions Act Cap B3, Laws of the Federation of Nigeria, 2004 and Central Bank of Nigeria circular BSD/1/2004

i. The Bank and Group did not pay any penalties during the year ended 31 December 2018.
ii. Related party transactions and balances are disclosed in Note 39 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Ayodele Othihiwa
FRC/2012/ICAN/00000000425
For: KPMG Professional Services
Chartered Accountants
29 April 2019
Lagos, Nigeria

Consolidated and Separate Statements of Profit or loss and Other Comprehensive Income

for the year ended 31 December. 2018

	Note	GROUP 31-Dec-18	GROUP 31-Dec-17	BANK 31-Dec-18	BANK 31-Dec-17
		N'000	N'000	N'000	N'000
Gross earnings		82,715,642	46,185,243	79,029,642	40,992,257
Interest income	5	67,719,337	34,966,778	65,208,827	33,820,364
Interest expense	6	(16,445,454)	(528,375)	(16,457,823)	(619,850)
Net interest income		51,273,883	34,438,403	48,751,004	33,200,514
Fees and commission income	7	4,125,293	3,273,396	3,888,351	3,134,628
Net (loss)/gain from financial instrument measured at fair value	8	(2,567,866)	845,105	(2,567,866)	845,105
Gain on sale of financial assets at FVTPL	20.2	233,444	-	219,926	-
Gain on sale of available for sale financial assets	20.3	-	9,289	-	9,289
Other income	9	5,482,414	3,686,859	4,702,514	1,531,428
Total operating income		58,547,168	42,253,052	54,993,929	38,720,960
Impairment writeback	10	5,155,154	3,403,815	5,010,024	1,651,447
Net operating income		63,702,322	45,656,867	60,003,953	40,372,407
Staff costs	11	(12,183,454)	(8,020,477)	(11,793,588)	(7,750,858)
Depreciation and amortisation	12	(1,972,293)	(1,357,246)	(530,597)	(435,930)
Other operating expenses	13	(12,883,365)	(9,915,823)	(12,326,447)	(9,447,940)
Total operating expense		(27,039,112)	(19,293,546)	(24,650,632)	(17,634,728)
Profit before tax		36,663,210	26,363,321	35,353,321	22,737,679
Taxation	28.1	(4,209,382)	(3,203,771)	(3,445,677)	(3,149,567)
Profit for the year		32,453,828	23,159,550	31,907,644	19,588,112
Profit attributable to:					
Owners of the company		32,446,939	23,151,908	31,907,644	19,588,112
Non-controlling Interest		6,889	7,642	-	-
		32,453,828	23,159,550	31,907,644	19,588,112
Basic earnings per share (kobo)	33.1	44	31	43	27
Diluted earnings per share (kobo)	33.2	40	31	39	27

Consolidated and Separate Statements of Profit or loss and Other Comprehensive Income
for the year ended 31 December. 2018

		Note	GROUP 31-Dec-18	GROUP 31-Dec-17	BANK 31-Dec-18	BANK 31-Dec-17
			N'000	N'000	N'000	N'000
	Profit for the year		32,453,828	23,159,550	31,907,644	19,588,112
	Other comprehensive income:					
a	Items that may be reclassified into profit or loss		-	-	-	-
b	Items that may not be reclassified into profit or loss					
	Fair value gains/loss on equity instrument at FVOCI	20.1	(445,569)	13,727	(438,239)	(5,165)
	Remeasurement of defined benefit obligation	30.2c	(1,195,180)	49,398	(1,144,880)	93,566
	Taxes relating to components of OCI	28.2	363,565	(158,224)	366,362	(159,383)
	Other comprehensive income for the year net of tax		(1,277,184)	(95,099)	(1,216,757)	(70,982)
	Total comprehensive income for the year net of tax		31,176,644	23,064,451	30,690,887	19,517,130
	Total comprehensive income attributable to:					
	Owners of the company		31,170,264	23,057,885	30,690,887	19,517,130
	Non-controlling interest		6,380	6,566	-	-
			31,176,644	23,064,451	30,690,887	19,517,130

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

Consolidated and Separate Statement of Financial Position

As at 31 December, 2018

	Note	GROUP 31-Dec-18	GROUP 31-Dec-17	BANK 31-Dec-18	BANK 31-Dec-17
		N'000	N'000	N'000	N'000
ASSETS					
Cash and bank balances	14	18,193,868	15,413,153	17,877,630	14,925,793
Due from financial institutions	15	107,578,150	81,061,115	106,590,574	82,598,714
Derivative asset	16	–	736,486	–	736,486
Investment in debt securities	18	261,806,710	50,662,415	261,747,312	50,416,949
Advances under lease	17	131,052	361,776	–	–
Loans and advances	19	634,116,033	525,837,976	633,706,120	525,386,170
Equity investment securities	20	3,921,028	5,010,185	3,911,426	4,967,080
Investment in subsidiaries	21	–	–	3,545,720	3,545,720
Other assets	22	7,376,899	6,107,124	6,864,505	5,225,534
Trading properties	23	–	–	–	–
Intangible assets	24	177,855	202,784	177,856	202,785
Property and equipment	25	23,321,404	15,583,831	20,138,858	13,076,702
Investment property	26	11,746,299	11,596,594	11,600,793	12,061,402
Deferred tax asset	28.3	675,882	682,485	–	–
TOTAL ASSETS		1,069,045,180	713,255,924	1,066,160,794	713,143,335
LIABILITIES					
Derivative liability	16	1,372,808	–	1,372,808	–
Tax payable	28	5,073,130	3,093,019	4,685,306	2,750,358
Deposit for shares	31	15,000,000	–	15,000,000	–
Borrowings	29	686,730,273	389,450,139	684,647,342	389,450,139
Employee benefits	30	1,331,491	482,750	1,010,279	107,843
Deferred tax liabilities	28.3	–	–	165,841	522,537
Other liabilities	27	101,298,014	78,452,785	99,946,429	77,050,068
TOTAL LIABILITIES		810,805,716	471,478,693	806,828,005	469,880,945
CAPITAL AND RESERVES					
Share capital	32	147,371,321	147,371,321	147,371,321	147,371,321
Retained earnings	32	30,815,531	11,616,275	32,447,748	13,353,581
Statutory reserve	32	39,326,952	29,396,863	38,704,011	29,131,718
Non - distributable reserves	32	9,049,290	20,274,739	9,047,144	20,271,157
Actuarial reserve	32	1,159,305	1,990,411	1,280,047	2,058,565
SME reserve	32	30,000,000	30,000,000	30,000,000	30,000,000
Fair value reserve	32	(444,945)	171,992	(437,381)	156,149
Business combinations under common control	32	919,899	919,899	919,899	919,899
Total equity attributable to owners of the company		258,197,353	241,741,500	259,332,789	243,262,390
Non controlling interest		42,111	35,731	–	–
Total equity		258,239,464	241,777,231	259,332,789	243,262,390
TOTAL LIABILITIES AND EQUITY		1,069,045,180	713,255,924	1,066,160,794	713,143,335

The financial statements were approved by the Board of Directors on 29 April 2019 and signed on its behalf by:

Mallam Aliyu AbdulRahman Dikko
Chairman, Board of Directors
FRC/2013/IODN/00000002375

Olukayode Pitan
Managing Director
FRC/2018/IODN/00000017947

Taiwo Kolawole
Chief Finance Officer
FRC/2013/ICAN/00000002545

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

Group

	Notes	Share Capital N'000	Retained Earnings N'000	Regulatory Reserve: Statutory Reserves N'000	Regulatory Reserve: Non-Distributable Reserves N'000	Business combination under common control N'000	Actuarial Reserves N'000	SME Reserve N'000	Fair Value Reserve N'000	Shareholders' Equity N'000	Non-Controlling Interest N'000	Total equity
Balance as at 1 January, 2017		147,371,321	830,734	23,511,669	15,052,521	919,899	2,082,012	30,000,000	158,265	219,926,421	(21,263)	219,905,158
Profit for the year		-	23,151,908	-	-	-	-	-	-	23,151,908	7,642	23,159,550
Other comprehensive income												
Net change in fair value of equity securities	20.1	-	-	-	-	-	-	-	13,727	13,727	-	13,727
Remeasurement of defined benefit liability	30.2c	-	-	-	-	-	50,474	-	-	50,474	(1,076)	49,398
Tax on other comprehensive income	28.2	-		-	-	-	(158,224)	-	-	(158,224)	-	(158,224)
Total other comprehensive income		-	-	-	-	-	(107,750)	-	13,727	(94,023)	(1,076)	(95,099)
Total comprehensive income		-	23,151,908	-	-	-	(107,750)	-	13,727	23,057,885	6,566	23,064,451
Transactions with owners of the												
Bank Contributions and distributions												
Transfer within reserve		-	(77,233)	12,994	-	-	16,149	-	-	(48,090)	48,090	-
Dividend to equity holders		-	(1,194,716)	-	-	-	-	-	-	(1,194,716)	-	(1,194,716)
Additional non-controlling interest from acquisition		-	-	-	-	-	-	-	-	-	2,338	2,338
Transfer to statutory reserve		-	(5,872,200)	5,872,200	-	-	-	-		-	-	-
Transfer to/(from) non-distributable reserves		-	(5,222,218)	-	5,222,218	-	-	-	-	-	-	-
Total contributions and distributions		-	(12,366,367)	5,885,194	5,222,218	-	16,149	-	-	(1,242,806)	50,428	(1,192,378)
Balance as at 31 December, 2017		147,371,321	11,616,275	29,396,863	20,274,739	919,899	1,990,411	30,000,000	171,992	241,741,500	35,731	241,777,231
Balance as at 1 January, 2018												
(as previously reported)		147,371,321	11,616,273	29,396,863	20,274,739	919,899	1,990,411	30,000,000	171,992	241,741,498	35,731	241,777,229
IFRS 9 transition adjustments	45.4	-	(13,045,542)	-	-	-	-	-	(168,867)	(13,214,409)	-	(13,214,409)
Restated balance as at 1 January, 2018		147,371,321	(1,429,269)	29,396,863	20,274,739	919,899	1,990,411	30,000,000	3,125	228,527,089	35,731	228,562,820
Profit for the year		-	32,446,939	-	-	-	-	-	-	32,446,939	6,889	32,453,828
Other comprehensive income												
Fair value gains/loss on equity instrument at F	20.1	-	-	-	-	-	-	-	(445,569)	(445,569)	-	(445,569)
Remeasurement of defined benefit	30.2c	-	-	-	-	-	(1,194,671)	-	-	(1,194,671)	(509)	(1,195,180)
Tax on other comprehensive income	28.2	-	-	-	-	-	363,565	-	-	363,565	-	363,565
Total other comprehensive income		-	-	-	-	-	(831,106)	-	(445,569)	(1,276,675)	(509)	(1,277,184)
Total comprehensive income		-	32,446,939	-	-		(831,106)	-	(445,569)	31,170,264	6,380	31,176,644
Transactions with owners of the Bank Contributions and distributions												
Dividend to equity holders		-	(1,500,000)	-	-	-	-	-	(1,500,000)	-	(1,500,000)	
Realised gain/(loss) on												
FVOCI equity investments transferred to retained earnings		-	2,501	-	-	-	-	-	(2,501)	-	-	-
Transfer to statutory reserve		-	(9,930,089)	9,930,089	-	-	-	-	-	-	-	-
Transfer to/(from) non-distributable reserves		-	11,225,449	-	(11,225,449)	-	-	-	-	-	-	-
Total contributions and distributions		-	(202,139)	9,930,089	(11,225,449)	-	-	-	(2,501)	(1,500,000)	-	(1,500,000)
Balance as at December 31, 2018		147,371,321	30,815,531	39,326,952	9,049,290	919,899	1,159,305	30,000,000	(444,945)	258,197,353	42,111	258,239,464

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

Statement of Changes in Equity
As at 31 December 2018

Bank

	Notes	Share Capital N'000	Retained Earnings N'000	Regulatory Reserve: Statutory Reserves N'000	Regulatory Reserve: Non-Distributable Reserves N'000	Business combination under common control N'000	SME Reserves N'000	Fair Value Reserve N'000	Actuarial Reserve N'000	Total N'000
Balance as at 1 January, 2017		147,371,321	6,057,460	23,255,284	15,050,316	919,899	30,000,000	161,314	2,124,382	224,939,976
Profit for the year		-	19,588,112	-	-	-	-	-	-	19,588,112
Other comprehensive income										
Net change in fair value	20.1	-	-	-	-	-	-	(5,165)	-	(5,165)
Remeasurement of defined benefit liability	30.2c	-	-	-	-	-	-	-	93,566	93,566
Taxes relating to components of OCI	28.2	-	-	-	-	-	-	-	(159,383)	(159,383)
Total other comprehensive income		-	-	-	-	-	-	(5,165)	(65,817)	(70,982)
Total comprehensive income		-	19,588,112	-	-	-	-	(5,165)	(65,817)	19,517,130
Transactions with owners of the Bank										
Contributions and distributions										
Dividend to equity holders		-	(1,194,716)	-	-	-	-	-	-	(1,194,716)
Transfer to statutory reserve		-	(5,876,434)	5,876,434	-	-	-	-	-	-
Transfer to/(from) non-distributable reserves		-	(5,220,841)	-	5,220,841	-	-	-	-	-
Total contributions and distributions		-	(12,291,991)	5,876,434	5,220,841	-	-	-	-	(1,194,716)
Balance as at 31 December, 2017		147,371,321	13,353,581	29,131,718	20,271,157	919,899	30,000,000	156,149	2,058,565	243,262,390
Balance as at 1 January, 2018 (as previously reported)		147,371,321	13,353,581	29,131,718	20,271,157	919,899	30,000,000	156,149	2,058,565	243,262,390
IFRS 9 Transition Adjustments	45.4	-	(12,967,698)	-	-	-	-	(152,790)	-	(13,120,488)
Balance as at 1 January, 2018 (restated)		147,371,321	385,883	29,131,718	20,271,157	919,899	30,000,000	3,359	2,058,565	230,141,902
Profit for the year		-	31,907,644	-	-	-	-	-	-	31,907,644
Other comprehensive income										
Fair value gains/loss on equity instrument at FVOCI	20.1	-	-	-	-	-	-	(438,239)	-	(438,239)
Remeasurement of defined benefit liability	30.2c	-	-	-	-	-	-	-	(1,144,880)	(1,144,880)
Taxes relating to components of OCI	28.2	-	-	-	-	-	-	-	366,362	366,362
Total other comprehensive income		-	-	-	-	-	-	(438,239)	(778,518)	(1,216,757)
Total comprehensive income		-	31,907,644	-	-	-	-	(438,239)	(778,518)	30,690,887
Transactions with owners of the Bank										
Contributions and distributionsDividend to equity holders		-	(1,500,000)	-	-	-	-	-	-	(1,500,000)
Realised gain/(loss) on FVOCI equity investments transferred to retained earnings		-	2,501	-	-	-	-	(2,501)	-	-
Transfer to statutory reserve		-	(9,572,293)	9,572,293	-	-	-	-	-	-
Transfer to/(from) non-distributable reserves		-	11,224,013	-	(11,224,013)	-	-	-	-	-
Total contributions and distributions		-	154,221	9,572,293	(11,224,013)	-	-	(2,501)	-	(1,500,000)
Balance sheet as at December 31, 2018		147,371,321	32,447,748	38,704,011	9,047,144	919,899	30,000,000	(437,381)	1,280,047	259,332,789

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

Consolidated and Separate Cash Flow Statement
As at 31 December 2018

	Note	GROUP 31-Dec-18	GROUP 31-Dec-17	BANK 31-Dec-18	BANK 31-Dec-17
		N'000	N'000	N'000	N'000
Operating activities					
Cash from operations	35	(55,845,495)	61,694,336	(59,238,601)	54,586,172
Income tax paid	28	(1,859,103)	(1,239,819)	(1,501,063)	(1,213,987)
Staff gratuity remittance	30.2(a)	(970,304)	(3,890)	(802,237)	-
Net cash (used in)/from operating activities		(58,674,902)	60,450,627	(61,541,901)	53,372,185
Investing activities					
Purchase of equity securities		-	(9,574)	-	(9,532)
Dividend from equity securities	9	15,672	21,9307,808	20,089	
Purchase of investment properties	26	(614,534)	(3,367,389)	-	(4,000,000)
Proceed from disposal of investment properties	9.1	2,779,613	-	2,772,000	-
Proceeds from disposal of equity		4,551	9,290	4,553	4,009,290
Investment in subsidiary		-	-	-	(3,000,000)
Purchase of property and equipment	25	(9,817,909)	(3,550,697)	(7,650,786)	(1,205,428)
Purchase of intangible assets	24	(33,524)	(70,831)	(33,524)	(70,831)
Proceed from disposal of property and equip	9.3	373,436	528,409	306,269	-
Net acquisition of debt securities	35(b)	(211,170,894)	(10,214,184)	(211,356,962)	(9,988,118)
Net cash used in investing activities		(218,463,589)	(16,653,046)	(215,950,642)	(14,244,530)
Financing activities					
Net proceed/(repayment) on Borrowing	29.3	292,937,988	(32,753,837)	290,937,988	(32,563,380)
Deposit for shares	31	15,000,000	-	15,000,000	-
Dividend payment		(1,500,000)	(1,194,716)	(1,500,000)	(1,194,716)
Net cash used in financing activities		306,437,988	(33,948,553)	304,437,988	(33,758,096)
Net cash and cash equivalents		29,299,497	9,849,028	26,945,445	5,369,559
Cash and cash equivalents at 1 January		96,474,268	86,625,240	97,524,507	92,154,948
Cash and cash equivalents at 31 December	35	125,773,766	96,474,268	124,469,952	97,524,507

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

1. General Information

Bank of Industry was incorporated as a private limited liability company under the name Nigerian Industrial Development Bank Limited on 22 January 1964. The Bank changed its name to Bank of Industry Limited by a special resolution on 5 October 2001. It is owned by the Ministry of Finance Incorporated (94.80%), Central Bank of Nigeria (5.19%) and other Nigerian citizens(0.0008%). The Bank's registered address is 23 Marina Road Lagos. The Bank is primarily engaged in providing financial assistance for the establishment and expansion of large, medium small scale and micro projects. The shares are not quoted in a public market and it does not file its financial statements with a securities and exchange commission for the purpose of issuing any class of instruments in a public market.

The Bank has 4 subsidiaries; they include LECON Financial services, BOI Microfinance Bank, BOI Insurance Brokers and BOI-Investment and Trust Company. These consolidated and separate financial statement for the year ended 31 December 2018 were authorised for issue by the board on April, 2019.

2.0(a) Changes in accounting policies

Except as noted below, the Group has consistently applied the accounting policies as set out in Note 4 to all periods presented in these consolidated and separate financial statements.

The Group has adopted the following new standards and amendments including any consequential amendments to other standards with initial date of application of January 1, 2018.

The effect of initially applying these standards is mainly attributed to the following,

1) an increase in impairment losses recognised on financial instruments (see Note 44)
2) additional disclosures related to IFRS 9 (see Note 44)
3) additional disclosures related to IFRS 15 (see Note 9)

i) IFRS 9 Financial Instruments

The Group has adopted IFRS 9 Financial Instruments as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures.

Adjustments to the carrying amounts of financial assets and financial liabilities at the date of the transition were recognised in the opening retained earnings.
The adoption of IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instrument Disclosures. Consequently for notes disclosure, the consequential amendments to IFRS 7 disclosures have also only been applied in the current period as shown in note 3.2.9. The comparative period disclosures repeat those disclosure made in the prior year.

ii) IFRS 15 Revenue from contracts with customers

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether how much and when revenue is recognised. The Group has adopted the following new standards and amendments including any consequential amendments to other standards with initial date of application of January 1, 2018. The adoption of IFRS 15 did not impact the timing or amount of management fee income earned on third party managed funds, fee income from transactions with customers and the related assets and liabilities recognised by the Group. Accordingly the impact on the comparative information is limited to new disclosure requirements.

Transition
The Group initially applied IFRS 15 on 1 January 2018 retrospectively in accordance with IAS 8 without any practical expedients.

iii) **IFRIC 22 Foreign currency transactions and advance consideration**
The amendments clarifies the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt.
The amendments clarifies that the transaction date is the date on which the Group initially recognises the prepayment or deferred income arising from the advance consideration.
For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.The interpretation applies when the Group:

- pays or receives consideration in a foreign currency; and
- recognises a non-monetary asset or liability – eg. non-refundable advance consideration – before recognising the related item.

2.1 Basis of preparation
(a) Statement of compliance
The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as published by the International Accounting Standards Board (IASB), and the interpretations of these standards, issued by the International Financial Reporting Interpretations Committee (IFRIC) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, the Banks and other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars. Details of the Group and Bank's accounting policies, including changes during the year, are included in Notes 3 and 4 to the consolidated and separate financial statements.

(b) Basis of measurement
The consolidated and separate financial statements have been prepared in accordance with the going concern principle under the historical cost basis, except for the following material items.

Items	***Measurement basis***
Financial instruments at FVTPL	Fair value
Financial assets at FVOCI (applicable from 1 January 2018)	Fair value
Available for sale financial assets (Applicable before 1 January 2018)	Fair value
Net defined benefit (asset) liability	Fair value of plan assets less the present value of defined benefit obligation.

(c) Functional and presentation currency
Items included in the financial statements of Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). These financial statements are presented in Nigerian Naira (=N=), which is the entity's functional currency. The financial information has been rounded to the nearest thousand, except as otherwise indicated.

(d) Use of judgement and estimates

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

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

Critical judgements made in applying the group's accounting policies

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

Applicable to 2018 only

- Business model assessment

  Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- Significant increase of credit risk

  ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking.

- Establishing groups of assets with similar credit risk characteristics

  When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to note 3 for details of the characterics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ

Applicable to 2018 and 2017

- **Determination of power over relevant activities of funds under management**
  The Group assesses whether it controls the relevant activities of funds under management based on the scope of decision making over the fund, the rights held by other parties, the remuneration to which it is entitled to in accordance with the fund management agreement and its exposure to variaability of returns on the funds. Different weightings are applied to each of the factors on the basis of particular facts and circumstances. Where the assessment shows that the Group controls the relevant activities of the fund under management, the fund's assets and liability are recognised as on-balance sheet item in the Bank's financial statements. Where based on the assessment, the Bank does not have control over the relevant activities of the fund under management, the fund's assets and liabilities are reported as off-balance sheet item.

  Assumptions and estimation uncertainties
  Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2018 is included in the following notes

Applicable to 2018 only

- **Impairment allowance on financial instruments**
  The measurement of the expected credit loss allowance for financial assets measured at amortised cost and debt securities measured at FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Some of the assumptions include assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. Explanations of inputs, assumptions and estimation techniques used in measuring the ECL impairment of financial instruments are further detailed in Note 44(d).

Applicable to 2018 and 2017

- **Fair value measurement and valuation process**
  In estimating the fair value of a financial asset or a liability, the Group uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the Group uses valuation models to determine the fair value of its financial instruments. Explanations of inputs, assumptions and estimation techniques used in determining fair values are further detailed in Note 45.2

- **Measurement of defined benefit obligations**
  The Group measures its defined benefit obligation based on the projected unit credit method. Key actuarial assumptions used in the valuation are detailed in Note 30.2.

- **Recognition of deferred tax assets**
  The Group recognizes deferred tax assets based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Group's entities will have future taxable profits against which these assets can be utilized.

- **Recognition and measurement of provisions and contingencies**
  A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can beestimated 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 the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

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

- **Determination of impairment of property and equipment, and intangible assets**
  Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists.

  The Group applies the impairment assessment to its property and equipments and intangible assets. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

3 Changes in accounting policies

Except as noted below, the Group has consistently applied the accounting policies as set out in Note 4 to all periods presented in these consolidated and separate financial statements. The Group has adopted the following new standards and amendments including any consequential amendments to other standards with initial date of application of 1 January 2018.

A. IFRS 9 Financial Instruments.

The Group has adopted IFRS 9, "Financial Instruments" as issued by the IASB in July 2014 with a date of transition of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarised below.

a. Classification and measurement of financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity,loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

For an explanation of how the Group classifies financial assets under IFRS 9, see Note 45 IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option were recognised in profit or loss, under IFRS 9 fair value changes are generally presented as follows:- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and- the remaining amount of change in the fair value is presented in profit or loss. For an explanation of how the Group classifies financial liabilities under IFRS 9, see Note 45

b. **Impairment of financial assets.**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impairedfinancial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances. For an explanation of how the Group applies the impairment requirements of IFRS 9, see Note 44 and 45

c. **Transition**

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Adjustments to the carrying amounts of financial assets and financial liabilities at the date of the transition were recognised in retained earnings and other reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9and therefore is not comparable to the information presented for 2018 under IFRS 9.

The adoption of IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 (Financial Instrument Disclosures). Consequently for notes disclosure, the consequential amendments to IFRS 7 disclosures will also only be applied in the current period, see note 44. The comparative period disclosures repeat those disclosure made in the prior year.

The amendments clarifies the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt. The amendments clarifies that the transaction date is the date on which the Group initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when the Group:• pays or receives consideration in a foreign currency; and• recognises a non-monetary asset or liability – e.g. non-refundable advance consideration – before recognising the related item.

B. **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersede the revenue recognition guidance included in IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

The Group has adopted IFRS 15, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information. The adoption of IFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Group. Accordingly the impact on the comparative information is limited to new disclosure requirements.

Transition

The Group initially applied IFRS 15 on 1 January 2018 retrospectively in accordance with IAS 8 without any practical expedients.

C. **IFRIC 22 Foreign currency transactions and advance consideration**

The amendments clarifies the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt.

The amendments clarifies that the transaction date is the date on which the Group initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The interpretation applies when the Group:

- pays or receives consideration in a foreign currency; and
- recognises a non-monetary asset or liability – e.g. non-refundable advance consideration – before recognising the related item.

3.2 New and Revised Standards issued but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over income tax treatments
- Amendments to IFRS 9 Prepayment features with negative compensation
- Amendments to IAS 1 and IAS 8 Definition of material
- Amendments to IFRS 3 Definition of a Business
- IFRS 17 Insurance Contracts
- Amendments to IAS 28 Long-term interests in associates and joint ventures
- Amendments to IFRS 10 and IAS 28

(a) IFRS 16 Leases

IFRS 16 introduces a comprehensive model for identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will superseed the current lease guidance including IAS17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lease accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December2018, the Bank has some operating lease. A preliminary assessment indicates that lease arrangements will meet the definition of a lease under IFRS 16, and hence the Bank will recognise aright-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. However, these operating lease are held with a subsidiary of the Bank. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Bank's financial statements but not on the consolidated financial statement. Upon consolidation, the right of use and lease liability will be eliminated. The estimated impact in the Group's financials will be nil while the estimated impact in the Bank's financial statement will be a recognition of N1.260billion respectively for right of use and Lease Liability at transition date.

In contrast, for finance leases where the Group is a lessee, as the Group has already recognised an asset and a related finance lease liability for the lease arrangement, and in cases where the Group is a lessor(for both operating and finance leases), the directors of the Company do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated financial statements.

This standard is effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

(b) **IFRIC 23 Uncertainty over income tax treatments**

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- Judgments made;
- Assumptions and other estimates used; and
- The potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

(c) **Amendments to IFRS 9 Prepayment features with negative compensation**

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, early adoption is permitted.

(d) **Amendments to IAS 1 and IAS 8 Definition of material**

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework. The changes in Definition of Material (Amendments to IAS 1and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments "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 Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

(e) **Amendments to IFRS 3 Definition of a Business**
Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

(i) the process must be substantive and
(ii) the inputs and process must together significantly contribute to creating outputs.

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

(f) **IFRS 17 Insurance Contracts**
IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements. The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.
The standard is effective for annual periods beginning on or after 1 January 2021. Early adoption is permitted.

(g) **Amendments to IAS 28 Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate and joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments apply for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

(h) **Amendments to IFRS 10 and IAS 28**

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

4 Significant accounting policies

4.1 Interest, fees and commissions

(a) Interest

Policy before 1 January 2018

Interest income and expense for all financial assets and financial liabilities carried at amortised cost are recognised in profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin yielding assets or liabilities in the statement of financial position, are capitalised to the carrying amount of financial instruments, excluding financial instruments at fair value through profit or loss, and amortised as interest income or expense over the life of the asset as part of the effective interest rate. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows. Where a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Policy from 1 January 2018

Effective interest rate

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

– the gross carrying amount of the financial asset; or
– the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL.

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

Amortised cost and gross carrying amount
The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018).The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

(b) Fees and commissions
Fee income is earned from a diverse range of services provided by Bank of Industry Limited to its customers. Fee income is accounted for as follows:

Income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan commitment, arrangement and processing fees) and recorded in Interest income. Commitment fees, together with related direct costs, for loan facilities where draw down is probable are deferred and recognised as an adjustment to the effective interest on the loan once drawn down. Commitment fees in relation to facilities where draw down is not probable are recognised over the term of the commitment.

- Other fee and commission income – including account asset management, portfolio and other management advisory and services fees, wealth management and financial planning – is recognised as the related services are performed.

- A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS15 to the residual.

(c) Dividend income

Policy before 1 January 2018

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably)

Policy from 1 January 2018

Dividend on equity instruments designated at fair value through other comprehensive income that clearly represents a recovery of part of the cost of the investment is presented in OCI.

(d) Rental income

The Group's policy for recognition of revenue from operating leases is described in note 4.19.1.

4.2 Determination of fair value

All financial instruments are recognised initially at fair value. In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received). Incertain circumstances, however, the fair value will be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only data from observable markets, such as interest rate yield curves, option volatilities and currency rates. When such evidence exists, the Bank recognises a gain or loss on inception of the financial instrument, being the difference between the transaction price and the fair value. When unobservable market data have a significant impact on the valuation of financial instruments, the entire initial difference in fair value indicated by the valuation model from the transaction price is not recognised immediately in the income statement but is recognised over the life of the transaction on an appropriate basis, or when the inputs become observable, or the transaction matures or is closed out, or when the firm enters into an offsetting transaction.

Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for assets held and offer prices for liabilities assumed. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Fair values of financial instruments may be determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data, where current prices or observable market data are not available. Various factors influence the availability of observable inputs and these may vary from product to product and change over time.

4.3 Financial Instruments

Financial assets and Financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and Financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financials assets and financial liabilities(other than financial assets and financial liabilities at a fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(a) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

I. Classification of financial assets

Policy before 1 January 2018

Financial asset classes and initial recognition

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets. Management determines the classification of financial assets and liabilities at the time of initial recognition and the classification is dependent on the nature and purpose of the financial assets.

Financial asset classes and subsequent recognition

Financial assets at fair value through profit or loss (FVTPL)

Financials assets are classified as held for trading if they have been acquired or incurred principally for the purpose of selling or repurchasing in the near term, or they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Loans and receivables

Loans and receivables include loans and advances to banks and customers originated by the Group which are not classified as either held for trading or designated at fair value. Loans and advances are recognized when cash is advanced to a borrower. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method less any impairment losses.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Held to maturity

Held-to-maturity investments are non-derivativefinancial assets with fixed or determinable payments and where the Group has the positive intention and ability to hold to maturity. They are initially recorded at fair value plus any directly attributable transaction costs, and subsequently measured at amortised cost, using the effective interest method less accumulated impairment losses.

Available for sale

Available for sale assets are non-derivativefinancialassets that are classified as available for sale and are not categorised into any of the other categories described above. Available for sale financial assets are initially measured at fair value plus direct and incremental transaction costs and subsequently measured at fair value, and changes therein are recognised in other comprehensive income in 'Available for sale investments - fair value gains/(losses)' until the financial assets are either sold or become impaired. When available for sale financial assets are sold, cumulative gains or losses previously recognised in other comprehensive income are recognised in the income statement as 'Net realized gain on sale of investments AFS'. Premiums and/or discounts arising on the purchase of dated investment securities are included in the calculation of their effective interest rates. Foreign exchange gains and losses on securities AFS are recognised in profit or loss within other income.

Dividends on available for sale equity instruments are recognised in profit or loss when the Group right to receive the dividends is established.

A financial asset classified as available for sale that would have met the definition of loans and receivables on initial recognition may only be transferred from the available for sale classification where the firm has the intention and the ability to hold the asset for the foreseeable future or until maturity.

Policy from 1 January 2018

Financial asset classes and initial recognition

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows:
- and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Policy from 1 January 2018

Financial asset classes and initial recognition. (Continued)

Debt instruments that meet the following conditions are subsequently measured at FVOCI.

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

By default, all other financial assets are subsequently measured at FVTPL.

Despite the afore going, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met

the Group may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch

a. Amortised cost and effective interest method

The effective interest method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and point paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amotised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest met hid for debt instruments measured subsequently at amortised cost and FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective rate to the gross carrying amount of a financial asset, except for financial assets have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "interest income " line item

b. **Equity instruments designated as at FVOCI**

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrumentbasis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

A financial instrument is held for trading if:

it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

it is a derivative (except for derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Group has designated all investment in equity that are not held for trading as at FVOCI on initial application of IFRS 9.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IFRS 15 Revenue from contracts, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

c. **Financial assets at FVTPL**

Financial assets that do not meet the criteria for being measured at amortised cost of FVOCI are measured at FVTPL.

Specifically:

Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from business combination as at FVOCI on initial recognition.

Debt instruments that do not meet the amortised cost criteria or the FVOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

d. Reclassification

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets.

e. Offsetting

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

(b) De-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the firm neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the firm recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the firm retains substantially all the risks and rewards of ownership of a transferred financial asset, the firm continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(c) Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

Debt and equity instruments issued by the group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

<u>Equity instrument</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

i. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

a. Financial liabilities at fair value through profit and loss (FVTPL)

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

b. Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(d) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, such foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(f) Embedded derivatives

Derivatives embedded in financial liabilities or other non-financial asset host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

(g) Modification of financial assets and financial liabilities

Financial assets

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

Policy applicable from 1 January 2018, if the cash flow of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and derecognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Before 1 January 2018, if the terms of a financial assets were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate.

Financial liabilities

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

4.4 Impairment of financial assets

Policy applicable before 1 January 2018

Identification and measurement

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets, other than those held at fair value through profit or loss, are impaired. These are impaired, and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. The criteria that the firm uses to determine that there is objective evidence of an impairment loss include:

a) Significant financial difficulty of the issuer or obligor;
b) A breach of contract, such as a default or delinquency in interest or principal payments;
c) The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
e) The disappearance of an active market for that financial asset because of financial difficulties;
f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

 i) Adverse changes in the payment status of borrowers in the portfolio;
 ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

If the firm determines that there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. Interest and charges are accrued on all loans including those in arrears. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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

For Available for Sale securities, an assessment is made at each Balance sheet date of whether there is any objective evidence of impairment in the value of a financial asset. Impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Where such evidence exists, the difference between the financial asset's acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any previous impairment loss recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

Impairment losses for available-for-saleequity securities are recognised within 'Impairment charges and provisions for other liabilities and charges in the income statement.

Reversals of impairment of equity shares are not recognised in the income statement, increases in the fair value of equity shares after impairment are recognised directly in Other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets above. Reversals of impairment of debt instruments are recognised in the income statement.

Policy applicable from 1 January 2018

The Group recognises a loss allowance for expected credit losses on loans and advances measured at amortised cost or at FVOCI, lease receivable, as well as on loan commitments. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instruments has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12monthECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of afinancial instrument. In contrast, 12month ECL represents the portion of lifetime ECL that is expected to result from defaultevents on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

Policy applicable from 1 January 2018

Identification and measurement (Continued)

existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

an actual or expected significant deterioration in the operating results of the debtor;

significant increases in credit risk on other financial instruments of the same debtor;

an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the afore going, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

For loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(a) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

when there is a breach of financial covenants by the counterparty; or

information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

b) Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on life time rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

(c) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
  a breach of contract, such as a default or past due event
  the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties

(d) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(e) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(f) Restructured financial assets

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of

4.5 Consolidation

The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of the Bank's reporting date.

(a) Subsidiaries

The consolidated financial statements of the Group comprise the financial statements of the parent entity and all consolidated subsidiaries as of the reporting periods. Subsidiaries are companies in which the Group directly or indirectly holds the majority of the voting rights and where it determines their financial and business policies and is able to exercise control over them in order to benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective acquisition date or up to the effective date on which control ceases, as appropriate. Inter-company transactions, balances and intragroup gains on transactions between group companies are eliminated. Intragroup losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. Under IFRS 3, 'Business combinations', a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

For acquisitions meeting the definition of a business, the acquisition method of accounting is used. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as good will. Any goodwill arising from initial consolidation is tested for impairment at least once a year and whenever events or changes in circumstances indicate the need for an impairment. If the cost of acquisition is less than the fair value of the Group's share of the net assets acquired, the difference is recognised directly in the consolidated income statement.

For acquisitions not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities. The cost of acquired assets and liabilities is determined by (a) accounting for financial assets and liabilities at their fair value at the acquisition date as measured in accordance with IAS 39, 'Financial instruments: Recognition and measurement'; and (b) allocating the remaining balance of the cost of purchasing the assets and liabilities to the individual assets and liabilities, other than financial instruments, based on their relative fair values at the acquisition date.

Business combination under common control are accounted for in the consolidated accounts prospectively from the date the Bank obtains the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the consolidated financial statement of the Group. Any difference between the fair value of consideration paid and the amounts at which the assets and liabilities are recorded is recognised directly in equity reserve.

(b) Non-Controlling Interest (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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

(c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(d) Common Control transactions

Common control transactions in the consolidated financial statement are accounted for prospectively from the date the Bank obtains the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the consolidated financial statement of the Group. Any difference between the fair value of the consideration paid and the amounts at which the assets and liabilities are recorded is recognised directly in equity reserve.

(e) Transactions eliminated on consolidation

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

4.6 Property and equipment

(a) Recognition and measurement

Properties and equipment are stated at cost less any impairment losses and depreciation calculated on a straight-linebasis to write-off the assets over their useful lives.

The cost of the relevant property, plant and equipment includes and is made up of expenditures that are directly attributable to the acquisition of the assets. Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the assets and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit and loss statement during the period in which they are incurred.

(b) Depreciation

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its useful economic life.

The Group depreciates it assets over the following period

	Year
Buildings	50
Freehold land	Not depreciated
Construction Work in progress	Not depreciated
Motor vehicles	3
Furniture, fittings and Equipment	4

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances

When deciding on depreciation rates and methods, the principal factors the bank takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets. When reviewing residual values, the bank estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

Property, plant and equipment is subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable.

(c) Derecognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognised in the income statement during the period in which they were incurred.

4.7 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise office buildings leased out under operating lease agreements.

Some properties are partially occupied by the Group, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Group can be sold separately, the Group accounts for the portions separately. The portion that is owner-occupied is accounted for under IAS16, and the portion that is held for rental income or capital appreciation or both is treated as investment property under IAS 40. When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied. The Group considers the owner-occupied portion as insignificant when the property is more than 75% held to earn rental income or capital appreciation. In order to determine the percentage of the portions, the Group uses the size of the property measured in square metre. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-dayservicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost and accounted for in manner similar to IAS 16 requirements. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred.

The Group depreciates its investment property over a 50 year period.

4.8 Intangible assets

Computer software

Computer software is stated at cost, less amortisation and accumulated impairment losses, if any.

The identifiable and directly associated external and internal costs of acquiring and developing software are capitalized where the software is controlled by the group, and where it is probable that future economic benefits that exceed its cost will flow from its use over more than one year. Costs associated with maintaining software are recognised as an expense during the period when they are incurred.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that the asset is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for computer software is 5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial period-end and adjusted if appropriate.

Intangible assets are derecognized on disposal or when no future economic benefits are expected from their use or disposal.

4.9 Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, or more frequently where events or changes in circumstances dictate, tangible and intangible assets, are assessed for indicators of impairment. If indicators are present, these assets are subject to an impairment review.

For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which management monitors the return on investment on assets. The impairment review includes the comparison of the carrying amount of the asset with its recoverable amount. The recoverable amount of the asset is the higher of the assets or the cash-generating unit's fair value less cost to sell and its value in use. Net selling price is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets. Value in use is calculated by discounting the expected future cash flows obtainable asa result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

The carrying values of tangible and intangible assets, excluding goodwill, are written down by the amount of any impairment and this loss is recognised in the income statement in the period in which it occurs. In subsequent years, the Group assesses whether indications exist that impairment losses previously recognized for tangible and intangible assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is recalculated and, if required, its carrying amount is increased to the revised recoverable amount. The increase is recognized in operating income as an impairment reversal. An impairment reversal is recognized only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset's carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognized had the original impairment not occurred.

4.10 Discontinued operations

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

(a) Represents a separate major line of business or geographical area of operations;
(b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) Is a subsidiary acquired exclusively with a view to resale (for example, certain private equity investments)

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

4.11 Share capital

(a) Share issue costs

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

(b) Dividend on ordinary shares

Dividend on ordinary shares is recognised in equity in the period in which it is approved by the Group's shareholders.

Dividend declared after the balance sheet date is dealt with in the subsequent period.

4.12 Employee benefits

(a) Post-employment benefits

The group operates a defined contribution plan, based on a percentage of pensionable earnings funded by both the group and qualifying employees under a mandatory scheme governed by the Pension Reform Act of 2004. The employer contributes 25% and employee contribute 5% of pensionable earnings hence an amount of 30% in total is contributed. Contributions to these plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

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

The Group also maintains a defined benefit plan. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the consolidated statement of financial position less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions is recognised in other comprehensive income. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period).In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(b) Short term employee benefit

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscouned amount of the benefits expected to be paid in exchange for the related service.

(c) Other long term employee benefit

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

4.13 Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. The amount recognized is the best estimate of the expenditure 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 onerous contracts is recognised when the expected benefits to be derived by the firm 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.

4.14 Taxes, including deferred taxes

(a) Income tax

Income tax comprises current tax and deferred tax. Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years and is recognised as an expense in the period in which profits arise. Current tax assets and liabilities are offset when the group intends to settle on a net basis and the legal right to offset exists.

Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

(b) Deferred tax

Deferred income tax is provided for in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates and legislation enacted or substantially enacted at the balance sheet date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) Deferred tax asset

The recognition of a deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies.

Recognition of deferred tax assets is based on the evidence available about conditions at the balance sheet date, and requires significant judgments to be made regarding projections of loan impairment charges and the timing of recovery in the economy. These judgments take into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income, future reversals of existing taxable temporary differences, tax planning strategies and the availability of loss carry backs.

4.15 Cash and cash equivalents

For the purposes of the cash flow statement, cash comprises cash on hand, placements due from financial institutions and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

4.16 Trading Properties

Trading properties are inventory measured at the lower of cost and net realizable value using the First-In-First-Out (FIFO)
Method. Net realizable value represents the estimated selling price for inventories less estimated cost to make the sale.
Excess of inventory cost over its net realizable value is written off and recognised in the Group profit or loss.
Net realizable value represents the estimated selling price for inventories less estimated cost to make the sale.
Inventory consist of:

- Property purchased for the specific purpose of resale
- Property constructed for the specific purpose of resale

4.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(a) The Group as a Lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(b) The Group as a Lessee

Leases under which the Group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are separated using the interest rate implicit in the lease to identify the finance cost, which is charfed against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

Lease of assets are classified as operating leases if the lessor effectively retains all the risks and rewards of ownership.

Payments made under operating leases, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.18 Fiduciary activities

The Bank acts as fund manager and in other fiduciary capacities to some Federal Government and State Governments of Nigeria and other government agencies that results in the holding or placing of assets on behalf of government and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank. The fees earned on these activities are recognised as management fees on third party funds.

4.19 Earnings per share

The Group and Bank present basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Where there are shares that could potentially affects the numbers of share issued, those shares are considered in calculating the diluted earnings per share.

		Note	GROUP 31-Dec-18 N'000	GROUP 31-Dec-17 N'000	BANK 31-Dec-18 N'000	BANK 31-Dec-17 N'000
5	**Interest income**					
	Interest income on financial assets carried at amortised cost:					
	Loans and advances to customers		25,907,745	15,772,577	25,801,493	15,694,666
	Loans and advances to financial institutions		2,961,715	3,150,496	2,961,714	3,150,496
	Placements with financial institution		14,911,601	8,037,395	14,284,829	8,103,639
	Investment in debt securities		22,160,791	6,871,563	22,160,791	6,871,563
			65,941,852	33,832,031	65,208,827	33,820,364
	Other Interest income:					
	Finance lease income		1,777,485	1,134,747	-	-
			67,719,337	34,966,778	65,208,827	33,820,364

Included in interest income for the year ended 31 December 2018 is a total of N2.012 billion (31 Dec. 2017: N4.611 billion)relating to impaired financial assets.

		Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-18 N'000
6	**Interest expense**				
	Borrowings and fund liabilities	16,445,454	528,375	16,457,823	619,850

The total represent interest expense on financial liabilities that are measured at amortised cost.

		Note	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
7	**Fees and commission income**					
	Management fee on third party funds	7.1	1,898,593	1,630,870	1,898,593	1,630,870
	Credit related fees		2,166,215	1,515,636	1,929,273	1,376,864
	Commission on letter of credit		60,485	126,890	60,485	126,890
			4,125,293	3,273,396	3,888,351	3,134,624

7.1 Management fee on third party funds relate to fees earned by the Bank on trust and fiduciary activities in which the Bank holds or manage funds on behalf of its customers.

		Note	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
8	**Net (loss)/gain from financial instruments measured at fair value**					
	Derivative (loss)/gain (see Note 16)		(2,568,542)	734,168	(2,568,542)	734,168
	Unrealised fair value gain/(loss) on equity investments at FVTPL	20.1	676	110,937	676	110,937
			(2,567,866)	845,105	(2,567,866)	845,105

		Note	GROUP 31-Dec-18 N'000	GROUP 31-Dec-17 N'000	BANK 31-Dec-18 N'000	BANK 31-Dec-17 N'000
9	**Other income**					
	Gain on disposal of investment property	9.1	2,500,512	-	2,500,506	-
	Exchange gain		1,385,771	256,928	1,201,873	37,008
	Rental income	9.2	792,841	934,639	788,380	928,212
	LPO Finance income		484	20	-	-
	Loan recoveries		99,085	68,739	99,085	68,739
	Brokerage Income		83,766	66,889	-	-
	Provision no longer required		28,600	-	-	-
	Dividend from quoted equity securities		15,672	21,930	7,808	20,089
	Gain on disposal of property and equipment	9.3	176,885	575	669	-
	Other miscellaneous income	9.4	398,798	2,337,139	104,193	477,380
			5,482,414	3,686,859	4,702,514	1,531,428

9.1 During the year, the Group sold its properties located at Ahmadu Bello Way and Oniru Estate, Victoria Island, Lagos with a net book value of N271m, for net proceeds of N2.772billion, resulting in a gain of N2.5billion

9.2 Rental income represents income earned from rental of the Group and Bank's investment properties and buildings.

9.3 The gain on disposal of property and equipment is determined below:

	GROUP 31-Dec-18	GROUP 31-Dec-17	BANK 31-Dec-18	BANK 31-Dec-17
Proceed from disposal of property and equipment	373,436	528,409	306,269	-
Cost of property and equipment disposed	(843,234)	(1,371,068)	(321,616)	-
Accumulated depreciation on property and equipment disposed	646,683	843,234	16,016	-
Net book value of property and equipment disposed during the year	(196,551)	(527,834)	(305,600)	-
Gain on disposal or property and equipment	176,885	575	669	-

9.4 Other miscellaneous income comprises of revalidation fees, insurance claims and fees received on liquidation of managed funds during the year

		Note	GROUP 31-Dec-18	GROUP 31-Dec-17	BANK 31-Dec-18	BANK 31-Dec-17
			N'000	N'000	N'000	N'000
10	**Impairment charges/(write back)**					
	Cash balances	44(e)(I)	(5,851)		(5,851)	
	Investment in debt securities	44(e)(iii)	21,516	-	21,516	-
	Due from financial institutions	44(e)(ii)	(136,428)	967,538	(136,428)	967,538
	Advances under finance lease	44(e)(v)	(150,702)	(82,703)	-	-
	Equity investment	20.4(g)	-	166,667	-	166,667
	Loans and advances	44(e)(iv)	(5,116,180)	(2,879,274)	(5,122,753)	(2,885,340)
	Other assets	44(e)(vi)	232,491	(15,875)	233,492	99,688
	Trading property write-off		-	(1,560,168)	-	-
			(5,155,154)	(3,403,815)	(5,010,024)	(1,651,447)
11	**Staff costs**					
	Salaries and wages		11,081,811	7,070,553	10,749,324	6,842,402
	Expenses related to post-employment defined	30.2(d)	180,581	244,911	124,608	204,108
	Medical and welfare expenses		921,062	705,013	919,656	704,348
			12,183,454	8,020,477	11,793,588	7,750,858
12	**Depreciation and amortisation**					
	Amortisation of Intangible asset	24	58,453	46,663	58,453	45,892
	Depreciation of property and equipment	25	1,717,524	1,117,455	280,048	201,127
	Depreciation of investment property	26	196,316	193,131	192,096	188,911
			1,972,293	1,357,249	530,597	435,930
13	**Other operating expenses**					
	Lease rental		2,112,792	1,352,951	2,112,792	1,352,952
	Rent and rates		357,647	335,047	345,211	323,174
	Directors' emoluments		245,709	97,502	238,033	92,045
	Postages and telephones		135,584	118,324	130,023	112,771
	Entertainment		286,570	164,34	6282,062	160,190
	Motor running/ Staff travelling expenses		2,436,479	1,802,146	2,414,971	1,779,904
	Advertisement expenses		377,505	802,241	374,206	799,756
	Professional service fees		1,049,039	846,195	942,530	798,271
	Corporate gifts		555,407	111,898	555,407	111,898
	Business Development expenses		1,635,885	861,084	1,635,885	861,084
	Training and conference, etc		1,301,398	1,268,471	1,287,394	1,256,341
	Bank charges		22,705	40,768	19,499	37,435
	Insurance		192,088	118,510	119,471	69,609
	Subscriptions		27,824	24,665	25,651	22,586
	Donations		2,337	9,022	2,337	9,022
	Repairs and Maintenance		751,573	656,376	742,953	650,038
	Sundry expenses		107,860	152,575	67,408	100,965
	Office expenses		893,345	910,3496	64,957	690,041
	Printing and stationery		164,959	146,520	161,898	144,025
	Loan write off		155,759	30,833	155,759	30,833
	Audit fee		70,900	66,000	48,000	45,000
			12,883,365	9,915,823	12,326,447	9,447,940

			GROUP 31-Dec-18	GROUP 31-Dec-17	BANK 31-Dec-18	BANK 31-Dec-17
			N'000	N'000	N'000	N'000
14	Cash and Bank Balances					
	Cash in hand		187,3601	59,742	869	3,454
	Cash balances with Local Banks		1,201,317	9,228,620	1,048,874	8,897,548
	Cash balances with Foreign Banks		3,224,397	2,194,979	3,249,149	2,194,979
	Cash balances with CBN		13,582,542	3,829,812	13,580,486	3,829,812
			18,195,616	15,413,153	17,879,378	14,925,793
	Allowance for impairment	44(e)(I)	(1,748)	-	(1,748)	-
			18,193,868	15,413,153	17,877,630	14,925,793
15	Due from Financial Institutions					
	Fixed Deposit - Local		54,177,237	52,771,352	53,189,661	54,308,951
	Fixed Deposit - Foreign		53,629,558	28,445,055	53,629,558	28,445,055
			107,806,795	81,216,407	106,819,219	82,754,006
	Allowance for impairment	44(e)(ii)	(228,645)	(155,292)	(228,645)	(155,292)
			107,578,150	81,061,115	106,590,574	82,598,714

Due from financial institutions represents local and domiciliary fixed deposit placements with financial institutions in Nigeria with original maturities of less than three months.

16 Derivative instrument

Bank

31 December 2018

	Notional contract Amount	Derivative Asset	Derivative Liability
	N'000	N'000	N'000
Foreign currency swap	20,271,668	-	1,372,808
	20,271,668	-	1,372,808

31 December 2017

	Notional contract Amount	Derivative Asset	Derivative Liability
	N'000	N'000	N'000
Foreign currency swap	30,565,000	736,486	-
	30,565,000	736,486	-

The Bank entered into foreign currency swap contracts with the Central Bank of Nigeria (CBN) to swap the sum of $66,150,000 (31 December 2017: $100million). This contract was exchanged at initiation date at a notional amount of $63,000,000 and to be re-exchanged at a future date with a notional amount of $66,150,000. On reporting date, the Group estimates the fair value of derivatives transacted with the CBN using the discounted mark-to-market technique. All significant inputs into the valuation techniques are wholly observable (e.g with reference to similar transactions in the official CBN foreign exchange market.)

During the year, the derivative contracts entered into by the Bank generated a net loss of N2.568billion (31December 2017 net gain of N734million), which were recognized in the statement of profit or loss and other comprehensive income. (See Note 8)

	Note	GROUP 31-Dec-18	GROUP 31-Dec-17	BANK 31-Dec-18	BANK 31-Dec-17
		N'000	N'000	N'000	N'000
17 Advances under Finance Lease					
Gross Investment	17.1	1,092,758	1,397,623	-	-
Unearned Income	17.1	(18,064)	(18,483)	-	-
Present value of minimum lease payments	17.1	1,074,694	1,379,140	-	-
Allowance for uncollectible lease payments	17.1	(943,642)	(1,017,364)	-	-
		131,052	361,776	–	

17.1 Advances under finance lease may be analysed as follows:

	Note	GROUP 31-Dec-18	GROUP 31-Dec-17	BANK 31-Dec-18	BANK 31-Dec-17
Gross investment in finance leases					
- No later than 1 year		1,052,294	1,397,623	-	-
- Later than 1 year and no later than 5 years		40,464	-	-	-
- More than 5 years		-	-	-	-
		1,092,758	1,397,623	-	-
Unearned Income		(18,064)	(18,483)		
Net Investment in finance lease		1,074,694	1,379,140	-	-
Less Impairment allowance	44(e)(v)	(943,642)	(1,017,364)	-	-
		131,052	361,776	-	-
Net Investment in finance lease					
Less than one year		1,046,676	1,379,140	-	-
Between one and five years		28,018	-	-	-
More than five years		-	-	-	-
		1,074,694	1,379,140	-	-

18 Investment in debt securities at amortised cost

	Note	GROUP 31-Dec-18	GROUP 31-Dec-17	BANK 31-Dec-18	BANK 31-Dec-17
		N'000	N'000	N'000	N'000
Treasury Bills		37,663,624	50,643,015	37,623,625	50,416,949
CBN OMO Bills	18.1	224,150,285	-	224,150,286	-
Corporate debt securities		1,003,775	1,003,775		
		262,817,684	51,646,790	261,773,911	50,416,949
Impairment allowance	44(e)(iii)	(1,010,974)	(984,375)	(26,599)	-
		261,806,710	50,662,415	261,747,312	50,416,949

18.1 This represents the carrying amount of the Bank's investment in CBN OMO Bills at an interest rate of 13% per annum.

		Note	GROUP 31-Dec-18	GROUP 31-Dec-17	BANK 31-Dec-18	BANK 31-Dec-17
			N'000	N'000	N'000	N'000
19	Loans and Advances					
	Loans to customers		370,015,898	227,058,524	369,599,946	226,597,806
	Loans to financial institutions		295,102,920	324,082,016	295,102,920	324,082,016
	Gross loans and advances		665,118,818	551,140,540	664,702,866	550,679,822
	Less ECL allowance	44(e)(iv)	(31,002,785)	-	(30,996,746)	-
	Less specific impairment	44(e)(iv)	-	(17,709,536)	-	(17,700,749)
	Less collective impairment	44(e)(iv)	-	(7,593,028)	-	(7,592,903)
	Net loans and advances		634,116,033	525,837,976	633,706,120	525,386,170

Included in loan and advances to customers as at 31 December 2018 is the loan disbursed from the Nigerian Content Development and Monitoring Board (NCDMB) Fund amounting to N7.7 billion (31 December 2017: Nil).

20 Equity investment securities

	GROUP 31-Dec-18	GROUP 31-Dec-17	BANK 31-Dec-18	BANK 31-Dec-17
	N'000	N'000	N'000	N'000
Quoted equity investments at FVTPL	676	-	676	-
Quoted equity investments at FVOCI	7,898	-	7,898	-
Unquoted equity investments at FVOCI	3,912,454	-	3,902,852	-
Quoted equity securities held for trading	-	116,829	-	116,829
Quoted equity securities at available for sale	-	562,213	-	507,464
	-	4,331,143	-	4,342,787
Total equity investment securities	3,921,028	5,010,185	3,911,426	4,967,080

20.1 In the financial statement reported in 2017, the carrying amount of the Group and Bank's unquoted equity investments which were classified as available for sale (AFS) was measured at cost (Group - N7.424 bilion and Bank - N7.421 billion) less impairment allowance of (Group - N3.092 billion and Bank - N3.079billion). Upon adoption of IFRS 9 in 1 January 2018, the carrying amount approximates the opening fair value of the equity investments.

Analysis of movement in the Group and Bank's equity investment securities are presented below:

Group

31 December 2018	Quoted equity investments at FVTPL N'000	Quoted equity investments at FVOCI N'000	Unquoted equity investments at FVOCI N'000	Total N'000
Opening balance (as previously stated)	116,829	562,213	4,331,143	5,010,185
IFRS 9 transition adjustment reclassification	496,709	(496,709)	-	-
Balance as at 1 January 2018 (as previously stated)	613,538	65,504	4,331,143	5,010,185
Additions during the year	-	-	-	-
Disposal during the year	(613,538)	(1,341)	(29,385)	(644,264)
Gain/(loss) in fair value recognised in P&L	676	-	-	676
Gain/(loss) in fair value recognised in other comprehensive income	-	(56,265)	(389,304)	(445,569)
Balance as at 31 December 2018	676	7,898	3,912,454	3,921,028

31 December 2017	Quoted equity investments at FVTPL N'000	Available for sale quoted equity investments N'000	Available for sale unquoted equity investments N'000	Total N'000
Balance as at 1 January 2017	91,948	551,886	4,321,845	4,965,679
Additions during the year	-	-	-	-
Disposal during the year	(86,056)	(3,400)	-	(89,456)
Impairment written off	-	-	9,298	9,298
Unrealised fair value gain/(loss) recognised in P&L	110,937	-	-	110,937
Unrealised fair value gain/(loss) recognised in other comprehensive income	-	13,727	-	13,727
Balance as at 31 December 2017	116,829	562,213	4,331,143	5,010,185

Bank

31 December 2018	Quoted equity investments at FVTPL N'000	Quoted equity investments at FVOCI N'000	Unquoted equity investments at FVOCI N'000	Total N'000
Balance as at 1 January 2018 (as previously stated)	116,829	507,464	4,342,787	4,967,080
IFRS 9 transition adjustment reclassification	496,709	(496,709)	-	-
Balance as at 1 January 2018 (as previously stated)	613,538	10,755	4,342,787	4,967,080
Additions during the year	-	-	-	-
Disposal during the year	(613,538)	(1,341)	(3,212)	(618,091)
Unrealised fair value gain/(loss) recognised in P&L	676	-	-	676
Unrealised fair value gain/(loss) recognised in other comprehensive income	-	(1,516)	(436,723)	(438,239
Balance as at 31 December 2018	676	7,898	3,902,852	3,911,426

31 December 2017	Quoted equity investments at FVTPL N'000	Available for sale quoted equity investments N'000	Available for sale unquoted equity investments N'000	Total N'000
Balance as at 1 January 2017	91,948	516,029	8,329,854	8,937,831
Additions during the year	-	-	-	-
Disposal during the year	(86,056)	(3,400)	(3,987,067)	(4,076,523)
Unrealised fair value gain/(loss) recognised in P&L	110,937	-	-	110,937
Unrealised fair value gain/(loss) recognised in other comprehensive income	-	(5,165)	-	(5,165)
Balance as at 31 December 2017	116,829	507,464	4,342,787	4,967,080

20.2 Realised gain/(loss) on disposal of equity investments at FVTPL during the year are analysed below:

	GROUP 31-Dec-18 N'000	GROUP 31-Dec-17 N'000	BANK 31-Dec-18 N'000	BANK 31-Dec-17 N'000
Sales proceeds	846,982	89,456	833,464	4,076,523
Carrying amount of investment disposed	(613,538)	(89,456)	(613,538)	(4,076,523)
Gain on sale of equity investment securities recognised in statement of profit or loss	233,444	-	219,926	-

20.3 Realised gain/(loss) on disposal of equity investments at FVOCI (31 Dec. 2017: available for sale financial asset) during the year are analysed below:

	GROUP 31-Dec-18 N'000	GROUP 31-Dec-17 N'000	BANK 31-Dec-18 N'000	BANK 31-Dec-17 N'000
Sales proceeds	4,553	9,289	4,553	9,289
Carrying amount of investment disposed	(4,553)	-	(4,553)	-
Gain on sale of equity investment securities	-	9,289	-	9,289

20.4 Details of the Group and Bank's equity investments are presented below:

	GROUP 31-Dec-18 N'000	GROUP 31-Dec-17 N'000	BANK 31-Dec-18 N'000	BANK 31-Dec-17 N'000
(a) **Quoted equity investment securities measured at FVTPL**				
Union Trading Company Plc	676	-	676	-
(b) **Quoted equity securities held for trading**				
Union Trading Company Plc	-	676	-	676
Japaul Plc	-	1,513	-	1,513
United Bank of Africa Plc	-	112,285	-	112,285
First Bank Holding Nig Plc	-	2,052	-	2,052
Others	-	303	-	303
	676	116,829	676	116,829

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
(c) Quoted equity investment securities measured at FVOCI				
GlaxoSmith Kline	734	-	734	-
I.P.W.A Plc	3,478	-	3,478	-
Thomas Wyatt Plc	259	-	259	-
Staco Insurance Plc	3,426	-	3,426	-
(d) Available for sale quoted equity investments (IAS 39)				
GlaxoSmith Kline	-	3,360	-	3,360
I.P.W.A Plc	-	1,756	-	1,756
Staco Insurance Plc	-	3,569	-	3,569
LASACO Assurance Plc	-	2,050	-	2,050
Others	-	54,769	-	20
Ikeja Hotel Plc	-	496,709	-	496,709
	7,898	562,213	7,898	507,464

(e) Unquoted equity investment securities measured at FVOCI

The Group has designated some investments in equity instruments at FVOCI as these are investments that the Group plans to hold in the long term for strategic reasons.

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
LADOL Integrated Logistics Free Zone Enterprises	3,852,184	-	3,852,184	-
United Nigeria Textile Limited	31,096	-	31,096	-
Nigeria Aluminium Extrusion Limited	12,933	-	12,933	-
Other equity investments	16,241	-	6,639	-
(f) Available for sale unquoted equity investments measured at cost less impairment allowance under IAS 39				
Cost:				
LADOL Integrated Logistics Free Zone Enterprises	-	3,858,857	-	3,858,857
BGL Securities Limited	-	1,120,000	-	1,120,000
Star Paper Mill Limited	-	500,000	-	500,000
European Soap Limited	-	479,062	-	479,062
Ekha Agro Limited	-	430,000	-	430,000
Simple Pay Limited	-	140,000	-	140,000
Shareman Limited	-	128,750	-	128,750
Cocoa Products Limited	-	165,000	-	165,000
Industrial and General Insurance Plc	-	100,00	-	100,000
Express Discount house	-	82,447	-	82,447
Abuja Stock Exchange	-	75,000	-	75,000
CC Hub	-	70,150	-	70,150
Afprint Nig. Plc	-	41,254	-	41,254
United Nigeria Textile Limited	-	31,096	-	31,097
Icon Limited (Merchant)	-	16,123	-	16,122
Nigeria Aluminium Extrusion Limited	-	12,933	-	12,934
Andevco Mining Limited	-	11,000	-	11,000
Investment and Allied insurance Plc	-	10,000	-	10,000
Others	-	152,385	-	150,054
Impairment allowance (see Note (g) below)	-	(3,092,914)	-	(3,078,940)
	3,912,454	4,331,143	3,902,852	4,342,787
Total	3,921,028	5,010,185	3,911,426	4,967,080

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
	N'000	N'000	N'000	N'000
(g) Movement in impairment allowance				
At 1 January	-	3,112,715	-	3,078,940
Impairment loss for the year	-	166,667	-	166,667
Write off	-	(186,468)	-	(166,667)
At 31 December	-	3,092,914	-	3,078,940

No dividend income was received on the unquoted equity investment measured at FVOCI during the year.

20.5 Measurement of fair value

i. Fair value hierarchy

The fair value of the equity securities at FVOCI was determined by management as the Bank's share of the fair value of the investee companies determined based on average of adjusted net asset and discounted cash flow technique as at 31 December 2018.

The fair value measurement for the unquoted equity securities of N3.92 billion has been categorised as Level 3 fair value based on the inputs into valuation technique used.

ii Valuation technique and significant unobservable inputs.

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair
The fair values are determined by applying the average of discounted cash flow techniques and adjusted net assets valuation method. References were made to the investee companies historical financial performance and financial positions, cost of capital, discount rate, illiquidity discount etc. The data obtained was analysed and adjustments were made to reflect differences in the circumstances of each investees	Expected net cash flow derived from the entity Terminal Growth Rate – 4%Risk Free Rate: Average Yield on 10-Year US Treasury Notes– 2.69%Base premium for mature equity market – 5.96% Country Risk Premium –7.64% Market premium (MRP)Equity Beta – 1.2Cost of debt – 11%Discount rate – 16.61%Liquidity discount - 20%	The estimated fair value would increase (decrease) if the following key inputs increases or (decreases): i. Expected net cash flow derived from the entity ii. discount rate iii. base premium for mature equity market and country risk premium, iv. equity beta and liquidity discount.

21 Investment in subsidiaries

Details of the group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of Incorporation and operation	Ownership Interest 31-Dec-18	Carrying Amount 31-Dec-18	Carrying Amount 31-Dec-17
				N'000	N'000
Lecon Financial Services Limited (LECON)	Leasing and Financing Solutions	Lagos, Nigeria	98%	3,332,070	3,332,070
BOI Investment and Trust company Limited	Trusteeship and Consultancy services	Lagos, Nigeria	100%	108,650	108,650
BOI Microfinance Bank	Microfinance Banking	Lagos, Nigeria	100%	100,000	100,000
Industrial and Development Insurance Brokers Limited	Insurance Placement and	Lagos, Nigeria	100%	5,000	5,000
				3,545,720	3,545,720

21.1 Change in the Group's ownership interest in a subsidiary

There were no changes in the Group ownership of the subsidiaries during the year.

21.2 There are no significant non-controlling interest in the group

21.3 There was no indication of impairment on any of the subsidiaries.

			Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
			N'000	N'000	N'000	N'000
22	Other assets					
	Non financial assets					
	Prepayments		3,103,534	2,349,135	3,357,233	2,239,663
	WHT receivable		924,576	477,064	765,819	380,664
	Deposit for fixed assets	22.1	-	108,710	-	108,710
	Other debit balances		475,762	331,635	475,762	331,635
	Net other non-financial assets		4,503,872	3,266,544	4,598,814	3,060,672
	Other financial assets					
	Estate and rental debtors		1,005,794	703,905	567,749	265,860
	UNDP receivable		37,249	37,249	37,249	37,249
	Receivable on plan assets		-	28,732	-	28,732
	Due from fund holders		52,947	34,923	52,946	34,923
	Account receivable		1,369,034	1,289,620	767,940	651,123
	Receivable from brokerage firms		-	93,031	-	93,031
	Accrued income		202,324	175,995	202,324	175,995
	Late fee receivable		598,299	416,591	598,298	416,591
	Loan management fee receivable		577,507	422,947	577,507	422,947
	Due from related companies	-	-	7,917	13,644	
	Management fees receivable	22.2	765,623	863,952	701,771	791,338
	LC fees and commission receivable		93,971	88,683	89,638	55,403
			4,702,748	4,155,628	3,603,339	2,986,836
	Less: Impairment allowance	44(d)	(1,829,721)	(1,315,048)	(1,337,648)	(821,974)
	Net Other financial assets		2,873,027	2,840,580	2,265,691	2,164,862
	Total other assets		7,376,899	6,107,124	6,864,505	5,225,534

22.1 Deposit for fixed asset represents cash payments made for assets that were yet to be delivered

22.2 Management fee receivable represent fee income earned from management of various funds by the Group from the funds under management.

		Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
23.	**Trading properties**				
	Land at Asokoro	647,628	647,628	-	-
	Write Down	(647,628)	(647,628)	-	-
		-	-	-	-

The trading properties represents bare plot of land at Asokoro in Abuja. The value of the land was written down due to revocation of the Certificate of Occupancy on the land by Government and later re-allocated to a third party.

24 Intangible assets

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
Cost				
Balance at 1 January	288,820	217,989	288,050	217,219
Acquired during the year	33,524	70,831	33,524	70,831
Balance at 31 December	322,344	288,820	321,574	288,050
Accumulated Amortisation				
At 1 January	86,036	39,373	85,265	39,373
Charge for the year	58,453	46,663	58,453	45,892
Balance at 31 December	144,489	86,036	143,718	85,265
Net Book Value: 1 January	202,784	178,616	202,785	177,846
Net Book Value at 31 December	177,855	202,784	177,856	202,785

Intangible asset represents purchased computer software.

All intangible assets are non current. All intangible assets of the Group have finite useful life and are amortised over 5 years. The Group does not have internally generated intangible assets.

25. Property and Equipment

Group

	Freehold Land N'000	Building N'000	Motor Vehicles N'000	Furniture, Fittings and equipment N'000	Construction work in progress N'000	Total N'000
Cost/valuation:						
At 1 January 2017	12,025	270,750	4,330,195	2,014,934	11,388,656	18,016,560
Additions during the year	-	-	2,332,659	393,5388	24,500	3,550,697
Disposal	-	-	(1,367,240)	(3,828)	-	(1,371,068)
At 31 December 2017	12,025	270,750	5,295,614	2,404,644	12,213,156	20,196,189
At 1 January 2018	12,025	270,750	5,295,614	2,404,644	12,213,156	20,196,189
Additions during the year	-	-	1,959,701	488,586	7,369,623	9,817,909
Reclassification to investment property (see note 26)	(113)	(7,500)	-	-	-	(7,613)
Disposal	-	-	(669,250)	(31,670)	(305,600)	(1,006,520)
At 31 December 2018	11,912	263,250	6,586,065	2,861,560	19,277,179	28,999,965
Accumulated Depreciation						
At 1 January 2017	-	97,356	2,732,260	1,508,521	-	4,338,137
Charge for the year	-	5,416	911,087	200,952	-	1,117,455
Disposal	-	-	(839,406)	(3,828)	-	(843,234)
At 31 December 2017	-	102,772	2,803,941	1,705,645	-	4,612,358
At 1 January 2018	-	102,772	2,803,941	1,705,645	-	4,612,358
Charge for the year	761	5,404	1,385,640	325,719	-	1,717,524
Disposal	-	-	(615,271)	(31,412)	-	(646,683)
Reclassification to investment property (see note 26)	(7)	(4,631)	-	-	-	(4,638)
At 31 December 2018	754	103,543	3,574,310	1,999,952	-	5,678,561
Net Book Value						
At 31 December 2018	11,158	159,705	3,011,755	861,608	19,277,179	23,321,404
At 31 December 2017	12,025	167,978	2,491,673	698,999	12,213,156	15,583,83

(I) There were no impairment losses on any class of property and equipment during the year (31 December 2017: NIL
(ii) All property and equipment are non-current. There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (31 December 2017: NIL)
(iii) There were no restrictions on title of any property and equipment
(iv) There were no property and equipment pledged as security for liabilities
(v) The Group had capital commitments amounting to N8.253 billion (2017: N8.253 billion) in respect of construction of BOI Tower II Office Complex in Abuja

25. Property and Equipment (contd.)

Bank

	Freehold Land N'000	Building N'000	Motor Vehicles N'000	Furniture, Fittings and equipment N'000	Construction work in progress N'000	Total N'000
Cost/valuation:						
At 1 January 2017	12,0252	70,417	16,284	1,283,825	11,388,656	12,971,207
Additions during the year	-	-	-	380,928	824,500	1,205,428
At 31 December 2017	12,025	270,417	16,284	1,664,753	12,213,156	14,176,635
At 1 January 2018	12,025	270,417	16,284	1,664,753	12,213,156	14,176,635
Additions during the year	-	-	-	281,163	7,369,623	7,650,786
Reclassification (see note 26)	(113)	(7,500)	-	-	-	(7,613)
Disposal	-	-	-	(16,016)	(305,600)	(321,616)
At 31 December 2018	11,912	262,917	16,284	1,929,900	19,277,179	21,498,192
Accumulated Depreciation						
At 1 January 2017	-	97,236	16,158	785,412	-	898,806
Charge for the year	-	5,408	101	195,618	-	201,127
At 31 December 2017	-	102,644	16,259	981,030	-	1,099,933
At 1 January 2018	-	102,644	16,259	981,030	-	1,099,933
Charge for the year	761	5,395	252	73,867	-	280,048
Reclassification	-	(4,631)	-	-	-	(4,631)
Disposal	(7)	-		(16,009)	-	(16,016)
At 31 December 2018	754	103,408	16,284	1,238,888	-	1,359,334
Net Book Value						
At 31 December 2018	11,158	159,509	-	691,012	19,277,179	20,138,858
At 31 December 2017	12,025	167,773	25	683,723	12,213,156	13,076,702

(i) There were no impairment losses on any class of property and equipment during the year (31 December 2017: NIL
(ii) All property and equipment are non-current. There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (31 December 2017: NIL)
(iii) There were no restrictions on title of any property and equipment
(iv) There were no property and equipment pledged as security for liabilities
(v) The Bank had capital commitments amounting to N8.253 billion (2017: N8.253 billion) in respect of construction of BOI Tower II Office Complex in Abuja.

26 Investment Property

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
	N'000	N'000	N'000	N'000
Cost/valuation:				
At 1 January	13,129,664	9,762,275	13,550,737	9,550,737
Additions	614,534	3,367,389	-	4,000,000
Reclassification	7,613	-	7,613	-
Disposal	(329,009)	-	(329,009)	-
At 31 December	13,422,802	13,129,664	13,229,341	13,550,737
Accumulated Depreciation				
At 1 January	1,533,070	1,339,939	1,489,335	1,300,424
Charge for the year	196,316	193,131	192,096	188,911
Reclassification	4,638	-	4,638	-
Disposal	(57,521)	-	(57,521)	-
At 31 December	1,676,503	1,533,070	1,628,548	1,489,335
Net Book Value				
Net Book Value: 1 January	11,596,594	8,422,336	12,061,402	8,250,313
Net Book Value: 31 December	11,746,299	11,596,594	11,600,793	12,061,402

(a) Investment property comprises a number of properties that are leased out to third parties for rental income. Rental income from investment property of N788 million (2017: N934million) has been recognised in other income

(b) Reclassification to investment property represent properties that were subsequently held significantly for rental income. The properties which were previously accounted for at cost less depreciation continues to be measured at cost less depreciation under the investment property class. (see note 25)

(c) The open market value of investment properties as at 31 December 2018 is N51.739 billion. The Group and Bank's investment properties were valued using the depreciated replacement cost, direct market and contractors test valuation methods. The valuation of the investment properties was carried out by firms of independent Estate Valuers & Surveyors, namely Diya Fatimilehin & Co. (FRC/2013/NIESV/00000002773),Bode Adediji Partnership (FRC/2012/NIESV/00000000279), Knight & Frank (FRC/2013/NIESV/00000000584) and Ubosi Eleh & Co. (FRC/2014/NIESV/00000003997).

27 Other Liabilities

		Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
		N'000	N'000	N'000	N'000
Accruals and deferred income	27.1	4,067,393	4,412,327	3,506,792	3,814,789
LC payable	27.2	2,869,667	2,509,983	2,894,072	2,509,982
Amount due to Debt Management Office	27.3	1,717,309	1,717,243	1,717,153	1,717,153
Due to fund holders	27.4	89,614,630	67,790,465	89,441,342	67,610,525
Deposits from customers		543,820	337,766	-	-
Other creditors		2,485,195	1,685,00	12,387,070	1,397,619
		101,298,014	78,452,785	99,946,429	77,050,068

27.1 Accruals and deferred income

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
	N'000	N'000	N'000	N'000
Accruals and deferred income comprises of:				
Accrued expenses	2,024,270	2,540,615	1,885,218	2,382,122
Deferred income	438,044	439,044	-	-
Provision for litigation	150,000	-	150,000	-
Advance deposit for legal expenses	1,326,577	1,395,715	1,343,072	1,395,714
Rental creditors	127,745	36,208	127,745	36,208
Dividend payable	757	745	757	745
	4,067,393	4,412,327	3,506,792	3,814,789

27.2 LC payable relates to letter of credits opened for customers of the Bank. Under this arrangement, the Bank is expected to make payments on behalf of its customers with corresponding receivable from customers.

27.3 This represents amount due to Debt Management Office (DMO) for repayment of Legacy Lines of Credits to the lender son behalf of the Bank. The credit was taken by Bank's precursor institution (NIDB).

27.4 Due to fund holders represent balances due to Funds that are being managed by the Bank of Industry Limited.

	Notes	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
		N'000	N'000	N'000	N'000
BOI/FGN Intervention fund		-	5,000,000	-	5,000,000
Cement fund	(a)	**17,698,158**	15,938,749	**17,698,158**	15,938,749
Textile intervention fund		**9,027,055**	5,889,362	**9,027,055**	5,889,362
Nigerian Content Development and Monitoring Board	(b)	**61,782,432**	39,743,330	**61,782,432**	39,743,330
Sugar Development fund		**71,138**	609,238	**71,138**	609,238
State matching funds		**120,472**	60,925	**120,473**	60,925
Other managed funds		**915,375**	548,861	**742,086**	368,921
		89,614,630	67,790,465	**89,441,342**	67,610,525

(a) Amount represents balance due to Cement Technology Institute of Nigeria (CTIN) in respect of the Nigerian Cement Fund being managed by BOI under a fixed income arrangement.

(b) Amount represents the balance of the Nigerian Content Development Monitoring Board (NCDMB) fund being managed by BOI. The Bank acts as the Fund Manager and is responsible for the disbursement of loans under this fund. Interest income on loans disbursed are shared at 50:50 ratio between the Bank and NCDMB. BOI also has an obligation to pay on a monthly basis an interest rate of 3% per annum on the undisbursed portion of the fund.

28 Current tax liability

		Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
		N'000	N'000	N'000	N'000
At 1 January		3,093,019	2,199,233	2,750,358	1,791,406
Charge for the year:					
Income tax	28.1	3,594,915	2,133,605	3,191,712	2,172,939
Capital gains tax	28.1(a)	244,299	-	244,299	-
Paid during the year		(1,859,103)	(1,239,819)	(1,501,063)	(1,213,987)
At 31 December		5,073,130	3,093,019	4,685,306	2,750,358

28.1 Income tax recognised in statement of profit or loss

Current tax

		Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
		N'000	N'000	N'000	N'000
Company income tax		2,760,192	1,795,276	2,639,202	1,779,640
Education tax		198,976	175,035	198,976	175,035
Information technology levy		388,914	218,264	353,534	218,264
Tax (over)/under provision		246,833	(54,970)	-	-
		3,594,915	2,133,605	3,191,712	2,172,939
Capital gain tax (see Note (a) below)		244,299	-	244,299	-
Tax expense		3,839,214	2,133,605	3,436,011	2,172,939
Deferred tax recognised in statement of profit or loss (see note 28.3)	28.3	370,168	1,070,166	9,666	976,628
Total income tax recognised in statement of profit or loss		4,209,382	3,203,771	3,445,677	3,149,567

(a) Capital gains tax represents tax charge at the rate of 10% on the realised gain on disposal of investment property in line with the Capital Gains Tax Act (CGT).

28.2 Income tax reconciliation

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
	N'000	N'000	N'000	N'000
Profit before Tax	36,663,210	26,363,321	35,353,321	22,737,679
Income tax expense calculated at 30% of PBT (2017: 30%)	10,998,963	7,908,996	10,605,996	6,821,304
Effect of income that is exempt from taxation	(9,291,313)	(5,218,432)	(9,291,313)	(4,178,497)
Effect of expense that are not deductible in determining taxable profit	1,371,829	111,931	1,283,304	106,591
Effect of information technology levy	388,914	218,264	353,534	218,264
Effect of education tax	198,976	176,142	198,976	175,034
Effect of capital gain tax	244,299	-	244,299	-
Effect of tax incentive	(5,153)	-	(5,153)	-
Under provision relating to prior years	246,833	-	-	-
Others	56,034	6,870	56,034	6,870
Income tax expense recognised in profit or loss	4,209,382	3,203,771	3,445,677	3,149,567

28.3 Deferred tax assets/(liabilities)

	Notes	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
		N'000	N'000	N'000	N'000
At 1 January		682,485	1,910,874	(522,537)	613,474
Charge to profit or loss	28.1	(370,168)	(1,070,165)	(9,666)	(976,628)
(Charge)/released to other comprehensive	28.2	363,565	(158,224)	366,362	(159,383)
At end of the year		675,882	682,485	(165,841)	(522,537

28.4 Deferred tax balances

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
	N'000	N'000	N'000	N'000
Deferred tax assets	**4,229,238**	3,597,219	**3,202,468**	2,295,127
Deferred tax liabilities	**(3,033,647)**	(2,914,734)	**(2,929,227)**	(2,817,664)
	1,195,591	682,485	**273,241**	(522,537)

28.5 Component of deferred tax

Components and movement in deferred tax balances are presented as follows:

Group

31 December 2018	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	N'000	N'000	N'000	N'000
Deferred tax (liabilities)/assets in relation to:				
Property and equipment	(1,719,141)	(414,491)	-	(2,133,632)
Trading properties	923,740	(923,740)	-	-
Employee benefit	13,847	(15,150)	363,565	362,262
Loans and advances	2,559,671	(50,438)	-	2,509,233
Other liabilities	(89,288)	89,288	-	-
Exchange losses	(1,106,305)	603,061	-	(503,244)
Tax losses	99,961	341,302	-	441,263
	682,485	(370,168)	363,565	675,882

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	N'000	N'000	N'000	N'000
31 December 2017				
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment	(981,942)	(737,199)	-	(1,719,141)
Trading properties	923,740	-	-	923,740
Provisions - retirement benefit	520,256	(348,185)	(158,224)	13,847
Loans & advances	2,441,237	118,434	-	2,559,671
Other liabilities	2,789	(92,078)	-	(89,288)
Exchange losses	(1,095,167)	(11,138)	-	(1,106,305)
Tax losses	99,961	-	-	99,961
	1,910,874	(1,070,166)	(158,224)	682,485

Bank

31 December 2018	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	N'000	N'000	N'000	N'000
Deferred tax (liabilities)/assets in relation to:				
Property and equipment	(1,711,359)	(833,269)	-	(2,544,628)
Employee benefit	17,908	(112,892)	366,362	271,378
Loans & advances	2,277,219	214,789	-	2,492,008
Exchange differences	(1,106,305)	721,706	-	(384,599)
	(522,537)	(9,666)	366,362	(165,841)
31 December 2017				
Deferred tax (liabilities)/assets in relation to:				
Property and equipment	(975,620)	(735,739)	-	(1,711,359)
Employee benefit	525,476	(348,185)	(159,383)	17,908
Loans and advances	2,158,785	118,434	-	2,277,219
Exchange differences	(1,095,167)	(11,138)	-	(1,106,305)
	613,474	(976,628)	(159,383)	(522,537)

29 Borrowings

	Notes	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
CBN Intervention fund	29.1(I)	330,912,240	359,816,499	330,912,240	359,816,499
African Development Bank (ADB) Loan	29.1(ii)	25,330,319	29,633,640	25,330,318	29,633,640
Loan from AFREXIM	29.1(iii)	227,111,633	-	227,111,633	-
CBN Industrial borrowing	29.1(iv)	101,293,151	-	101,293,151	-
Other borrowing		2,082,930	-	-	-
		686,730,273	389,450,139	684,647,342	389,450,139

I) CBN Intervention Fund

The Central Bank of Nigeria (CBN) in 2010 invested N500 billion in a zero coupon debenture instrument issued by the Bank of Industry Limited as part of its intervention programs in the Nigeria economy. The fund was meant to provide developmental finance of N300billion to the Power and Aviation Industry (PAI) sector as well as Refinancing and Restructure Facilities (RRF) of N200billion to the SME subsectors. An additional amount ofN35billion was invested into Bank of Industry in 2011. The Power and Aviation Intervention Fund (PAIF) guidelines issued by the CBN provides that the issuer, the Bank of Industry Limited shall be the managing agent of the fund whilst the African Finance Corporation (AFC) serves as the Technical Adviser to the Fund. The Fund have a maximum tenor of 15 years not exceeding 31 July 2025. Amount due to CBN represents the utilised portion of the fund.

ii) African Development Bank (ADB) Loan

The Bank obtained a $100million line of credit from African Development Bank (AfDB). The loan is secured by a sovereign guarantee of the Federal Government of Nigeria issued by the Debt Management Office (DMO). The facility is earmarked for the financing of export-oriented small and medium enterprises (SME) with particular emphasis on the non-oil sector. The first tranche of the loan drawn down is $50 million with the following terms; tenor - 10 years, interest rate - 6months USD libor plus 0.06% funding margin plus 60 basis points, 3 years grace period.

iii) Loan from AFREXIM

The Bank entered into a facility agreement through a syndicated financing from the African Export–Import Bank (Afrexim). The total amount obtained by the Bank was $750 million. This facility is fully guaranteed by the Central Bank of Nigeria. The proceeds of the facility is to be used by the Bank to finance trade and trade related projects of its customers in eligible sectors. The facility has a 12 month moratorium period on principal repayment with a final maturity 36 months from the signature date. Interest payable under the facility is Libor + a margin of 6% for360 days.

iv) CBN Industrial Borrowing

In 2017, the Central Bank of Nigeria (CBN) provided to the Bank a N50 billion facility. This facility was introduced to stimulate the failing industrial sector of the country. The activities to be covered under this facility are manufacturing activities. Subsequent to provision of the first tranche of N50bn, a second facility of N50 billion has been added, thereby bringing the total sum to N100 billion. The facility holds a tenure of 8 years and must be granted at an all interest rate of 9% per annum.

29.2 Breach of loan agreement

During the year, the Group did not breach any of the loan agreement with its lenders.

29.3 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, which were mainly cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cashflows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Group

	Note	Balance as at 1January 2018	Financing Cash flow: Net principal proceed and Repayments 2018	Financing Cash flow: Interest accrual as at 31 December 2018	Balance as at 31 December
		N'000	N'000	N'000	N'000
CBN Intervention fund	29.1(I)	359,816,499	(28,904,259)	-	330,912,240
African Development Bank (ADB)	29.1(ii)	29,633,640	(4,496,834)	193,512	25,330,318
Loan from AFREXIM	29.1(iii)	-	224,339,081	2,772,552	227,111,633
CBN Industrial Borrowing	29.1(iv)	-	100,000,000	1,293,151	101,293,151
Other borrowing		-	2,000,000	82,931	2,082,931
		389,450,139	292,937,988	4,342,146	686,730,273

Bank

	Note	Balance as at 1January 2018	Financing Cash flow: Net principal proceed and Repayments 2018	Financing Cash flow: Interest accrual as at 31 December 2018	Balance as at 31 December 2018
		N'000	N'000	N'000	N'000
CBN Intervention fund		359,816,499	(28,904,259)	-	330,912,240
African Development Bank (ADB)		29,633,640	(4,496,834)	193,512	25,330,318
Loan from AFREXIM		-	224,339,081	2,772,552	227,111,633
CBN Industrial Borrowing		-	100,000,000	1,293,151	101,293,151
		389,450,139	290,937,988	4,259,215	684,647,342

30 Employee benefit obligations

	Notes	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
		N'000	N'000	N'000	N'000
Defined pension contribution	30.1	294,853	184,644	162,223	48,149
Defined benefits	30.2	1,036,638	298,106	848,056	59,694
		1,331,491	482,750	1,010,279	107,843

30.1 Defined pension contribution

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
At 1 January	184,644	175,448	48,149	48,503
Arising during the year	962,029	743,186	898,609	706,359
Remittance during the year	(851,820)	(733,990)	(784,535)	(706,713)
At year end	294,853	184,644	162,223	48,149

30.2 Defined benefits

The Bank operates a funded defined benefits scheme for its qualifying employees. An employee is entitled to the benefits of the gratuity as long as the employee has spent not less that 5 years in the service before he retires or withdraws. The retirement age is the date on which the employee attains the age of 60. The defined benefits plan is a plan that defines the amount of benefit that each employee is entitled to on retirement. The defined benefit liability is discounted using the market yields at the reporting date of government bonds that are denominated in the currency in which benefits will be paid, and that have a maturity approximating to the terms of the related pension liability.

The most recent actuarial valuations of the present value of the defined benefit obligations were carried out by K. D. Adeshina of Messrs KDA Associates, FRC Number FRC/2013/00000000001556. The present value of the defined benefit obligation and the related current and past service cost were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
Discount Rate	16.5%	17%	16.5%	17%
Expected Rates of Salary Increase	13%	13%	13%	13%
Rate of inflation	12%	12%	12%	12%

The details of the defined plans are as below:

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
Present value of defined benefit obligation (See (a) below)	2,769,407	2,118,460	2,480,741	1,779,929
Fair value of planned assets (See (b) below)	(1,732,769)	(1,820,354)	(1,632,685)	(1,720,235)
Net liability arising from defined benefit obligation	1,036,638	298,106	848,056	59,694

(a) Movements in the present value of the defined benefit obligation in the current year are as follows

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
At 1 January	2,118,460	1,994,400	1,779,929	1,751,590
Current service cost	131,364	228,850	114,759	212,142
Interest cost	349,576	306,551	293,688	269,024
Actuarial losses/(gains) (note 30.2c)	1,140,311	(407,451)	1,094,602	(452,827)
Benefits paid	(970,304)	(3,890)	(802,237)	-
At 31 December	2,769,407	2,118,460	2,480,741	1,779,929

(b) Planned Asset

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
At 1 January	1,820,354	1,887,917	1,720,235	1,802,438
Expected return on plan asset	300,359	290,490	283,839	277,058
Employer contribution	637,229	-	481,126	-
Actuarial gain/(loss) (note 30.2c)	(54,869)	(358,053)	(50,278)	(359,261)
Benefit paid	(970,304)	-	(802,237)	-
	1,732,769	1,820,354	1,632,685	1,720,235

(c) Amount recognised in statement of comprehensive income in respect of the defined benefit plans are as follows

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
Defined benefit obligation (note 30.2a)	(1,140,311)	407,451	(1,094,602)	452,827
Planned asset (note 30.2b)	(54,869)	(358,053)	(50,278)	(359,261)
	(1,195,180)	49,398	(1,144,880)	93,566

(d) Amounts recognised in profit or loss in respect of these defined benefit obligations

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
Current service cost	131,364	228,850	114,759	212,142
Interest on obligation	349,576	306,551	293,688	269,024
Expected return on planned assets	(300,359)	(290,490)	(283,839)	(277,058)
	180,581	244,911	124,608	204,108

31 Deposit for shares

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
Deposit for shares	15,000,000	-	15,000,000	-
	15,000,000	-	15,000,000	-

Amount represents additional capital contribution from the Federal Government of Nigeria to the Bank as part of the first phase for restructuring development finance institutions in Nigeria.

32 Share Capital and Reserves

(a) Share capital

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
Authorised share capital comprise:				
125,000,000 ordinary shares of N2 each	250,000,000	250,000,000	250,000,000	250,000,000
2018 -73,685,660,620; (2017 -73,685,660,620)				
Ordinary shares of N2 each:	147,371,321	147,371,321	147,371,321	147,371,321

(b) Retained earnings

Retained earnings comprises the undistributed profits from previous years which have not been reclassified to other reserves.

(c) Statutory reserve

This reserve represents the cumulative appropriation from general reserves/earnings in line with Nigerian banking regulations and CBN Regulatory and Supervisory Guidelines for Development Finance Institutions in Nigeria that require the Bank to make an annual appropriation in reference to specific rules. Section 16(1) of the Bank and Other Financial Institutions Act of 1991(amended), stipulates that an appropriation of 30% of profit after tax be made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

(d) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets held at FVOCI until the investments are derecognised or impaired.

(e) Non-distributable reserve

This reserve warehouses the difference between loan provision under Prudential guideline and IFRS impairment allowance (seeNote 37)

(f) Actuarial reserve

This consist of the actuarial gains or losses arising from the valuation of the Group's defined benefit plan.

(g) **Business combination under common control**
This reserve reflects the difference between the cost of acquisition and the amount at which the assets and liabilities have been recognised for the acquisition of a business combination under common control.

(h) **SME reserve**
This reserve is to provide funding for SME to provide funding in line with medium term expenditure framework of the Federal Government of Nigeria.

33 Earnings per share

33.1 Basic earnings per share

Basic earnings per share (EPS) are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year as follows:

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
Profit for the year attributable to shareholders (N'000)	32,446,939	23,151,908	31,907,644	19,588,112
Weighted average number of ordinary shares in issue as	73,685,660	73,685,660	73,685,660	73,685,660
Earning per share - basic (kobo)	44	31	43	27

33.2 Diluted Earnings per share

Diluted earnings per share (EPS) are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
Profit for the year attributable to shareholders (N'000)	32,446,939	23,159,550	31,907,644	19,588,112
Weighted average number of ordinary shares in issue as	73,685,660	73,685,660	73,685,660	73,685,660
- Deposit for shares as at year end ('000)	7,500,000	-	7,500,000	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share(unit) '000'	81,185,660	73,685,660	81,185,660	73,685,660
Earning per share - Diluted (kobo)	40	31	39	27

34 Reclassification of prior period balances

Staff Pension Contribution which was classified under Other liabilities in prior year and was reclassified to employee benefits obligations in current year to be presented as part of the total employee benefits obligation as at the reporting year.

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
(I) Other liabilities				
Amount previously reported	11,468,526	10,846,965	9,838,653	9,487,692
Reclassified to Employee benefits (see note (ii) below))	(294,583)	(184,644)	(162,223)	(48,149)
	11,173,943	10,662,321	9,676,430	9,439,543
ii) Employee benefits obligation				
Amount previously reported	1,036,638	298,105	848,055	59,694
Reclassified from Other liabilities (see note (I) above))	294,583	184,644	162,223	48,149
	1,331,221	482,749	1,010,278	107,843

	Note	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Bank 31-Dec-18 N'000	Bank 31-Dec-17 N'000
35(a) Reconciliation of profit after tax to cash generated from operation					
Profit for the year		32,453,828	23,159,550	31,907,644	19,588,112
Income tax expense recognised in profit or loss		4,209,382	3,203,771	3,445,677	3,149,567
		36,663,210	26,363,321	35,353,321	22,737,679
Adjustment for non-cash items					
Write back on loans and advances	12	(5,116,180)	(2,879,274)	(5,122,753)	(2,885,340)
Loan write off	13	155,759	30,833	155,759	30,833
Write back on leases	12	(150,702)	(82,703)	-	-
Impairment loss/(writeback) for prepayment and other assets	12	232,491	(5,508)	233,492	99,688
Impairment on debt securities	12	21,516	-	21,516	-
Write back on cash balances	12	(5,851)	-	(5,851)	-
Write back on due from financial institutions	12	(136,428)	-	(136,428)	-
Amortisation of intangible assets	11	58,453	46,663	58,453	45,892
Depreciation of investment properties	11	196,316	193,131	192,096	188,911
Depreciation of property and equipment	11	1,717,524	1,117,455	280,048	201,127
Gain on disposal of investment property	8	(2,500,512)	-	(2,500,506)	-
Gain on disposal of equity		-	(9,290)	-	(9,290)
(Gain)/loss from disposal of property and equipment	8	(13,592)	575	(669)	-
Dividend from equity securities	8	(15,672)	(21,930)	(7,808)	(20,089)
		31,106,332	24,753,273	28,520,690	20,389,411
Changes in operating assets and liabilities					
Decrease/(increase) in traded equity instruments		116,153	(24,881)	116,153	(24,881)
Decrease/(increase) in derivative instruments		2,109,294	(736,486)	2,109,294	(736,486)
Decrease in advances under lease		281,435	704,837		-
(Increase)/decrease in loans and advances		(115,927,410)	(5,079,250)	(115,966,738)	(4,801,254)
Decrease in trading properties		-	2,192,389	-	-
Increase in prepayment, accrued income and other assets		(1,784,447)	(168,502)	(2,174,237)	(265,767)
Increase in staff gratuity		623,866	244,910	559,792	204,108
Increase in other liabilities		27,629,282	39,808,046	27,576,873	39,821,041
Cash used in operations		(55,845,495)	61,694,336	(59,238,601)	54,586,172
36(a) Net acquisition of debt securities					
Opening balance of debt securities		(50,662,415)	(40,428,831)	(50,416,949)	(40,428,831)
Closing balance of debt securities		261,806,710	50,643,0152	61,747,312	50,416,949
Changes during the year		211,144,295	10,214,184	211,330,363	9,988,118
ECL impairment allowance		26,599	-	26,599	-
Net acquisition of debt securities		211,770,894	10,214,184	211,356,962	9,988,118

36(b) Cash and cash equivalent

	Group		Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	N'000	N'000	N'000	N'000
Cash and bank balances	18,195,616	15,413,153	17,879,378	14,925,793
Due from financial institution	107,578,150	81,061,115	106,590,574	82,598,714
	125,773,766	96,474,268	124,469,952	97,524,507

37 Statement of prudential adjustment

	Group		Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	N'000	N'000	N'000	N'000
Provision per CBN prudential guidelines	40,043,891	45,564,809	40,043,891	45,564,809
Impairment allowance per IFRS	(31,002,785)	(25,290,070)	(30,996,746)	(25,293,652)
Non distributable reserves	9,041,106	20,274,739	9,047,145	20,271,157

Section 12.4 of the Prudential Guidelines (PG) 2010 requires difference between loan provision under PG and IFRS provision be treated as follows:

a. Where loan provision under PG is greater than IFRS provisions, the excess should be transferred from retained earnings to a non-distributable reserves.

b. Where loan provision under PG is less than IFRS provisions, the excess should be transferred from regulatory reserve (i.e. non-distributable reserve) to retained earnings account to the extent of the non-distributable reserve previously recognized.

The non-distributable reserves is classified under Tier 1 as part of core capital in line with the Central Bank of Nigeria Prudential guidelines (PG) 2010.

As at 31 December 2018, the sum of N11.225 billion was transferred from Bank's non-distributable reserve to retained earnings while N11.234 billion was transferred from the Group's non-distributable reserve to retained earnings.

38 Employees and Directors

a) Employees

The average number of persons employed by the Group and Bank during the year was as follows:

	Group		Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	Number	Number	Number	
Managing Director	1	1	1	1
Executive Directors	4	4	4	4
Management	40	32	26	21
Non-management	438	356	389	311
	485	393	420	337

Compensation for the above staff is set out below:

	Group		Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	N'000	N'000	N'000	N'000
Short term benefit:				
Wages and salaries	11,040,843	7,073,182	10,770,371	6,840,390
Post Employment benefits				
Defined contribution	962,029	743,186	898,609	706,359
Defined benefits	180,581	204,108	124,608	204,108
	12,183,453	8,020,476	11,793,588	7,750,857

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

	Group		Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	Number	Number	Number	
N300,001 - N2,000,000	20	30	-	-
N2,000,001 - N2,800,000	6	7	2	-
N2,800,000 - N3,500,000	4	12	3	5
N3,500,001 - N4,000,000	1	1	-	-
N4,000,001 - N5,500,000	81	44	64	40
N5,500,001 - N6,500,000	6	32	-	29
N6,500,001 - N7,800,000	63	71	63	70
N7,800,001 - N9,000,000	75	39	72	39
N9,000,001 - and above	225	157	216	154

b **Directors**

Remuneration paid to the directors were:

Fees and sitting allowances	103,679	30,510	103,679	30,510
Other directors expenses and benefits	142,030	66,992	134,354	61,535
	245,709	97,502	238,033	92,045

Fees and other emoluments disclosed above include amount paid to:

The Chairman	23,367	10,897	23,367	10,897

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

	Group		Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	Number	Number	Number	
Below N1,000,000	15	9	-	-
N1,000,000 - N2,000,000	2	-	-	-
N2,000,001 - N3,000,000	-	-	-	-
N5,500,001 - and above	5	7	5	7

39 Related party transactions

(a) Parent:

Bank of Industry Limited (BOI) is the ultimate parent company and its subsidiaries are as listed in note 39(b) below:

Transactions between Bank of Industry and its subsidiaries which are eliminated on consolidation are not separately disclosed in the consolidated financial statements.

(b) Subsidiaries

	Effective holding	Nominal share capital held
	%	N'000
BOI Investment and Trust Company Limited	100.0%	110,000
Leasing Company of Nigeria Limited	98.0%	3,270,038
BOI Insurance Brokers	100.0%	5,000
BOI Microfinance Bank Limited	100.0%	100,000

(c) Transaction and balances with related parties

Related Parties	Nature of relationship	Nature of transactions	Balance as at 31 December 2018
			N'000
BOI Investment and Trust Company Limited	Subsidiary	Bank Balances	3,802
Leasing Company of Nigeria Limited	Subsidiary	Advance payment on lease rental	314,128
BOI Insurance Brokers	Subsidiary	Bank Balances	3,926
		Bank Balances	(214,726)
BOI Microfinance Bank Limited	Subsidiary	Bank Balances	190
Central Bank of Nigeria	Shareholder	Investment in OMO Bills	235,289,209
		Borrowings	(432,205,391)
Ministry of Finance Incorporated	Shareholder	Receivable	790,579

(d) Key management personnel

Key management personnel is defined as the Group's executive management, including their close members of family and any entity over which they exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group.

Key management compensation

The remuneration of directors and other members of key management personnel during the year was as follows:

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
	N'000	N'000	N'000	N'000
Salaries and other short-term benefits	1,654,821	897,759	1,654,821	897,759
Post Employment Benefits	143,151	171,989	143,151	171,989

Loans to key management personnel

Loans to key management personnel include mortgage loans and other personal loans which are given under terms that are no more favourable than those given to other staff. Mortgage loans amounting to N1.317 billion as at 31 December 2018 (2017: N973.291million) are secured by the underlying assets.

40 Penalties for non compliance with laws and regulations

There was no penalty in the current year.

41 Contingent liabilities and commitment

a. Legal proceedings

The Group is presently involved in 80 cases as a defendant and 4 cases as a plaintiff, in its ordinary course of business. The total amount claimed in the 4 cases instituted by the Bank is estimated at N916.94 million, while the total amount claimed in the 80cases instituted against the Bank is N179.24 billion for which provisions amounting to N150 million have been made. In addition, the total amount counter-claim by the bank from cases instituted against it is estimated at N1.452 billion.

The actions are being contested and the Directors are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the bank. Apart from these, we are not aware of any other pending or threatened claims and litigations.

b. Capital commitments

At the reporting date, the Group had capital commitments amounting to N8.253 billion (2017: N8.253 billion) in respect of authorised and contracted capital projects.

42 Event after the reporting period

There are no post balance sheet events that could have had a material effect on the state of affairs of the group as at 31 December 2018 which have not been adequately provided for or disclosed in the financial statements.

43. Fund under management

The Bank earned a total fee of N1.89 billion (31 December 2017: N1.63 billion) from the management of third party funds during the year. Additional disclosures on managed funds are included as part of Other National Disclosures. This relates to balances of the various funds managed by the Bank on behalf of Federal Government, State Governments of Nigeria and other government agencies as at 31 December 2018.

Funds under management are not assets of the Bank and are not recognised in the statement of financial position.

As at year end, the net assets of funds under management by the Bank are as shown below:

	31 December 2018 N'000	31 December 2017 N'000
Funds under management		
Government Enterprise and Empowerment Programme (GEEP)	24,663,985	-
CBN Textile Intervention Funds	38,262,780	50,332,475
Cassava Bread Support Fund	3,116,902	3,151,479
National Automotive Council fund	2,848,017	3,009,417
Anambra State Fund	628,706	451,182
Niger State Funds	93,389	95,575
Kogi State Funds	94,359	96,436
Osun State Funds	195,542	212,356
Edo State Funds	176,440	166,767
Delta State Funds	324,180	330,231
Kaduna State Fund	487,015	560,095
Taraba State Fund	406,739	407,084
Kano State Fund	81,181	106,250
Kwara State Fund 1	-	195,503
Kwara State Fund 2	165,969	168,018
Ekiti State Fund	7,719	12,955
SMEDAN Fund - Osun	8,409	9,377
Ondo State Fund	126,089	128,353
Ogun State fund	352,533	334,540
Dangote fund	4,544,340	4,086,120
Gombe Fund	52,469	48,583
Oyo State Fund	534,049	528,237
Enugu State Fund	177,877	192,277
Cross River State fund	209,890	162,573
Business Development Fund for Women (BUDFOW)	37,338	31,536
National Sugar Industrial Development fund	8,119,757	6,176,793
Sugar Levy Fund	1,342,406	2,249,602
SMEDAN Fund - Oyo	51,554	51,206
Benue State fund	1,114,613	1,114,613
Ebonyi State fund	49,679	3,110,485
Rice Processing fund	1,801,545	3,029,243
National Programme for Food Security (NPAFS) fund	942,353	945,094
Federal Department of Agriculture (FDA) Cottage fund	2,133,906	1,890,324
Sokoto State fund	514,983	1,108,100
Bayelsa State fund	279,302	251,319
Nigeria Artisanal & Small Scale Miners Financial Support Fund (ASM	2,897,813	2,644,243
Nigeria Industrial Policy & Competitiveness Advisory Council (NIPCA	-	199,497
	96,843,828	87,587,937

The Bank earned a total fee of N1.89 billion (31 December 2017: N1.63 billion) from the management of third party funds during the year. Additional disclosures on managed funds are included as part of Other National Disclosures.

44 Financial risk management

Introduction and overview

The Bank has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

Credit Risk

The Bank defines credit risks as all the risks that may lead to economic loss to the Bank as a result of the failure or inability of a customer/counterparty to meet its obligations as they fall due. The principal areas where the Bank is exposed to credit risk include: lending (in form of short term loan, medium term loan and long term loan), contigent obligations, lease financing and treasury activities. As every loan has an inherent risk of not being repaid, the Bank's main concern is to minimize credit risks.

Principal credit objectives

The Bank's principal credit objective is to manage risks in order that its sustained portfolio performance (measured by levels of non-performing assets and charge-offs) would not be jeopardized. Its credit objectives are therefore to support, manage or finance:

(I) Enterprises with potential to be profitable, competitive, sustainable and have substantial developmental impact.

(ii) Companies that have capacity to add substantially to industrial outputs.
(iii) Projects that utilize largely domestic raw materials
(iv) Industries in which Nigeria's comparative advantage could be converted to competitive ones.
(v) Companies that have abilities to promote the expansion of exports through the production of high quality products that are attractive to domestic and export markets
(vi) Projects that create both forward and backward linkages with the rest of the domestic or regional economy.
(vii) Ventures that promote inter-state or regional integration.
(viii) Enterprise with high employment generation capacity.
(ix) MSMEs that have linkage with large firms that operate under franchise, cluster and specialized
(x) Projects that are environmentally friendly.
(xi) Projects in the services sector that support industrial development.

Credit risk measurement

The Board of Directors of the Group is the ultimate authority for all credit decisions and approvals. It may delegate its powers to other levels as deemed necessary. Such delegated authority must be exercised with high sense of responsibility. Management of credit risk is of importance to the Group. To achieve the above mentioned credit objectives, the Bank adopts the following strategies:

I) Define appropriate target markets.
ii) Determine its risk appetite and philosophy
iii) Determine its risk acceptance criteria and returns consistent with the risk level
iv) Have effective and efficient relationship management and credit administration systems
v) Have effective problem loan recognition and management procedures
vi) Partner with customers and other stakeholders based on shared responsibilities for the success of the enterprise
vii) Make lending decisions based on the project's expected viability and probability of loan repayment (Relationship Officers should place more emphasis on using cash flow to be generated by a project as a major criterion for recommending such project for approval).

44 Financial risk management (contd.)

viii) Ensure adequacy of security and collateral for loans.
ix) Pay attention to details and exercise due diligence in all stages of loan transactions. (A simple omission or mistake can make a loan go bad. There must be no ambiguity in any aspect of the transaction).
x) Familiarize with requisite fiscal and monetary policies as well as the CBN Prudential Guidelinesand CBN regulatory and supervisory guideline for DFIS and apply these to the evaluation of credit proposals.
xi) Imbibe the credit culture. A credit culture is rooted in corporate attitudes, philosophies, traditions and standards which are institutionalized. The role of a well-received credit culture is to create a risk-management climate that will foster an understanding of the Bank's expectations and the reasons behind its policies.

The Group also have an Executive Management Committee charged with the responsibility of:
I) Review the single obligor limit as well as the delegated approval limits from time to time and recommend same to the Board.
ii) Reviewing and approving the submissions of all projects evidenced by requisite reports presented before it by the Lending /Business Groups within its approval limits.
iii) Recommending to the Board Credit and Investment Committee those projects above its limits.

The Group also have the Risk Management Division(RMD). RMD has the primary responsibility of monitoring compliance with the Group's credit policies and processes. It has four groups: Credit Risk Management (credit Administration Department, Credit Control Department, Credit Monitoring Department), Loan Recovery, Compliance Risk and Other Enterprise Risk Management. The division's primary responsibilities are to:

I) Ensure the maintenance of effective risk management environment in the Bank.
ii) Develop credit analysis guidelines for the Group and recommend credit approval limits in line with the Group's policy.
iii) Ensure compliance with regulatory authorities' guidelines.
iv) Define the Group's risk and return preferences and target risk portfolio.
v) Quarterly review of the credit portfolio on a Bank-wide basis to assess risk in the Bank's portfolio as per the Prudential Guidelines and Regulatory Supervisory Guidelines for DFIs of the CBN.
vi) Review placement and investment limits.
vii) Issue Group-wide portfolio review report on a bi-annual basis.
viii) Issue Group/State office Portfolio Review Report on a monthly basis to ensure effective loan
ix) Pre-disbursement audit and vetting of credit documents.
x) Carry out recovery, loan work out and turn around functions as well as make recommendations for write offs.
xi) Set risk acceptable criteria for credit & product paper developed in the Bank.
xii) Review and accreditation of insurance counterparties
xiii) Review and accreditation of estate valuers
xiv) Instituted the use of Bank Verification Number (BVN) to verify MSME customers and their guarantors
xv) Review and recommend the appointment of External Auditors for SMEs' customers.
xvi) Liaise with the rating agencies in the conduct of the Bank rating exercise

Single Obligor Limit

The Group maintains single obligor limits as follows:
I) For Loans from BOI Funds - 20% of the Group's Shareholders' Fund unimpaired by losses.
ii) For Off Balance Sheet Items - 331/3% of the Group's Shareholders' Fund unimpaired by losses.
iii) For Specialized Intervention Funds - Limit as per the underlying Memorandum of Understanding.

Credit Risk Control & Mitigation policy

Credit risk limits which defines the Bank's risk appetite signify the maximum level of credit risk the Bank is willing to accept in pursuit of its earning objectives. Levels of credit risk undertaken by the Group are controlled by setting approved credit limits for all loans, advances, investments and off balance sheet engagements.

(a) Internal credit approval limits

The Bank maintains internal credit approval limits for various levels of authority in the credit process. The current position as approved by the Board and Management is as shown in the table below

Authority level	*Approval limit*
Chief Risk Officer and General Manager	Above N1m and up to N5m
Chief Risk Officer and Line Executive Directors	Above N5m and up to N10m
Micro Credit Committee (MICC)	Above N10m and up to N50m
MICC, Executive Director & MD/CEO	Above N50m and up to N100m
Executive Management Committee	Above N100m and up to N400m
Board Credit and Investment Committee	Above N400m and up to N1bn
Board of Directors	Above N1bn

Approval limits are set by the Board after recommendation by the Board Credit, Investment Committee and Executive Management Committee and reviewed from time to time as the circumstances of the Bank demand.

Some other specific control and mitigation measures are outlined below:

(b) Collateral

In line with the Group's credit policy, security is taken for all credits granted.

The major types of collateral acceptable for loan and advances include:

I) First legal charge on all present and future fixed and floating assets.
ii) Legal or Equitable mortgage on the collateral properties.
iii) Pari-passu sharing of charged assets with other Financial Institutions (where applicable).
iv) Bank guarantees.
v) Mortgage of shares.
vi) Lien by way of legal charge on the intellectual property in the case of film industry.
vii) Personal guarantee of the Promoters (as appropriate).
viii) Quadripartite domiciliation of ISPO arrangement to be executed by the customer, a designated Bank and the Franchiser in favour of BOI.
ix) Cash collateral.

Loans, Short & Long-term finance and lending to corporate entities as well as individuals are generally secured. In addition, in order to minimise the credit loss, the Bank obtains additional collaterals from the counterparty for the relevant loans and advances.

An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers and financial institutions is shown below:

Group

	31 December 2018		31 December 2017	
	Total Exposure	Value of Collateral	Total Exposure	Value of Collateral
	N'000	N'000	N'000	N'000
Secured against bank guarantees	212,715,412	320,225,645	145,620,763	226,764,469
Secured against cash collaterals, lien over fixed & floating assets	7,134,086	36,676,453	9,010,763	34,209,528
Secured against Federal Government bonds	296,224,292	296,712,087	324,082,016	324,082,016
Secured against trust deed	1,618,692	131,513,077	13,625,018	253,129,477
Secured against real estate	44,766,442	142,449,547	45,224,871	132,699,539
Secured against personal guarantee	703,029	3,491,465	642,519	3,531,305
Unsecured	101,956,865	-	12,934,589	-
	665,118,818	931,068,274	551,140,539	974,416,334

Bank

	31 December 2018		31 December 2017	
	Total Exposure	Value of Collateral	Total Exposure	Value of Collateral
	N'000	N'000	N'000	N'000
Secured against bank guarantees	212,715,412	320,225,645	145,620,763	226,764,469
Secured against cash collaterals, lien over fixed & floating assets	7,134,086	36,676,453	9,010,763	34,209,528
Secured against Federal Government bonds	296,224,291	296,712,087	324,082,016	324,082,016
Secured against trust deed	1,618,692	131,513,077	13,625,018	253,129,477
Secured against real estate	44,766,442	142,449,547	45,224,871	132,699,539
Secured against personal guarantee	703,029	3,491,465	642,519	3,531,305
Unsecured	101,538,854	-	12,473,871	-
	664,700,806	931,068,274	550,679,821	974,416,334

44 Financial risk management (contd.)

(c) Credit concentration

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

Group

	Loans and advances to customers	
	31 December 2018	31 December 2017
In thousands of Nigerian Naira		
Carrying amount, net of allowance for impairment		
Concentration by sector:		
Agro-Processing	33,739,614	37,369,505
Creative Industry	17,391,288	4,277,976
Engineering & Technology	28,184,978	16,012,992
Food processing	105,592,022	46,777,759
Gas & Petrochemicals	98,067,729	49,990,472
Solar & Energy Programme	336,505	600,552
Solid Minerals	42,607,526	33,048,694
Gender Business	5,900,415	2,758,024
Financial Institutions	298,793,455	326,411,635
Others	3,502,502	8,590,367
	634,116,033	525,837,976

Bank

	Loans and advances to customers	
	31 December 2018	31 December 2017
In thousands of Nigerian Naira		
Carrying amount, net of allowance for impairment		
Concentration by sector:		
Agro-Processing	33,739,614	37,369,505
Creative Industry	17,391,288	4,277,976
Engineering & Technology	28,184,978	16,012,992
Food processing	105,592,022	46,777,759
Gas & Petrochemicals	98,067,729	49,990,472
Solar & Energy Programme	336,505	600,552
Solid Minerals	42,607,526	33,048,694
Gender Business	5,900,415	2,758,024
Financial Institutions	298,793,455	326,411,635
Others	3,092,588	8,138,561
	633,706,120	525,386,170

44 Financial risk management (contd.)

(d) Exposure to credit risk

The tables below detail the Group’s and Bank's maximum exposure to credit risk of financial assets.

Group

31-Dec-18	Note	Gross amount	Loss allowance	Net carrying amount
		N'000	N'000	N'000
Cash and bank balances	14	18,195,616	(1,748)	18,193,868
Due from financial institutions	15	107,806,795	(228,645)	107,578,150
Investment in debt securities	18	262,817,684	(1,010,974)	261,806,710
Loans and advances	19	665,118,818	(31,002,785)	634,116,033
Advances under lease	17	1,074,694	(943,642)	131,052
Other assets	22	4,702,748	(1,829,721)	2,873,027
		1,059,716,355	(35,017,516)	1,024,698,840

Bank

		Loss	Net carrying	
31-Dec-18	Note	Gross amount	allowance	amount
		N'000	N'000	N'000
Cash and bank balances	14	17,879,378	(1,748)	17,877,630
Due from financial institutions	15	106,819,219	(228,645)	106,590,574
Investment in debt securities	18	261,773,911	(26,599)	261,747,312
Loans and advances	19	664,702,866	(30,996,746)	633,706,120
Other assets	22	3,603,339	(1,337,648)	2,265,691
		1,054,778,713	(32,591,387)	1,022,187,327

For measuring credit risk of financial assets, the Group makes use of its risk rating criteria which are clearly and precisely defined based on: objectively measurable factors e.g. cashflow capacity, capital adequacy, profitability, liquidity, gearing, return on asset, return on equity, credit history, current exposure and past account performance. Some non-numerate criteria are also applied such as character, quality of Board and Management, type of facility, type/location/value of security/type of customer/sectoral classification etc.

Internal rating Scale

The Group’s current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and past-due amounts is less than 45 days	12month ECL
Watchlist	Amount is >44 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Substandard/Impaired	Amount is >89 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired

44 Financial risk management (contd.)

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. Explanation of the terms: stage 1 (12month ECL), stage 2 (lifetime ECL) and stage 3 (credit impaired) are included in Note 44(e)

Group

		Note	31 December 2018 Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	31 December 2017 Total
1	Cash and Bank Balances		N'000	N'000	N'000	N'000	N'000
	Performing		18,195,616	-	-	18,195,616	15,413,153
	Watchlist		-	-	-	-	-
	Substandard - Impaired	-	-	-	-	-	
	Gross amount		18,195,616	-	-	18,195,616	15,413,153
	Loss allowance	44 (e)(I)	(1,748)	-	-	(1,748)	-
	Carrrying amount		18,193,868	-	-	18,193,868	15,413,153
2	Due from Financial Institutions						
	Performing		107,806,795	-	-	107,806,795	81,061,115
	Substandard -Impaired		-	-	-	-	155,292
	Gross amount		107,806,795	-	-	107,806,795	81,216,407
	Loss allowance44 (e)(ii)		(228,645)	-	-	(228,645)	(155,292)
	Carrrying Amount		107,578,150	-	-	107,578,150	81,061,115
3	Investment in debt securities						
	Performing		261,813,909	-	-	261,813,909	50,643,015
	Watchlist		-	1,003,775	-	1,003,775	1,003,775
	Gross amount		261,813,909	1,003,775	-	262,817,684	51,646,790
	Loss allowance	44 (e)(iii)	(26,599)	(984,375)	-	(1,010,974)	(984,375)
	Carrrying Amount		261,787,310	19,400	-	261,806,710	50,662,415
4	Loans and advances measured at amortised cost						
	Performing		462,131,673	-	-	462,131,673	395,755,388
	Watchlist		-	165,966,961	-	165,966,961	92,638,678
	Substandard -Impaired		-	-	37,020,184	37,020,184	62,746,474
	Gross amount		462,131,673	165,966,961	37,020,184	665,118,818	551,140,540
	Loss allowance	44 (e)(iv)	(2,410,176)	(5,067,988)	(23,524,620)	(31,002,785)	(25,302,564)
	Carrrying Amount		459,721,497	160,898,973	13,495,563	634,116,033	525,837,976
5	Advance under finance lease						
	Performing		120,525	-	-	120,525	278,094
	Substandard -Impaired		-	-	954,169	954,169	1,101,046
	Gross amount		120,525	-	954,169	1,074,694	1,379,140
	Loss allowance	44 (e)(v)	-	-	(943,642)	(943,642)	(1,017,364)
	Carrrying Amount		120,525	-	10,527	131,052	361,776
6	Other assets						
	Performing		-	4,702,748	-	4,702,748	-
	Gross amount		-	4,702,748	-	4,702,748	-
	Loss allowance	44 (e)(vi)	-	(1,829,721)		(1,829,721)	
	Carrrying Amount		-	2,873,027	-	2,873,027	-

The following table shows an analysis of counterparty credit exposures arising from derivative transactions. Derivative transactions of the Group are generally fully collateralised by cash

	31 December 2018 Notional Amount	31 December 2018 Fair value	31 December 2017 Notional Amount	31 December 2017 Fair value
Derivative assets	-	-	30,565,000	736,486
Derivative liabilities	20,271,668	(1,372,808)	-	-
	20,271,668	(1,372,808)	30,565,000	736,486

Bank

		Note	31 December 2018 Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	31 December 2017 Total
			N'000	N'000	N'000	N'000	N'000
1	Cash and Bank Balances						
	Performing		17,879,378	-	-	17,879,378	14,925,793
	Watchlist		-	-	-	-	-
	Substandard - Impaired		-	-	-	-	-
	Gross amount		17,879,378	-	-	17,879,378	14,925,793
	Loss allowance	44 (e)(I)	(1,748)	-	-	(1,748)	-
	Carrrying amount		17,877,630	-	-	17,877,630	14,925,793
2	Due from Financial Institutions						
	Performing		106,819,219	-	-	106,819,219	82,598,714
	Watchlist		-	-	-	-	-
	Substandard -Impaired		-	-	-	-	155,292
	Gross amount		106,819,219	-	-	106,819,219	82,754,006
	Loss allowance	44 (e)(ii)	(228,645)	-	-	(228,645)	(155,292)
	Carrrying Amount		106,590,574	-	-	106,590,574	82,598,714
3	Investment in debt securities						
	Performing		261,773,911	-	-	261,773,911	50,416,949
	Watchlist		-	-	-	-	-
	Substandard -Impaired		-	-	-	-	-
	Gross amount		261,773,911	-	-	261,773,911	50,416,949
	Loss allowance	44 (e)(iii)	(26,599)	-	-	(26,599)	-
	Carrrying Amount		261,747,312	-	-	261,747,312	50,416,949
4	Loans and advances measured at amortised cost						
	Performing		461,716,160	-	-	461,716,160	395,303,456
	Watchlist		-	165,966,931	-	165,966,931	92,629,892
	Substandard -Impaired		-	-	37,019,775	37,019,775	62,746,474
	Gross amount		461,716,160	165,966,931	37,019,775	664,702,866	550,679,822
	Loss allowance	44 (e)(iv)	(2,404,576)	(5,067,958)	(23,524,212)	(30,996,746)	(25,293,652)
	Carrrying Amount		459,311,584	160,898,973	13,495,563	633,706,120	525,386,170
5	Advance under finance lease						
	Performing		-	-	-	-	-
	Watchlist		-	-	-	-	-
	Substandard -Impaired		-	-	-	-	-
	Gross amount		-	-	-	-	-
	Loss allowance	44 (e)(v)	-	-	-	-	-
	Carrrying Amount		-	-	-	-	-
6	Other assets						
	Performing		-	3,603,339	-	3,603,339	2,164,862
	Watchlist	-	-	-	-	-	821,974
	Substandard -Impaired		-	-	-	-	
	Gross amount		-	3,603,339	-	3,603,339	2,986,836
	Loss allowance	44 (e)(vi)	-	(1,337,648)		(1,337,648)	(821,974)
	Carrrying Amount		-	2,265,691	-	2,265,691	2,164,862

The following table shows an analysis of counterparty credit exposures arising from derivative transactions. Derivative transactions of the Group are generally fully collateralised by cash

	31 December 2018 Notional Amount	31 December 2018 Fair value	31 December 2017 Notional Amount	31 December 2017 Fair value
Derivative assets	-	-	30,565,000	736,486
Derivative liabilities	20,271,668	(1,372,808)	-	-
	20,271,668	(1,372,808)	30,565,000	736,486

44 Financial risk management (contd.)

(e) Amounts arising from Expected Credit Losses (ECL)

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses two criteria for determining whether there has been a significant increase in credit risk:

- qualitative indicators; and
- a backstop of 30 days past due

Credit monitoring typically involves use of the following data:

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes

- Data from credit reference agencies, press articles, changes in external credit ratings
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities
- Internally collected data on customer behaviour – e.g. utilisation of credit card facilities
- Requests for and granting of forbearance
- Existing and forecast changes in business, financial and economic conditions
- Payment record – this includes overdue status as well as a range of variables about payment ratios

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors. For most exposures, key macro-economic indicators include:
GDP growth and crude oil prices.

The Group formulates a 'base case' view of the future direction of relevant economic variables as well asa representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

In determining the ECL for other assets, the Group applies the simplified model to estimate ECLs, adopting a provision matrix to determine the lifetime ECLs. The provision matrix estimates ECLs on thebasis of historical default rates, adjusted for current and future economic conditions (expected changes in default rates) without undue cost and effort.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist.

In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Generally, facilities with loss allowances being measured as Life-time ECL not credit impaired (Stage 2)are monitored for a probationary period of 90 days to confirm if the credit risk has decreased sufficiently before they can be migrated from Lifetime ECL not credit impaired (Stage 2)to 12-month ECL (Stage 1)while credit-impaired facilities (Stage 3) are monitored for a probationary period of 180 days before migration from Stage 3 to Stage 1.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 45 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Definition of default

The Group considers a financial asset to be in default when

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding. In assessing whether a borrower is in default, the Group considers indicators that are:
- qualitative - e.g. breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information.

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The table below summarises the principal macro-economic indicators included in the economic scenarios used at 31 December 2018 for the years 2019 to 2020, for Nigeria which is the country where the Group operates and therefore is the country that has a material impact in ECLs.

	2019	2020
GDP		
• Base scenario	2.30	%3%
• Range of upside scenarios	2.50%	3.50%
• Range of downside scenarios	2.00%	2.20%
Crude Oil Prices		
• Base scenario	51.945	3.075
• Range of upside scenarios	77.197	0.575
• Range of downside scenarios	41.44	43.075

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 years.

Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in stage 1 (12-months ECL) is calculated by multiplying the 12-month PD, LGD and EAD term structures. Lifetime ECL is calculated by multiplying the lifetime PD, LGD and EAD term structures.

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. The Bank's PD was estimated based on yearly performance status (i.e. default and non-default) migration. The lifetime PD term structure was derived using the Homogenous Discrete Time Markov Chain approach. Pds are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cashflows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The Bank estimated LGD based on expected collateral recoveries. For each collateral type, the Bank made reasonable assumptions regarding the expected collateral haircut, direct costs of recovery, and time to recovery. These assumptions were arrived at on the basis of industry data and expert judgment.

EAD is an estimate of the exposure at a future default date. The Bank estimated the EAD term structure based on the contractual cash flows of each financial asset.

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- instrument type;
- credit risk grade;
- collateral type;
- date of initial recognition;
- remaining term to maturity;
- industry;
- geographic location of the borrower;
- past due information

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

44 Financial risk management (contd.)

(e) Amounts arising from Expected Credit Losses (ECL) (continued)

Loss allowance

The following table show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Explanation of the terms: stage 1 (12month ECL), stage 2 (lifetime ECL) and stage 3 (credit impaired) are included in Note 44(e). Comparative amounts for 2017 represent allowance account for credit losses and reflect measurement basis under IAS 39.

Group

I Cash and bank balances

	Note	31 December 2018 12 month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	31 December 2017 Specific	Collective	Total
In thousands of Naira								
Balance as at 1 January under IAS 39		-	-	-	-	-	-	-
Adjustment on initial application of IFRS 9	45.4	7,599	-	-	7,599	-	-	-
Balance at 1 January under IFRS 9		7,599	-	-	7,599	-	-	-
Net remeasurement of loss allowance	12	(5,851)	-	-	(5,851)	-	-	-
Balance as 31 December		1,748	-	-	1,748	-	-	-

ii. Due from Financial Institutions

	Note	12 month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	Specific	Collective	Total
In thousands of Naira								
Balance as at 1 January under IAS 39		155,292	-	-	155,292	1,715,459	-	1,715,459
Adjustment on initial application of IFRS 9	45.4	209,781	-	-	209,781	-	-	-
Balance at 1 January under IFRS 9		365,073	-	-	365,073	-	-	-
Net remeasurement of loss allowance	12	(136,428)	-	-	(136,428)	967,538	-	967,538
Write off		-	-	-	-	(2,527,705)	-	(2,527,705)
Balance as 31 December		228,645	-	-	228,645	155,292	-	155,292

Group

iii Investment in debt securities

		← 31 December 2018 →				31 December 2017		
			Lifetime ECL	Lifetime ECL				
	Note	12 month ECL	not credit-impaired	credit-impaired	Total	Specific	Collective	Total
In thousands of Naira								
Balance as at 1 January under IAS 39		-	984,375	-	984,375	984,375	-	984,375
Adjustment on initial application of IFRS 9	45.4	5,083	-	-	5,083	-	-	-
Balance at 1 January under IFRS 9		5,083	984,375	-	989,458			
Net remeasurement of loss allowance	12	21,516	-	-	21,516			
Balance as 31 December		26,599	984,375	-	1,010,974	984,375	-	984,375

iv Loan and advances

			Lifetime ECL	Lifetime ECL				
	Note	12 month ECL	not credit-impaired	credit-impaired	Total	Specific	Collective	Total
In thousands of Naira								
Balance as at 1 January under IAS 39					25,302,564	20,985,588	7,196,250	28,181,838
Adjustment on initial application of IFRS 9	45.4				16,978,659	-	-	-
Balance at 1 January under IFRS 9		2,243,072	2,550,928	37,487,223	42,281,223	-	-	
Remeasurement of loss allowance		(930,820)	(2,464,564)	5,309,721	1,914,337	(3,276,052)	396,778	(2,879,274)
Transfer to 12 month ECL		(862,868)	538,547	324,321	-			
Transfer to Lifetime ECL - not credit impaired		564,373	(1,130,096)	565,723	-	-		
Transfer to Lifetime ECL - credit impaired		42,291	1,843,514	(1,885,805)	-	-		
Loans repaid		(344,113)	(306,576)	(12,853,472)	(13,504,161)	-		
New loans acquired		2,111,789	3,937,677	424,178	6,473,644	-		
Net remeasurement of loss allowance	12	580,652	2,418,502	(8,115,334)	(5,116,180)			
Write off		-	-	(6,162,258)	(6,162,258)	-		
Balance as 31 December		2,823,724	4,969,430	23,209,631	31,002,785	17,709,536	7,593,028	25,302,564

v Advances under finance lease

		Lifetime ECL	Lifetime ECL					
In thousands of Naira			12 month	not credit-	credit-			
	Note	ECL	impaired	impaired	Total	Specific	Collective	Total
Balance as at 1 January under IAS 39		-	-	1,017,364	1,017,364	1,377,704	-	1,377,704
Adjustment on initial application of IFRS 9	45.4	-	-	99,990	99,990	-		
Balance at 1 January under IFRS 9		-	-	1,117,354	1,117,354	-		
Remeasurement of loss allowance		-	-	(118,252)	(118,252)	(82,703)	-	(82,703)
Leases repaid		-	-	(32,450)	(32,450)	-		
Net remeasurement of loss allowance	12	-	-	(150,702)	(150,702)	-		
Write off		-	-	(23,010)	(23,010)	(277,637)	-	(277,637)
Balance as 31 December		-	-	943,642	943,642	1,017,364	-	1,017,364

vi Other assets

In thousands of Naira	Note	12 month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	Specific	Collective	Total
Balance as at 1 January under IAS 39		-	1,315,048	-	1,315,048	1,821,654	-	1,821,654
Adjustment on initial application of IFRS 9	45.4	-	282,182	-	282,182	-	-	-
Balance at 1 January under IFRS 9		-	1,597,230	-	1,597,230	-	-	-
Remeasurement of loss allowance		-	261,222	-	261,222	(15,875)	-	(15,875)
Financial asset derecognised		-	(28,731)	-	(28,731)	-	-	-
Net remeasurement of loss allowance	12		232,491	-	232,491			
Write off		-	-	-	-	(490,731)	-	(490,731)
Balance as 31 December		-	1,829,721	-	1,829,721	1,315,048	-	1,315,048

Bank

I. Cash and bank balances

In thousands of Naira	Note	31 December 2018 12 month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	31 December 2017 Specific	Collective	Total
Balance as at 1 January under IAS 39		-	-	-	-	-	-	-
Adjustment on initial application of IFRS 9	45.4	7,599	-	-	7,599	-	-	-
Balance at 1 January under IFRS 9		7,599	-	-	7,599	-	-	-
Net remeasurement of loss allowance	12	(5,851)	-	-	(5,851)	-	-	-
Balance as 31 December		1,748	-	-	1,748	-	-	-

ii Due from Financial Institutions

In thousands of Naira	Note	12 month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	Specific	Collective	Total
Balance as at 1 January under IAS 39		-	-	-	155,292	1,715,459	-	1,715,459
Adjustment on initial application of IFRS 9	45.4	-	-	-	209,781	-	-	-
Balance at 1 January under IFRS 9		365,073	-		365,073	-	-	-
Net remeasurement of loss allowance	12	(136,428)	-	-	(136,428)	967,538	-	967,538
Write off		-	-	-	-	(2,527,705)	-	(2,527,705)
Balance as 31 December		228,645	-	-	228,645	155,292	-	155,292

iii Investment in debt securities

In thousands of Naira	Note	12 month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	Specific	Collective	Total
Balance as at 1 January under IAS 39		-	-	-	-	-	-	-
Adjustment on initial application of IFRS 9	45.4	5,083	-	-	5,083	-	-	-
Balance at 1 January under IFRS 9		5,083	-	-	5,083	-	-	-
Net remeasurement of loss allowance	12	21,516	-	-	21,516	-	-	-
Balance as 31 December		26,599	-	-	26,599	-	-	-

Bank

iv Loan and advances

In thousands of Naira	Note	12 month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	Specific	Collective	Total
Balance as at 1 January under IAS 39					25,293,652	20,983,040	7,195,952	28,178,992
Adjustment on initial application of IFRS 9	45.4				16,984,726			-
Balance at 1 January under IFRS 9		2,240,265	2,550,915	37,487,198	42,278,378	-		
Remeasurement of loss allowance		(933,541)	(2,464,586)	5,306,069	1,907,942	(3,282,291)	396,951	(2,885,340)
Transfer to 12 month ECL		(862,868)	538,547	324,321	-			
Transfer to Lifetime ECL - not credit impaired		564,373	(1,130,096)	565,723	-			-
Transfer to Lifetime ECL - credit impaired		42,291	1,843,514	(1,885,805)	-			-
Loans repaid		(342,430)	(306,563)	(12,853,448)	(13,502,441)			-
New loans acquired		2,110,034	3,937,669	424,043	6,471,746			-
Net remeasurement of loss allowance	12	577,859	2,418,485	(8,119,097)	(5,122,753)			
Write off		-	-	(6,158,879)	(6,158,879)			-
Balance as 31 December		2,818,124	4,969,400	23,209,222	30,996,746	17,700,749	7,592,903	25,293,652

v Other assets

In thousands of Naira	Note	ECL	Lifetime ECL 12 month impaired	Lifetime ECL not credit- impaired	credit- Total	Specific	Collective	Total
Balance as at 1 January under IAS 39		-	-	-	821,974	1,213,017	-	1,213,017
Adjustment on initial application of IFRS 9	45.4	-	-	-	282,182	-	-	-
Balance at 1 January under IFRS 9		-	1,104,156	-	1,104,156	-	-	-
Remeasurement of loss allowance		-	262,223	-	262,223	99,688	-	99,688
Financial asset derecognised		-	(28,731)	-	(28,731)	-	-	-
Net remeasurement of loss allowance	12	-	233,492	-	233,492	-	-	-
Write off		-	-	-	-	(490,731)	-	490,731)
Balance as 31 December		-	1,337,648	-	1,337,648	821,974	-	821,974

44 Financial risk management (contd.)

Comparative information under IAS 39

An analysis of the credit quality of loans that were neither past due nor impaired and ageing of trade receivables that were past due but not impaired as at 31 December 2017 are as follows:

Loans and advances past due but not Individually impaired

	Group 31-Dec-17 Loans and advances to customers N'000	Bank 31-Dec-17 Loans and advances to customers N'000
Past due up to 6months	3,045,239	3,045,239
Past due 6 to 12 months	16,064,959	16,064,959
Past due above 12 months	2,297,084	2,297,084
	21,407,282	21,407,282

Credit quality of Loans and advances that are neither past due nor impaired Individually

	Group 31-Dec-17 N'000	Bank 31-Dec-17 N'000
Minimal risk	344,060,579	344,060,579
Modest Risk	115,526,745	115,526,745
Average Risk	412,823	412,823
Marginal Risk (Watch List)	26,576,188	26,576,188
	486,576,335	486,576,335

Financial assets individually impaired

Gross amount	27,256,755	27,256,755
Allowance for Impairment	(17,665,494)	(17,665,494)
Carrying Amount	9,591,261	9,591,261

(f) Credit definitions

(i) **Impaired loans and investment securities**
Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/ securities agreement(s).

(ii) **Past due but not impaired loans**
Loans and securities where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the number of days past due, level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

(iii) **Loans with renegotiated terms**
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

44 Financial risk management (contd.)

(iv) Allowances for impairment

The Group establishes an allowance for impairment losses that represents its estimate of expected losses in its loan portfolio.

(v) Write-off policy

The Group writes off a loan / security balance (and any related allowances for impairment losses) when Management determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write off decisions are generally based on a product specific past due status.

Liquidity risk

This is the risk that the Group might not be able to meet with its obligation as they fall due.

Management of liquidity risk

The ultimate responsibility for liquidity risk management rest with the Board of Directors , which has established an appropriate risk management framework for the management of the Group short, medium and long term funding and liquidity management requirements. This function has been delegated to the asset and liability management committee of the Group. This committee meets on bi-weekly to monitor liquidity profile of the Group. The Group also manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The table below shows the undiscounted cash flows on the Group and the Bank's financial liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Group Residual contractual maturities of financial assets and liabilities

31 December 2018	Note	Gross Carrying amount	nominal inflow/	Less than 1 year (outflow)	Less than 2 years	Less than 3 years	Less than 4 years	Less than 5 years	Above 5 years
In thousands of Nigerian Naira									
Non-derivative assets:									
Cash and Bank Balances	14	18,193,868	18,193,868	18,193,868	-	-	-	-	-
Due from Financial Institution	15	107,578,150	106,930,330	106,930,330	-	-	-	-	-
Investment in debt securities	18	261,806,710	277,034,505	277,034,505	-	-	-	-	-
Loans and Advances	19	634,116,033	767,417,241	196,307,543	159,150,838	131,073,949	98,345,589	84,318,135	98,221,186
Other assets	22	2,873,027	2,873,027	2,873,027	-	-	-	-	-
		1,024,567,788	1,172,448,971	601,339,274	159,150,838	131,073,949	98,345,589	84,318,135	98,221,186
Non-derivative liabilities									
Other Liabilities	27	101,298,014	(101,298,014)	(101,298,014)	-	-	-	-	-
Borrowings	29	686,730,273	(741,223,969)	(189,676,431)	(191,035,544)	(114,227,369)	(40,882,569)	(39,574,261)	(165,827,795)
		788,028,287	(842,521,983)	(290,974,445)	(191,035,544)	(114,227,369)	(40,882,569)	(39,574,261)	(165,827,795)
Derivative liabilities									
Foreign currency swap	16	1,372,808	-	-	-	-	-	-	-
Inflow		-	20,271,667	20,271,667	-	-	-	-	-
Outflow		-	(21,908,250)	(21,908,250)	-	-	-	-	-
			(1,636,583)	(1,636,583)	-	-	-	-	-
Total financial liabilities		789,401,095	(844,158,566)	(292,611,028)	(191,035,544)	(114,227,369)	(40,882,569)	(39,574,261)	(165,827,795)
Gap (asset - liabilities)			328,290,405	308,728,246	(31,884,706)	16,846,580	57,463,021	44,743,874	(67,606,609)
Cumulative liquidity gap				308,728,246	276,843,539	293,690,120	351,153,140	395,897,014	328,290,405

44 Financial risk management (contd.)
Liquidity risk (contd.)

Group Residual contractual maturities of financial assets and liabilities

31 December 2018 *In thousands of Nigerian Naira*	Note	Gross Carrying amount	nominal inflow/ (outflow)	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Less than 5 years	Above 5 years
Non-derivative assets:									
Cash and Bank Balances	14	15,413,153	15,413,153	15,413,153	-	-	-	-	-
Due from financial Institution	15	81,061,115	81,390,174	81,390,174	-	-	-	-	-
Investment in debt securities	18	50,662,415	52,100,000	52,100,000	-	-	-	-	-
Loans and advances	19	525,837,976	627,263,473	104,921,262	88,729,552	83,294,021	72,583,098	56,832,966	220,902,576
Other assets	22	2,840,580	2,840,580	2,840,580	-	-	-	-	-
		675,815,239	779,007,381	256,665,169	88,729,552	83,294,021	72,583,098	56,832,966	220,902,576
Non-derivative liabilities									
Other liabilities	27	78,452,785	78,452,788	78,452,788	-	-	-	-	-
Borrowings	29	389,450,139	391,253,023	106,406,761	65,413,478	59,331,394	49,517,331	35,918,283	74,665,776
Total financial liabilities		467,902,924	469,705,811	184,859,549	65,413,478	59,331,394	49,517,331	35,918,283	74,665,776
Gap (asset - liabilities)			309,301,570	71,805,620	23,316,074	23,962,627	23,065,767	20,914,683	146,236,800
Cumulative liquidity gap				71,805,620	95,121,693	119,084,321	142,150,087	163,064,770	309,301,570

Current maturity mis-match profile

The above tables show the undiscounted cash flows on the Group's non-derivative financial assets and liabilities on the basis of their earliest possible contractual maturity.

The gross nominal inflows / (outflows) disclosed in the previous table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities and assets held for risk management purposes.

As part of the management of its liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and debt securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

44 Financial risk management (contd.)

Liquidity risk (contd.)

The table below shows the undiscounted cash flows on the Bank's financial liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Bank

Residual contractual maturities of financial assets and liabilities

31 December 2018 *In thousands of Nigerian Naira*	Note	Gross Carrying amount	nominal inflow/ (outflow)	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Less than 5 years	Above 5 years
Non-derivative assets:									
Cash and bank balances	14	17,877,630	17,877,630	17,877,630	-	-	-	-	-
Due from financial institutions	15	106,590,574	106,590,574	106,590,574	-	-	-	-	-
Investment in debt securities	18	261,747,312	277,034,505	277,034,505	-	-	-	-	-
Loans and advances	19	633,706,120	767,005,269	195,895,571	159,150,838	131,073,949	98,345,589	84,318,135	98,221,186
Other assets	22	2,265,691	2,285,284	2,285,284	-	-	-	-	-
		1,022,187,327	1,170,793,262	599,683,565	159,150,838	131,073,949	98,345,589	84,318,135	98,221,186
Non-derivative liabilities									
Other Liabilities	27	99,946,429	99,946,429	99,946,429	-	-	-	-	-
Borrowings	29	684,647,342	(739,141,039)	(187,593,501)	(191,035,544)	(114,227,369)	(40,882,569)	(39,574,261)	(165,827,795)
		784,593,771	(639,194,610)	(87,647,072)	(191,035,544)	(114,227,369)	(40,882,569)	(39,574,261)	(165,827,795)
Derivative liabilities									
Risk management:	16	1,372,808	-	-	-	-	-	-	-
Inflow		-	20,271,667	20,271,667	-	-	-	-	-
Outflow		-	(21,908,250)	(21,908,250)	-	-	-	-	-
		(1,636,583)	(1,636,583)	-	-	-	-	-	
Total financial liabilities		785,966,579	(640,831,193)	(89,283,655)	(191,035,544)	(114,227,369)	(40,882,569)	(39,574,261)	(165,827,795)
Gap (asset - liabilities)			529,962,069	510,399,910	(31,884,706)	16,846,580	57,463,021	44,743,874	(67,606,609)
Cumulative liquidity gap				510,399,910	478,515,204	495,361,784	552,824,804	597,568,678	529,962,069

44 Financial risk management (contd.)

Liquidity risk (contd.)

Bank
Residual contractual maturities of financial assets and liabilities

31 December 2017 *In thousands of Nigerian Naira*	Note	Gross Carrying amount	nominal inflow/ (outflow)	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Less than 5 years	Above 5 years
Non-derivative assets:									
Cash and bank balances	14	14,925,793	14,925,793	14,925,793	-	-	-	-	-
Due from financial institution	15	82,598,714	82,598,714	82,598,714	-	-	-	-	-
Investment in debt securities	18	50,416,949	52,100,000	52,100,000	-	-	-	-	-
Loans and advances	19	525,386,170	626,811,667	104,469,455	88,729,552	83,294,021	72,583,098	56,832,966	220,902,576
Other assets	22	5,225,534	5,225,534	5,225,534	-	-	-	-	-
		678,553,159	781,661,708	259,319,496	88,729,552	83,294,021	72,583,098	56,832,966	220,902,576
Non-derivative liabilities									
Other Liabilities	27	77,050,068	77,050,068	77,050,068	-	-	-	-	-
Borrowings	29	389,450,139	391,253,023	106,406,761	65,413,478	59,331,394	49,517,331	35,918,283	74,665,776
Total financial liabilities		466,500,207	468,303,091	183,456,829	65,413,478	59,331,394	49,517,331	35,918,283	74,665,776
Gap (asset - liabilities)			313,358,617	75,862,667	23,316,074	23,962,627	23,065,767	20,914,683	146,236,800
Cumulative liquidity gap				76,146,069	99,462,142	123,424,769	146,490,536	167,405,219	313,642,019

Current maturity mis-match profile

The above tables show the undiscounted cash flows on the Bank's non-derivative financial assets and liabilities on the basis of their earliest possible contractual maturity.

The gross nominal inflows / (outflows) disclosed in the previous table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities and assets held for risk management purposes.

As part of the management of its liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents, and debt securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

44 Financial risk management (contd.)

Market Risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of Foreign Currency risk

The Group is majorly exposed to foreign currency risk and interest rate risk. The group's exposure to equity market as at end of the year is very minimal with a total market value exposure of N8.5 million (31 Dec. 2017: N679 million) due to the Group's divestment from quoted equity securities.

The Group manages its foreign currency risk by limiting the amount of cash it holds in foreign currency and also ensuring that they are managed within approved policy parameters utilising forward foreign exchange contracts.

The table below summarises foreign currency exposures of the Group and Bank as at year end.

Group

		31 December 2018				
In thousands of Naira	Note	EUR	GBP	USD	NGN	Grand Total
Cash and bank balances	14	845	388	3,400,369	14,792,265	18,193,868
Due from financial institutions	15	506,447	533,900	52,551,135	53,986,667	107,578,150
Derivative assets	16	-	-	-	-	-
Other receivable	22	-	-	178,418	2,694,609	2,873,027
Loans and advances	19	-	-	22,818,647	611,297,386	634,116,033
Total assets		507,292	534,288	78,948,570	682,770,928	762,761,078
Borrowings	29	-	-	(252,337,978)	(434,392,295)	(686,730,273)
Other liabilities	27	(18,940)	(14,020)	(65,181,302)	(36,083,751)	(101,298,014)
Derivative liability	16	-	-	(1,372,808)	-	(1,372,808)
Total liabilities		(18,940)	(14,020)	(318,892,089)	(470,476,045)	(789,401,095)
Net on-balance sheet financial position		488,352	520,268	(239,943,519)	212,294,882	(26,640,017)

In thousand of Naira		31 December 2017				
	Note	EUR	GBP	USD	NGN	Grand Total
Cash and Bank Balances	14	-	1,295	2,888,087	12,523,772	15,413,153
Due from Financial Institutions	15	473,503	550,186	27,329,166	52,708,260	81,061,115
Derivative assets	16	-	-	736,486	-	736,486
Other receivable	22	-	-	425,142	2,415,438	2,840,580
Loans and advances	19	-	-	7,177,600	518,660,376	525,837,976
Total assets		473,503	551,481	38,556,481	586,307,845	625,889,310
Borrowings	29	-	-	(29,594,592)	(359,855,547)	(389,450,139)
Other liabilities	27	(36,660)	(13,114)	(27,581,220)	(50,821,792)	(78,452,785)
Derivative liability	16	-	-	-	-	-
Total liabilities		(36,660)	(13,114)	(57,175,812)	(410,677,338)	(467,902,924)
Net on-balance sheet financial position		436,844	538,367	(18,619,331)	175,630,507	157,986,386

44 Financial risk management (contd.)

Bank

31 December 2018

In thousands of Naira	Note	EUR	GBP	USD	NGN	Grand Total
Cash and Bank Balances	14	845	388	3,359,910	14,516,486	17,877,630
Due from Financial Institutions	15	506,447	533,900	52,551,135	52,999,091	106,590,574
Derivative assets	16	-	-	-	-	-
Other receivable	22	-	-	178,418	2,087,273	2,265,691
Loans and advances	19	-	-	22,818,647	610,887,473	633,706,120
Total assets		507,292	534,288	78,908,111	680,490,324	760,440,015
Borrowings	29	-	-	(252,337,978)	(432,309,364)	(684,647,342)
Other liabilities	27	(18,940)	(14,020)	(65,181,302)	(34,732,166)	(99,946,429)
Derivative liability	16	-	-	(1,372,808)	-	(1,372,808)
Total liabilities		(18,940)	(14,020)	(318,892,088)	(467,041,530)	(785,966,579)
Net on-balance sheet financial position		488,352	520,268	(239,983,978)	213,448,794	(25,526,564)

31 December 2017

In thousands of Naira	Note	EUR	GBP	USD	NGN	Grand Total
Cash and Bank Balances	14	-	1,295	2,871,174	12,053,324	14,925,793
Due from Financial Institutions	15	473,503	550,186	27,329,166	54,245,859	82,598,714
Derivative assets	16	-	-	736,486	-	736,486
Other receivable	22	-	-	425,142	1,739,720	2,164,862
Loans and advances	19	-	-	7,177,600	518,208,570	525,386,170
Total assets		473,503	551,481	38,539,568	586,247,473	625,812,025
Borrowings	29	-	-	(29,594,592)	(359,855,547)	(389,450,139)
Other liabilities	27	(36,660)	(13,114)	(27,581,220)	(49,419,075)	(77,050,068)
Derivative liability	16	-	-	-	-	-
Total liabilities		(36,660)	(13,114)	(57,175,812)	(409,274,621)	(466,500,207)
Net on-balance sheet financial position		436,844	538,367	(18,636,244)	176,972,852	159,311,818

44 Financial risk management (contd.)

Foreign Currency Exchange Risk (continued)

The following table details the Bank's sensitivity to a increase and decrease in Naira against the US dollars, pounds and Euro. Management believes that the stated percentage movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding denominated assets as there were no liabilities denominated in foreign currency. A positive number indicates an increase in profit where Naira strengthens by the stated percentage against the respective currencies. For the stated percentage increase or decrease in the rate, there would be an equal and opposite impact on profit, and the balances below would be negative.

31 December 2018	Group N'000	Bank N'000
Naira strengthens by 1% against the US dollar		
Profit / (loss)	2,385,708	2,386,112
Naira weakens by 1% against the US dollar		
Profit / (loss)	(2,385,708)	(2,386,112)
Naira strengthens by 1% against the Pounds		
Profit / (loss)	(5,203)	(5,203)
Naira weakens by 1% against the Pounds		
Profit / (loss)	5,203	5,203
Naira strengthens by 1% against the Euro		
Profit / (loss)	(4,884)	(4,884)
Naira weakens by 1% against the Euro		
Profit / (loss)	4,884	4,884

31 December 2017	Group N'000	Bank N'000
Naira strengthens by 1% against the US dollar		
Profit / (loss)	(193,710)	(193,710)
Naira weakens by 1% against the US dollar		
Profit / (loss)	193,710	193,710
Naira strengthens by 6% against the Pounds		
Profit / (loss)	33,104	33,104
Naira weakens by 6% against the Pounds		
Profit / (loss)	(33,104)	(33,104)
Naira strengthens by 8% against the Euro		
Profit / (loss)	34,948	34,948
Naira weakens by 8% against the Euro		
Profit / (loss)	(34,948)	(34,948)

44 Financial risk management (contd.)

Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of forward interest rate contracts.

The Group is not exposed to interest rates risk on its financial assets, however, the Group is exposed to interest rate risk on its financial liabilities

Interest rate sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole

Fair value sensitivity analysis for fixed-rate instruments
The Group does not account for any fixed rate financial assets or financial liabilities at FVTPL , they do not contain a variable cash flow,and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cashflow sensitivity analysis for variable-rate instruments
A reasonable possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Group	Profit or loss		Equity, net of tax	
Effect in thousand of Naira	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2018				
Variable-rate instruments	(2,524,420)	2,524,420	-	-
Cash flow sensitivity (net)	(2,524,420)	2,524,420	-	-
31 December 2017				
Variable-rate instruments	(296,336)	296,336		
Cash flow sensitivity (net)	(296,336)	296,336		

Bank	Profit or loss		Equity, net of tax	
Effect in thousand of Naira	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2018				
Variable-rate instruments	(2,524,420)	2,524,420	-	-
Cash flow sensitivity (net)	(2,524,420)	2,524,420	-	-
31 December 2017				
Variable-rate instruments	(296,336)	296,336	-	-
Cash flow sensitivity (net)	(296,336)	296,336	-	-

44 Financial risk management (contd.)

Capital management

Regulatory capital

The Bank's regulator, the Central Bank of Nigeria, sets and monitors capital requirements for the Bank. In implementing current capital requirements, Central Bank of Nigeria requires the Wholesale Development Finance Institutions to maintain a minimum capital of N100 billion while Retail Development Finance Institutions (RDFIs) are to maintain a minimum capital base of N10 billion.

In addition to maintaining the prescribed minimum capital requirements, the Central Bank of Nigeria (CBN)'s regulatory and supervisory guidelines for development finance institutions in Nigeria also stipulates the prudential requirements for capital adequacy as follows:

(i) A DFI shall maintain at all times a Capital Adequacy Ratio (CAR) of not less than 10 percent
(ii) A DFI shall maintain at all times a minimum ratio of Tier I capital to total assets (Tier I leverage ratio) of not less than 5 percent.
(iii) Tier I, includes only permanent shareholders' equity and disclosed reserves.
(iv) Tier II capital which comprises the DFI's qualifying loan capital shall NOT exceed 100% of Tier I capital.
(v) All asset risk weights used for this computation shall be as prescribed by the CBN for licensed banks.

The Bank's objectives when managing capital are:
i. To comply with the capital requirements set by regulators of the Development Finance Institutions

ii. To safeguard the Bank's ability to continue to revitalise ailing industry and serve as growth engine for industrial and economic development in Nigeria

Capital management strategy

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Bank meets the minimum capital requirement set by CBN for both Wholesale Development Finance Institutions and Retail Development Finance Institutions as the shareholders' funds as at 31 December 2018 was N264 billion (31 December 2017: N243 billion).

Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the Group and the Group's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 10% is to be maintained. The capital adequacy ratios are computed as follows:

Group Group

In thousands of naira	Note	31 Dec 2018	31 Dec 2017
Tier 1 capital			
Ordinary share capital		147,371,321	147,371,321
Retained earnings		30,815,531	11,616,275
Statutory reserves		39,326,952	29,396,863
Other reserves		31,634,259	33,082,302
Regulatory risk reserves		9,049,290	20,274,739
		258,197,353	241,741,500
Less:			
Deferred tax		-	(682,485)
Intangible assets		177,855	202,784
Shareholders' funds		258,019,498	242,221,201

44 Financial risk management (contd.)

Tier 2 capital			
Collective allowances for impairment		10,549,254	7,593,028
Borrowings		129,189,893	115,256,953
Total regulatory capital		397,758,645	365,071,182
Risk-weighted assets		735,760,671	583,315,137
Capital ratios			
Total minimum regulatory required capital expressed as a percentage of total risk-weighted assets		10.00%	10.00%
Group's Total tier 1 capital expressed as a percentage of total risk-weighted assets		35.07%	41.52%

	Note	Bank 31 Dec 2018	Bank 31 Dec 2017
In thousands of naira			
Tier 1 capital			
Ordinary share capital		147,371,321	147,371,321
Retained earnings		32,447,748	13,353,581
Statutory reserves		38,704,011	29,131,718
Other reserves		31,762,565	33,134,613
Regulatory risk reserves		9,047,144	20,271,157
		259,332,789	243,262,390
Less:			
Deferred tax		165,841	522,537
Intangible assets		177,856	202,785
Shareholders' funds		258,989,092	242,537,068
Tier 2 capital			
Collective allowances for impairment		9,067,174	7,592,903
Borrowings		129,764,031	121,631,194
Total regulatory capital		397,820,297	371,761,165
Risk-weighted assets		730,792,135	583,000,857
Capital ratios			
Total minimum regulatory required capital expressed as a percentage of total risk-weighted assets		10.00%	10.00%
Bank's total tier 1 capital expressed as a percentage of total risk-weighted assets		35.44%	41.60%

45 Financial assets and liabilities

45.1 Classification of financial assets and liabilities, fair value and fair value hierarchy

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments. It also shows the fair values of the financial assets and liabilities and their fair value hierarchy.

31 December 2018

Group

In thousands of Naira	Notes	Mandatorily at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value	Fair value hierarchy
Cash and bank balances		-	-	18,193,868	18,193,868	18,193,868	2
Due from financial institution		-	-	107,578,149	107,578,149	107,578,149	2
Investment in debt securities		-	-	261,806,710	261,806,710	242,734,038	2
Equity investment securities							
- Equity securities at FVTPL		676	-	-	676	676	1
- Quoted equities at FVOCI		-	7,898	-	7,898	7,898	1
- Unquoted equities at FVOCI		-	3,912,454	-	3,912,454	3,912,454	3
Loans and advances		-	-	634,116,033	634,116,033	634,116,033	2
Other assets		-	-	2,873,025	2,873,025	2,873,025	2
Total financial assets		676	3,920,352	1,024,567,786	1,028,488,813	1,009,416,141	
Derivative liability		1,372,808	-	-	-	1,372,808	2
Other liabilities		-	-	101,298,015	101,298,015	101,298,015	2
Borrowings		-	-	686,730,273	686,730,273	557,240,235	2
Total financial liabilities		1,372,808	-	788,028,288	788,028,288	659,911,059	

31 December 2017

In thousands of Naira	Held for trading for	Available sale	Held to maturity	Loans and receivable	Total carrying amount	Fair value	Fair value hierarchy
Cash and bank balances	-	-	-	15,413,153	15,413,153	15,413,153	2
Due from financial institution	-	-	-	81,061,115	81,061,115	81,061,115	2
Derivative asset	736,486	-	-	-	736,486	736,486	2
Investment in debt securities	-	-	50,643,015	-	50,643,015	50,643,015	
Equity investment securities:							
- Quoted equities held for trading	116,829	-	-	-	116,829	116,829	1
- Available for sale quoted equities		562,213			562,213	562,213	1
- Available for sale unquoted	-	4,331,143	-	-	4,331,143	4,331,143	3
Loans and advances	-	-	-	525,837,976	525,837,976	525,837,976	2
Other assets	-	-	-	2,840,579	2,840,579	6,047,507	2
Total financial assets	853,315	4,893,356	50,643,015	625,152,823	681,542,509	684,749,437	
Other liabilities	-	-	-	78,637,430	78,637,430	78,637,430	2
Borrowings	-	-	-	389,450,139	389,450,139	389,450,139	2
Total financial liabilities	-	-	-	468,087,569	468,087,569	468,087,569	

45 Financial assets and liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments. It also shows the fair values of the financial assets and liabilities and their fair value hierarchy.

31 December 2018

Bank

In thousands of Naira	Notes	Mandatorily at FVTPL	FVOCI	Amortised cost	Total carrying amount	Fair value	Fair value hierarchy
Cash and bank balances		-	-	17,854,934	17,854,934	17,854,934	2
Due from financial institution		-	-	106,590,605	106,590,605	106,590,605	2
Investment in debt securities		-	-	261,747,310	261,747,310	242,714,638	2
Equity investment securities:							
- Equity securities at FVTPL		676	-	-	676	676	1
- Quoted equities at FVOCI		-	7,898	-	7,898	7,898	1
- Unquoted equities at FVOCI		-	3,902,852	-	3,902,852	3,902,852	3
Loans and advances		-	-	633,704,061	633,704,061	633,704,061	2
Other assets		-	-	2,285,284	2,285,284	2,285,284	2
Total financial assets		676	3,910,750	1,022,182,194	1,026,093,620	1,007,060,948	
Derivative liability		1,372,808	-	-	1,372,808	1,372,808	2
Other liabilities		-	-	99,941,614	99,941,614	99,941,614	2
Borrowings		-	-	684,647,342	684,647,342	555,157,305	2
Total financial liabilities		1,372,808	-	784,588,957	785,961,765	656,471,728	

31 December 2017

In thousands of Naira	Held for trading	Available for sale	Held to maturity	Loans and receivable	Total carrying amount	Fair value	Fair value hierarchy
Cash and bank balances	-	-	-	14,925,793	14,925,793	14,925,793	2
Due from financial institution	-	-	-	82,598,714	82,598,714	82,598,714	2
Derivative asset	736,486	-	-	-	736,486	736,486	2
Investment in debt securities	50,416,949	-	50,416,949	50,416,949	2		
Equity investment securities:							
- Quoted equities held for trading	116,829	-	-	-	116,829	116,829	1
- Available for sale quoted equities	507,464	507,464	507,464	1			
- Available for sale unquoted equities	-	4,342,787	-	-	4,342,787	4,342,787	3
Loans and advances	-	-	-	525,386,170	525,386,170	525,386,170	2
Other assets	-	-	-	2,164,861	2,164,861	5,225,534	2
Total financial assets	853,315	4,850,251	50,416,949	625,075,537	681,196,052	684,256,725	
Other liabilities	-	-	-	77,098,217	77,098,217	77,098,217	2
Borrowings		-	-	-	389,450,139	389,450,139	2
Total financial liabilities	-	-	-	466,548,356	466,548,356	466,548,356	

45 Financial Assets and Liabilities

45.3 Classification of financial assets and liabilities on the date of initial application of IFRS 9

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018.

Group

	Type of financial instrument	Note	Original classification under IAS 39	New classification under IFRS 9	Original Carrying amount under IAS 39 N'000	New carrying amount under IFRS 9 N'000
1	Cash and bank balances	a	Loans and receivable	Financial assets at amortised cost	15,413,153	15,405,554
2	Due from financial institutions	b	Loans and receivable	Financial assets at amortised cost	81,061,115	80,851,334
3	Investment in debt securities - Treasury bills and debt securities	c	Held to Maturity	Financial assets at amortised cost	50,643,015	50,637,932
4	Loans and advances	d	Loans and receivable	Financial assets at amortised cost	525,837,976	513,228,203
5	Equity securities	e	Held for Trading	Financial asset measured at Fair value through profit or loss	116,829	116,829
		f	Available for sale	Fair value through other comprehensive income	4,893,356	4,893,356
6	Other assets	g	Loans and receivable	Financial assets at amortised cost	6,107,124	3,873,446
7	Derivative contract	h	Held for trading	Financial asset measured at fair value through profit or loss	736,486	736,486
8	Due to fund holders	i	Measured at amortised cost	Measured at amortised cost	67,790,464	67,790,464
9	Other liabilities	j	Measured at amortised cost	Measured at amortised cost	10,846,965	10,846,965
10	Borrowings	k	Measured at amortised cost	Measured at amortised cost	389,450,139	389,450,139

45 Financial Assets and Liabilities

Bank

	Type of financial instrument	Note	Original classification under IAS 39	New classification under IFRS 9	Original Carrying amount under IAS 39 N'000	New carrying amount under IFRS 9 N'000
1	Cash and bank balances	a	Loans and receivable	Financial assets at amortised cost	14,925,793	14,918,194
2	Due from financial institutions	b	Loans and receivable	Financial assets at amortised cost	82,598,714	82,388,933
3	Investment in debt securities - Treasury bills and debt securities	c	Held to Maturity	Financial assets at amortised cost	50,416,949	50,411,866
4	Loans and advances	d	Loans and receivable	Financial assets at amortised cost	525,386,170	512,770,327
5	Equity securities	e	Held for Trading	Financial asset measured at Fair value through profit or loss	116,829	116,829
		f	Available for sale	Fair value through other comprehensive income	4,850,251	4,850,251
6	Other receivables	g	Loans and receivable	Financial assets at amortised cost	5,225,534	512,770,327
7	Derivative contract	h	Held for trading	Financial asset measured at Fair value through profit or loss	736,486	736,486
8	Due to fund holders	i	Measured at amortised cost	Measured at amortised cost	67,610,525	67,610,525
9	Other liabilities	j	Measured at amortised cost	Measured at amortised cost	9,487,692	9,487,692
10	Borrowings	k	Measured at amortised cost	Measured at amortised cost	389,450,139	389,450,139

45 Financial assets and liabilities

45.2 Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements

Level 1

Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2

Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3

Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Financial instruments measured at fair value - Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

Group

31-Dec-18	Level 1	Level 2	Level 3	Total
In thousands of Naira				
Equity investment securities	8,574	-	3 ,912,454	3,921,028
Derivative liability	-	1,372,808	-	1,372,808
	8,574	1,372,808	3,912,454	5,293,836

31-Dec-17				
In thousands of Naira				
Equity investment securities	679,042	-	-	679,042
Derivative asset	-	736,486	-	736,486
	679,042	736,486	-	1,415,528

Bank

31-Dec-18	Level 1	Level 2	Level 3	Total
In thousands of Naira				
Equity investment securities	8,574	-	3 ,902,852	3,911,426
Derivative liability	-	1,372,808	-	1,372,808
	8,574	1,372,808	3,902,852	5,284,234

31-Dec-17				
In thousands of Naira				
Equity investment securities	624,293	-	-	624,293
Derivative asset	-	736,486	-	736,486
	624,293	736,486	-	1,360,779

45 Financial assets and liabilities

Fair value methods and assumptions

(i) Equity investment securities

Equity investment securities comprise quoted equity instruments traded on the floor of the Nigerian Stock Exchange and unquoted equity instruments for which are not traded in an active market. The fair value of quoted equity securities were derived based on trading prices of the securities as at reporting date. The fair value of unquoted equity instruments was determined using valuation techniques (adjusted net asset valuation and discounted cashflow techniques) and inputs which may not be observable in the market. References were made to the investee companies' historical financial performance and financial positions, cost of capital, discount rate, illiquidity discount etc. The data obtained were analysed and adjustments was made to reflect differences in the circumstances of each investees.

In prior year, due to insufficient information available to measure the fair values of the unquoted equity securities, the investments were carried at cost less impairment allowance.

Information about significant unobservable inputs used as at 31 December 2018 in measuring the unquoted equity securities categorised as Level 3 in the fair value hierarchy are included in Note 20.4(ii)

(ii) Derivative asset/liability

The fair value of derivative is estimated from the foreign exchange rates (far and near legs) of the currency swap contracts with the Central Bank of Nigeria (CBN) and discounted using market discount rate. The foreign exchange rates were obtained from the contract and the discount rate was based on Federal Government of Nigeria treasury bill rate.

The valuation method and assumptions for financial instruments not measured at fair value, which were included in table 45.1 are presented below:

(i) Cash and bank balances

Cash and bank balances represent cash held with various banks. The fair value of these balances is their carrying amounts.

(ii) Due from other banks

Due from financial institutions represents bank placements. The fair value of these balances is their carrying amounts.

(iii) Investment in debt securities

Investment in debt securities includes Treasury bills and CBN Omo Bills issued by the Central Bank of Nigeria. The fair value of treasury bills at amortised cost represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iv) Loans and advances

Loans and advances represent loans issued to customers for industrialisation and are carried at amortised cost less impairment allowance. The fair value of these loans is their carrying amounts.

(vi) Borrowings

Other financial assets/financial liabilities represent monetary assets, which usually have a short recycle period and as such, whose fair values approximate their carrying amount.

(v) Other financial assets/financial liabilities

The estimated fair value of borrowings which includes non-interest-bearing borrowings, is the discounted amount repayable. The estimated fair values of interest-bearing borrowings are determined using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity.

45.4 Disclosures in relation to the initial application of IFRS 9

The Group's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 4. The application of these policies resulted in the reclassifications and remeasurements set out in the table above and explained below.

a. Cash and Bank Balances that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of N7.599million in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

b. Due from financial institutions that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of N209.78 million in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

c. Debt securities that were classified as Held to Maturity under IAS 39 are now classified at amortised cost. An increase of N5.083 million in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

d. Loans and advances that were classified as loans and receivables under IAS 39 are now classified at amortised cost. A net increase of N12.6 billion in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

e. These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

f. Other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of N282 million in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

The additional loss allowance recognised upon the initial application of IFRS 9 as disclosed above resulted entirely from a change in the measurement attribute of the loss allowance relating to each financial asset. The change in measurement category of the different financial assets has had no impact on their respective carrying amounts on initial application.

The tables below show information relating to financial assets that have been reclassified as a result of transition to IFRS 9:

Group

	IAS 39 carrying amount 31-Dec-17 N'000	Reclassifications N'000	Remeasurements N'000	IFRS 9 carrying amount 1-Jan-18 N'000
Financial assets at amortised cost				
Cash and Bank Balances				
Brought forward: Loans and advances	15,413,153			15,413,153
Reclassification	-			-
Remeasurement			(7,599)	(7,599)
Carried forward: Amortised Cost				15,405,554
Due from Financial Institutions				
Brought forward: Loans and advances	81,061,115			81,061,115
Reclassification		-		-
Remeasurement			(209,781)	(209,781)
Carried forward: Amortised Cost				80,851,334

45.4 Disclosures in relation to the initial application of IFRS 9 (Contd.)

Group

	IAS 39 carrying amount 31-Dec-17	Reclassifications	Remeasurements	IFRS 9 carrying amount 1-Jan-18
	N'000	N'000	N'000	N'000
Due from Financial Institutions				
Brought forward: Loans and advances	81,061,115			81,061,115
Reclassification		-		-
Remeasurement			(209,781)	(209,781)
Carried forward: Amortised Cost				80,851,334
Debt securities				
Brought forward: Held to Maturity	50,643,015			50,643,015
Reclassification	-	-		
Remeasurement			(5,083)	(5,083)
Carried forward: Amortised Cost				50,637,932
Loans and advances				
Brought forward: Loans and advances	525,837,976			525,837,976
Reclassification	-	4,368,886		4,368,886
Remeasurement			(16,978,659)	(16,978,659)
Carried forward: Amortised Cost				513,228,203
Other assets				
Brought forward: Advance under lease	361,776			361,776
Reclassification		-		-
Remeasurement			(99,990)	(99,990)
Carried forward: Amortised Cost				513,228,203
Advance under leases				
Brought forward: Loans and advances	4,155,628			4,155,628
Reclassification		-		-
Remeasurement			(282,182)	(282,182)
Carried forward: Amortised Cost				3,873,446
Total amortised cost	677,472,663	4,368,886	(17,583,294)	663,996,469

45.4 Disclosures in relation to the initial application of IFRS 9 (Contd.)

	IAS 39 carrying amount 31-Dec-17	Reclassifications	Remeasurements	IFRS 9 carrying amount 1-Jan-18
	N'000	N'000	N'000	N'000
Financial assets at fair value through Other Comprehensive Income (FVOCI)				
Equity securities				
Brought forward: Available for sale	4,893,356			
Reclassified to FVOCI - equity	-	(4,396,647)	-	-
Reclassified to FVTPL - equity	-	(496,709)	-	-
FVOCI – equity				
Brought forward: Available for sale	-	-	-	-
Carried forward: FVOCI - equity	-	4,893,356	-	4,893,356
Total FVOCI	4,893,356	-	-	4,893,356
Financial assets at fair value through profit or loss (FVTPL)				
Equity securities				
Brought forward: Held for Trading	116,829			
Reclassified to FVTPL - equity	-	-	-	-
FVTPL - equity				
Brought forward: Available for sale	-	496,709	-	-
Carried forward: FVTPL - equity	-	-	-	613,538
Total FVTPL	116,829	496,709	-	613,538

Bank

	IAS 39 carrying amount 31-Dec-17	Reclassifications	Remeasurements	IFRS 9 carrying amount 1-Jan-18
	N'000	N'000	N'000	N'000
Financial assets				
Amortised cost				
Cash and Bank Balances				
Brought forward: Loans and advances	14,925,793			14,925,793
Reclassification		-		-
Remeasurement			(7,599)	(7,599)
Carried forward: Amortised Cost				14,918,194
Due from Financial Institutions				
Brought forward: Loans and advances	82,598,714			82,598,714
Reclassification		-		-
Remeasurement			(209,781)	(209,781)
Carried forward: Amortised Cost				82,388,933

45.4 Disclosures in relation to the initial application of IFRS 9 (Contd.)

Bank

	IAS 39 carrying amount 31-Dec-17 N'000	Reclassifications N'000	Remeasurements N'000	IFRS 9 carrying amount 1-Jan-18 N'000
Debt securities				
Brought forward: Held to Maturity	50,416,949			50,416,949
Reclassification		-		-
Remeasurement			(5,083)	(5,083)
Carried forward:				
Amortised Cost				50,411,866
Loans and advances				
Brought forward: Loans and advances	525,386,170			525,386,170
Reclassification		-	4,368,883	4,368,883
Remeasurement			(16,984,726)	(16,984,726)
Carried forward:				
Amortised Cost				512,770,327
Other assets				
Brought forward: Loans and advances	5,225,534			5,225,534
Reclassification		-		-
Remeasurement			(282,182)	(282,182)
Carried forward:				
Amortised Cost				4,943,352
Total Amortised Cost	678,553,160	-	(13,120,488)	665,432,672

45.4 Disclosures in relation to the initial application of IFRS 9 (Contd.)

	IAS 39 carrying amount 31-Dec-17 N'000	Reclassifications N'000	Remeasurements N'000	IFRS 9 carrying amount 1-Jan-18 N'000
Financial assets at fair value through Other Comprehensive Income (FVOCI)				
Equity securities				
Brought forward: Available for sale	4,850,251			
Reclassified to FVOCI - equity	-	(4,353,542)	-	-
Reclassified to FVTPL - equity	-	(496,709)	-	-
FVOCI – equity				
Brought forward: Available for sale	-	-	-	-
Carried forward: FVOCI - equity	-	4,850,251	-	4,850,251
Total FVOCI	4,850,251	-	-	4,850,251
Financial assets at fair value through profit or loss (FVTPL)				
Equity securities				
Brought forward: Held for Trading	116,829			
Reclassified to FVTPL - equity	-	-	-	-
FVTPL - equity				
Brought forward: Available for sale	-	496,709	-	-
Carried forward: FVTPL - equity	-	-	-	613,538
Total FVTPL	116,829	496,709	-	613,538

The following table summarises the impact net of tax, of transition to IFRS 9 on the opening balance of reserves, retained earnings

Group

Impact on equity as at 1 January 2018	As previously reported N'000	IFRS 9 adjustments N'000	As restated N'000
Fair value reserve	171,992	(168,867)	3,125
Retained earnings	11,616,275	(13,045,541)	(1,429,267)
Total effect on equity		(13,214,408)	

Bank

Impact on equity as at 1 January 2018	As previously reported N'000	IFRS 9 adjustments N'000	As restated N'000
Fair value reserve	156,149	(152,790)	3,359
Retained earnings	13,353,581	(12,967,698)	385,883
Total effect on equity		(13,120,488)	

46 Current and non-current classification of assets and liabilities

The following table distinguishes the current and non-current assets and liabilities as at year end 31 December 2018

	Group			Bank		
	Carrying Amount N'000	Current N'000	Non-current N'000	Carrying Amount N'000	Current N'000	Non-current N'000
ASSETS						
Cash and bank balances	18,193,868	18,193,868	-	17,877,630	17,877,630	
Due from financial institutions	107,578,150	107,578,150	-	106,590,574	106,590,574	-
Investment in debt securities	261,806,710	261,806,710	-	261,747,312	261,747,312	-
Advances under lease	131,052	131,052	-	-	-	-
Loans and advances	634,116,033	108,729,863	525,386,170	633,706,120	215,293,387	418,412,733
Equity investment securities	3,921,028	3,921,028	-	3,911,426	3,911,426	-
Investment in subsidiaries	-	-	-	3,545,720	3,545,720	-
Other assets	7,376,899	7,376,899	-	6,864,505	6,864,505	-
Intangible assets	177,855	-	177,855	177,856	-	177,856
Property and equipment	23,321,404	-	23,321,404	20,138,858	-	20,138,858
Investment property	11,746,299	-	11,746,299	11,600,793	-	11,600,793
Deferred tax asset	675,882	-	675,882	-	-	-
TOTAL ASSETS	1,069,045,180	507,737,570	561,307,610	1,066,160,794	615,830,554	450,330,240
LIABILITIES						
Derivative liability	1,372,808	1,372,808	-	1,372,808	1,372,808	-
Tax payable	5,073,130	5,073,130	-	4,685,306	4,685,306	-
Deposit for shares	15,000,000	-	15,000,000	15,000,000	-	15,000,000
Borrowings	686,730,273	172,933,591	513,796,682	684,647,342	170,850,661	513,796,681
Employee benefits	1,331,491	-	1,331,491	1,010,279	-	1,010,279
Other liabilities	101,298,014	101,298,014	-	99,946,429	99,946,429	-
TOTAL LIABILITIES	810,805,716	280,677,543	530,128,173	806,828,005	276,855,204	529,806,960

46 Current and non-current classification of assets and liabilities

The following table distinguishes the current and non-current assets and liabilities as at year end 31 December 2017

	Group			Bank		
	Carrying Amount N'000	Current N'000	Non-current N'000	Carrying Amount N'000	Current N'000	Non-current N'000
ASSETS						
Cash and bank balances	15,413,153	15,413,153	-	14,925,793	14,925,793	
Due from financial institutions	81,061,115	81,061,115	-	82,598,714	82,598,714	-
Derivative asset	736,486	736,486	-	736,486	736,486	-
Investment in debt securities	50,662,415	50,662,415	-	50,416,949	50,416,949	-
Advances under lease	361,776	361,776	-	-	-	-
Loans and advances	525,837,976	110,397,979	415,439,997	525,386,170	109,946,173	415,439,997
Equity investment securities	5,010,185	5,010,185	-	4,967,080	4,967,080	-
Investment in subsidiaries	-	-	-	3,545,720	3,545,720	-
Other assets	6,107,124	6,107,124	-	5,225,534	5,225,534	-
Intangible assets	202,784	-	202,784	202,785	-	202,785
Property and equipment	15,583,831	-	15,583,831	13,076,702	-	13,076,702
Investment property	11,596,594	-	11,596,594	12,061,402	-	12,061,402
Deferred tax asset	682,485	-	682,485	-	-	-
TOTAL ASSETS	713,255,924	269,750,233	443,505,691	713,143,335	272,362,449	440,780,886
LIABILITIES						
Tax payable	3,093,019	3,093,019	-	2,750,358	2,750,358	-
Borrowings	389,450,139	106,087,057	283,363,082	389,450,139	106,087,057	283,363,082
Employee benefits	482,750	-	482,750	107,843	-	107,843
Deferred tax liabilities	-	-	-	522,537	-	522,537
Other liabilities	78,452,785	78,452,785	-	77,050,068	77,050,068	-
TOTAL LIABILITIES	471,478,693	187,632,861	283,845,832	469,880,945	185,887,483	283,993,462

Other Information
Value Added Statement

Group Bank

	31-Dec-18		31-Dec-17		31-Dec-18		31-Dec-17	
	N'000	%	N'000	%	N'000	%	N'000	%
Gross income	82,715,642		46,185,243		79,029,642		40,992,257	
Interest paid	(16,445,454)		(528,375)		(16,457,823)		(619,850)	
	66,270,188		45,656,868		62,571,819		40,372,407	
Net loss from financial instruments measured at fair value	(2,567,866)		-		(2,567,866)		-	
Administrative overheads	(12,883,365)		(9,915,823)		(12,326,447)		(9,447,940)	
Value Added	50,818,957	100	35,741,045	100	47,677,506	100	30,924,467	100
Applied as follows:								
To pay employees:								
- Salaries and wages	12,183,454	27	8,020,477	8	11,793,588	28	7,750,858	8
To pay government								
- Taxation	4,209,382	9	3,203,771	4	3,445,677	8	3,149,567	4
Retained for future replacement of assets and expansion of business:								
- Depreciation and amortisation	1,972,293	4	1,357,246	2	530,597	1	435,930	1
- Profit retained in the business	32,453,828	71	23,159,550	68	31,907,644	75	19,588,112	72
	50,818,957	100	35,741,045	100	47,677,506	100	30,924,467	100

Other Information
Financial Summary
Group

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
ASSETS					
Cash and Bank Balances	18,193,868	15,413,153	9,918,212	6,769,860	2,777,956
Due from Financial Institution	107,578,150	81,061,115	76,707,031	49,451,660	21,130,050
Derivative Asset	-	736,486	-	-	-
Debt securities	261,806,710	50,662,415	40,449,831	39,729,757	130,364
Loans and Advances	634,116,033	525,837,976	517,910,285	545,657,495	544,311,980
Advances under Lease	131,052	361,776	706,273	1,157,110	1,990,053
Equity Securities	3,921,028	5,010,185	4,965,679	5,232,263	8,106,427
Investment in Subsidiaries	-	-	-	-	-
Other assets	7,376,899	6,107,124	5,933,114	4,307,021	2,618,119
Trading properties	-	-	2,192,389	2,192,389	4,533,471
Intangible Assets	177,855	202,784	178,617	106,081	-
Property plant and equipment	23,321,404	15,583,831	13,678,423	14,280,729	14,670,921
Investment Property	11,746,299	11,596,594	8,422,336	8,413,619	8,611,843
Deferred Tax Asset	675,882	682,485	1,910,874	2,569,583	3,271,461
	1,069,045,180	713,255,924	682,973,064	679,867,568	612,152,646
Derivative Liability	1,372,808	-	-	-	-
Tax Payable	5,073,130	3,093,018	2,199,233	2,173,401	1,024,757
Deposit for Shares	15,000,000	-	-	-	-
Borrowings	686,730,273	389,450,139	422,203,976	453,336,299	430,215,314
Employee benefit	1,331,491	482,749	106,483	362,865	1,084,800
Deferred Tax Liabilities	-	-	-	-	-
Other Liabilities	101,298,014	78,452,787	38,558,214	17,447,679	17,639,372
TOTAL LIABILITIES	810,805,716	471,478,693	463,067,906	473,320,244	449,964,242
CAPITAL AND RESERVES					
Ordinary share capital	147,371,321	147,371,321	147,371,321	147,371,321	147,371,321
Retained Earnings	30,815,531	11,616,275	830,734	2,578,687	2,561,004
Statutory reserve	39,326,952	29,396,863	23,511,669	19,313,502	5,247,774
Non - distributable reserves	9,049,290	20,274,739	15,052,521	4,162,896	4,188,877
Actuarial Reserve	1,159,305	1,990,411	2,082,012	1,717,534	1,600,386
Share premium	-	-	-	-	65,876
SME reserve	30,000,000	30,000,000	30,000,000	30,000,000	
Fair value reserve	(444,945)	171,992	158,265	538,290	392,872
Business combinations under common control	919,899	919,899	919,899	919,899	919,899
Total equity attributable to owners of the Company	258,197,353	241,741,500	219,926,421	206,602,129	162,348,009
Non controlling Interest	42,111	35,731	(21,263)	(54,805)	(159,606)
Total Equity	258,239,464	241,777,231	219,905,158	206,547,324	162,188,403
TOTAL LIABILITIES AND EQUITY	1,069,045,180	713,255,924	682,973,064	679,867,568	612,152,645

Financial Summary (contd.)
Bank

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
ASSETS					
Cash and Bank Balances	17,877,630	14,925,793	9,609,117	6,406,037	2,296,462
Due from Financial Institution	106,590,574	82,598,714	82,545,829	55,660,828	32,530,979
Derivative Asset	-	736,486	-	-	-
Debt securities	261,747,312	50,416,949	40,428,831	39,638,164	7,886,477
Loans and Advances	633,706,120	525,386,170	517,730,409	545,538,545	544,208,921
Equity Securities	3,911,426	4,967,080	8,937,831	9,181,533	-
Investment in Subsidiaries	3,545,720	3,545,720	545,720	545,720	545,720
Prepayment, accrued income & other assets	6,864,505	5,225,534	5,059,456	3,302,647	1,489,214
Trading properties	-	-	-	-	
Intangible Assets	177,856	202,785	177,846	105,311	11,755,042
Property and equipment	20,138,858	13,076,702	12,072,401	12,104,239	8,453,711
Investment Property	11,600,793	12,061,402	8,250,313	8,259,399	3,160,953
Employee benefit	-	-	50,848	-	-
Deferred Tax Asset	-		613,474	2,456,559	-
	1,066,160,794	713,143,335	686,022,075	683,198,982	612,327,478
Derivative Liability	1,372,808	-	-	-	-
Tax Payable	4,685,306	2,750,358	1,791,406	1,986,816	856,656
Deposit for Shares	15,000,000	-	-	-	-
Borrowings	684,647,342	389,450,139	422,013,520	453,041,147	429,722,656
Employee benefit	1,010,279	107,843	-	176,535	986,704
Deferred Tax Liabilities	165,841	522,537	-		-
Other Liabilities	99,946,429	77,050,068	37,277,173	15,667,958	15,058,924
TOTAL LIABILITIES	806,828,005	469,880,945	461,082,099	470,872,456	446,624,940
CAPITAL AND RESERVES					
Ordinary share capital	147,371,321	147,371,321	147,371,321	147,371,321	147,371,321
Retained Earnings	32,447,748	13,353,581	6,057,460	8,462,227	8,462,227
Statutory reserve	38,704,011	29,131,717	23,255,284	19,107,819	19,107,819
Non-distributable reserve	9,047,144	20,271,157	15,050,316	4,162,866	4,162,866
Actuarial Reserve	1,280,047	2,058,565	2,124,382	1,758,856	1,758,856
Share premium	-	-	-	-	-
SME reserve	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Available for sale reserve	(437,381)	156,149	161,314	543,538	543,538
Business combinations under common control	919,899	919,899	919,899	919,899	919,899
Total equity attributable to owners of the Company	259,332,789	243,262,390	224,939,976	212,326,526	165,702,539
Total Equity	259,332,789	243,262,390	224,939,976	212,326,526	165,702,539
TOTAL LIABILITIES AND EQUITY	1,066,160,794	713,143,335	686,022,075	683,198,982	612,327,479

Other Information
Additional Disclosure on Managed Funds

This represents the net asset balances of the various funds managed by the bank as at 31 December 2018.

		2018 N'000	2017 N'000
1	Government Enterprise and Empowerment Programme (GEEP)	24,663,985	-
2	CBN Textile Intervention Funds	38,262,780	50,332,475
3	Cassava Bread Support Fund	3,116,902	3,151,479
4	National Automotive Council fund	2,848,017	3,009,417
5	Anambra State Fund	628,706	451,182
6	Niger State Funds	93,389	95,575
7	Kogi State Funds	94,359	96,436
8	Osun State Funds	195,542	212,356
9	Edo State Funds	176,440	166,767
10	Delta State Funds	324,180	330,231
11	Kaduna State Fund	487,015	560,095
12	Taraba State Fund	406,739	407,084
13	Kano State Fund	81,181	106,250
14	Kwara State Fund 1	-	195,503
15	Kwara State Fund 2	165,969	168,018
16	Ekiti State Fund	7,719	12,955
17	SMEDAN Fund - Osun	8,409	9,377
18	Ondo State Fund	126,089	128,353
19	Ogun State Fund	352,533	334,540
20	Dangote fund	4,544,340	4,086,120
21	Gombe Fund	52,469	48,583
22	Oyo State Fund	534,049	528,237
23	Enugu State Fund	177,877	192,277
24	Cross River State fund	209,890	162,573
25	Business Development Fund for Women (BUDFOW)	37,338	31,536
26	National Sugar Industrial Development fund	8,119,757	6,176,793
27	Sugar Levy Fund	1,342,406	2,249,602
28	SMEDAN Fund - Oyo	51,554	51,206
29	Benue State fund	1,114,613	1,114,613
30	Ebonyi State fund	49,679	3,110,485
31	Rice Processing fund	1,801,545	3,029,243
32	National Programme for Food Security (NPAFS) fund	942,353	945,094
33	Federal Department of Agriculture (FDA) Cottage fund	2,133,906	1,890,324
34	Sokoto State fund	514,983	1,108,100
35	Bayelsa State fund	279,302	251,319
36	Nigeria Artisanal & Small Scale Miners Financial Support Fund (ASM)	2,897,813	2,644,243
37	Nigeria Industrial Policy & Competitiveness Advisory Council (NIPCAC) fund	-	199,497
		96,843,828	87,587,937

Other Information
Additional Disclosure on Managed Funds

GOVERNMENT ENTERPRISE AND EMPOWERMENT PROGRAMME (GEEP)
Government Enterprise and Empowerment Programme (GEEP) Fund was established by the Federal Government of Nigeria through the Social Investment Unit in the Office of the Vice President (OVP) of the Federal Republic of Nigeria to provide financial assistance to market women, artisans, women cooperative societies, enterprising youths, small scale farmers, agro-allied processors and other MSME categories for the purpose of small and medium businesses in Nigeria.

BOI is vested with the responsibility to manage the fund on behalf of the Federal Government and to disburse the funds to the target beneficiaries directly under its Micro Enterprises Directorate; and through existing products of BOI as well as those to be developed to reach the target beneficiaries.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	27,660,303	-
Net Fund Generated/(Utilized)	(2,996,318)	-
Withdrawal from Fund	-	-
Closing Accumulated Fund	24,663,985	-
Represented by:		
Bank Balances	4,416,749	-
Investment in Money Market	5,960,305	-
Loan Debtors	13,694,862	-
Other Receivable	1,120,062	-
Less Liabilities	(527,993)	-
	24,663,985	-

CBN TEXTILE INTERVENTION FUND
The Central Bank of Nigeria in line with its development function under Section 31 of CBN Act 2007, put in place a N50 billion special intervention facility to resuscitate the textile industry in Nigeria. The facility will be used to restructure existing loans and provision of additional loan to textile and garment companies in Nigeria as part of its efforts to promote the development of the textile and garment sector. The activities to be covered under the Intervention shall include operations in the Cotton Textile Garment (CTG) value chain as follows:

- Cotton ginning (lint production)
- Spinning (yarn production)
- Textile mills
- Integrated garment factories (e.g. for military, para-military and schools and other uniformed institutions as well as for other general purposes). The Bank of Industry (BOI) was appointed to be the managing agent and be responsible for the day-to-day administration of the Fund.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	50,332,475	24,211,799
Net Fund Generated/(Utilised)	(12,069,695)	26,120,676
Prior Year Adjustment	-	-
Closing Accumulated Fund	38,262,780	50,332,475
Represented by:		
Bank Balances	944	32,856
Investment in Money Market	-	-
Loan Debtors	27,893,143	45,301,025
Other Receivables	10,368,693	4,998,594
Less Liabilities	-	-
	38,262,780	50,332,475

CASSAVA BREAD SUPPORT FUND

Cassava Bread Fund was created by the Federal Government on 12 December 2013 as part of the transformation policy in the agribusiness sector between the Federal Ministry of Agriculture and Rural Development and Bank of Industry Limited.

- To ensure that Nigeria becomes the largest cassava processor having occupied the position of largest producer of the commodity in the world, and guarantee the reduction of food import bills; a number of measures including the cassava bread policy were endorsed by the Government.
- Government's intervention in the Cassava Value Chain by funding Cassava Processors and Bakers would translate to foreign exchange savings and job creation along the cassava value chain and also prevent post-harvest losses. The initiative is aimed at providing equipment and working capital support to Master Bakers and High Quality Cassava Flour (HQCF) processors across Nigeria.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	**3,514,479**	2,932,351
Net Fund Generated/(Utilised)	**(34,576)**	219,128
Prior Year Adjustment	-	-
Closing Accumulated Fund	**3,116,902**	3,151,479
Represented by:		
Bank Balances	**25,982**	(100,036)
Investment in Money Market	**1,509,701**	1,632,825
Loan Debtors	**84,420**	334,984
Other Receivables	**1,508,403**	1,300,125
Less Liabilities	**(11,604)**	(16,419)
	3,116,902	3,151,479

NATIONAL AUTOMOTIVE COUNCIL (NAC) FUND

The NAC Fund is aimed at developing the Nigerian automotive sector by financing projects in the automotive industry. The Fund is also used to finance annual budgetary approval for Capital and Recurrent Expenditures of the National Automotive Council. From the inception of the NAC Fund on July 31, 2003 till date, the total inflow from the National Automotive Council (NAC) stands atN18.09 billion. The Fund is being managed by BOI for a fee of 5% per annum on investible Fund, payable quarterly and deductible from the balance of the Fund. Similarly, NAC receives Management Fee of 2% per annum on investible Fund payable quarterly and For the Funding of projects, the Fund is broken down into three categories, namely;

NAC Term loans/Working Capital Financing:
This is for projects in the Automotive Industry. These loans are granted at7.5% and 10% per annum on term loan and working capital loan respectively.

NAC Auto Technicians Support Scheme (NAC-ATSS):- This represents the sum of N1.00 billion set aside from the main NAC Fund for capacity building in repair and maintenance for Nigerian Artisans, Craftsmen and Technicians/Mechanics. The loans are to be advanced through Micro Finance Banks (MFB) meet certain set criteria. This scheme is provided at 7.5% per annum to the partnering MFB and 10% per annum to the final beneficiary.

Vehicle Purchase Credit Scheme: This is to encourage patronage of Nigerian Made Vehicles. N2,500,000.00 (from the main NAC Fund) for Vehicle Purchase Credit Scheme for individuals and private commercial operators, lease finance for fleet operators to purchase vehicles from local assembly plants in order to enhance their capacity utilization and those of component manufacturers. BOI deals with vehicle purchasers(individuals or fleet operators) via selected Banks and other financial institutions. This scheme is provided at 7.5% per annum to the partnering MFB and 10% per annum to the final beneficiary.

Other Information
Additional Disclosure on Managed Funds

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	3,009,417	3,292,467
Net Fund Generated/(Utilised)	39,497	(283,050)
Prior Year Adjustment	(200,897)	-
Closing Accumulated Fund	2,848,017	3,009,417
Represented by:		
Bank Balances	55,019	97,387
Investment in Money Market	1,851,137	1,659,458
Loan Debtors	(364,378)	167,740
Other Receivables	1,306,239	1,084,832
Less Liabilities	-	-
	2,848,017	3,009,417

ANAMBRA STATE MANAGED FUND

Anambra State MSME Fund (also referred to as ANSG-BOI MSME Fund) represents Anambra state Government's share of the 50:50 Counter-part Fund by both the ANSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSME) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The ANSG committed a sum of N500.0 million with the first and second tranches of the N500.0 million Funds received on17th August, 2007 and 11th December, 2009 respectively in the sum of N250.0million per tranche. The interest rate on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	451,182	438,953
Net Fund Generated/(Utilised)	177,524	12,229
Closing Accumulated Fund	628,706	451,182
Represented by:		
Bank Balances	4,841	3,411
Investment in Money Market	298,469	370,597
Loan Debtors	236,434	79,891
Other Receivables	92,162	99,728
Less Liabilities	(3,200)	(102,445)
	628,706	451,182

Other Information
Additional Disclosure on Managed Funds

DELTA STATE MANAGED FUND

Delta State MSMEs Fund (also referred to as DTSG-BOI MSME Fund) represents Delta state Government's share of the 50:50Counter-part Fund by both the DTSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The DTSG signed the MOU with BOI on 23rd March, 2008 and committed a sum of N500.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 9% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 3% per annum on the outstanding balance of the Fund payable quarterly

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	330,231	351,344
Reclassification	-	-
Net Fund Generated/(Utilised)	(6,051)	(21,113)
Closing Accumulated Fund	324,180	330,231
Represented by:		
Bank Balances	945	2,055
Investment in Money Market	-	-
Loan Debtors	(48,133)	(38,732)
Other Receivables	384,322	370,350
Less Liabilities	(12,954)	(3,442)
	324,180	330,231

KADUNA STATE MANAGED FUND

Kaduna State MSME Fund (also referred to as KDSG-BOI MSME Fund) represents Kaduna state Government's share of the 50:50Counter-part Fund by both the KDSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KDSG signed the MOU with BOI 2014 and committed a sum of N500.0 million to the scheme, which has been fully released. Interest rate of 5% per annum and 6.25% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 2% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund.

	2018	2017
	N'000	N'000
Opening Accumulated Fund	560,095	557,711
Net Fund Generated/(Utilised)	(73,080)	2,384
Closing Accumulated Fund	487,015	560,095
Represented by:		
Bank Balances	694	1,621
Investment in Money Market	366,144	437,830
Loan Debtors	138,303	126,746
Other Receivables	(9,524)	3,041
Less Liabilities	(8,602)	(9,143)
	487,015	560,095

TARABA STATE MANAGED FUND

Taraba State MSMEs Fund (also referred to as TRSG-BOI MSME Fund) represents Taraba state Government's share of the50:50 Counter-part Fund by both the TRSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The TRSG signed the MOU with BOI on 10th June, 2015 and committed a sum of N350.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 0% per annum (subsidized by TRSG and 7.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% per annum on the managed Fund payable quarterly in arrears.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	407,084	366,121
Additional fund contributed	-	-
Net Fund Generated/(Utilised)	(345)	40,963
Closing Accumulated Fund	406,739	**407,084**
Represented by:		
Bank Balances	6,893	2,323
Investment in Money Market	382,927	360,017
Loan Debtors	9,066	8,128
Sundry Debtors	10,369	39,135
Less Liabilities	(2,516)	(2,518)
	406,739	407,084

KANO STATE MANAGED FUND

Kano State MSME Fund (also referred to as KNSG-BOI MSME Fund) represents Kano state Government's share of the 50:50 Counter-part Fund by both the KNSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities with in the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KNSG signed the MOU with BOI on 30th JUly, 2013 and committed a sum of N500.0 million to the scheme, which has been fully released. Interest rate of 5% per annum which shall be subject to review by BOI and KNSG from time to time inline with the market dictates . The interest on loan shall accrue to BOI. The Management Fee to be earned by the Bank is 5% per annum on the managed Fund payable quarterly in arrears.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	106,250	155,459
Net Fund Generated/(Utilised)	(25,069)	(49,209)
Closing Accumulated Fund	81,181	106,250
Represented by:		
Bank Balances	3,064	6,505
Investment in Money Market	-	51,450
Loan Debtors	52,253	38,850
Other Receivables	33,484	24,183
Less Liabilities	(7,620)	(14,738)
	81,181	106,250

Other Information
Additional Disclosure on Managed Funds

NIGER STATE MANAGED FUND

Niger State MSME Fund (also referred to as NGSG-BOI MSME Fund) represents Niger state Government's (NGSG) share of the 50:50 Counter-part Fund by both the NGSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) andSMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The NGSG signed the MOU with BOI on 23rd September, 2009 and committed a sum of N1.0 billion to the scheme. However, only the sum of N300.0 million has since been released by NGSG. Interest rate of 10% per annum and 12.5%per annum is applicable to the Term loans and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 3% on the outstanding balance per annum of the Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	95,575	111,029
Net Fund Generated/(Utilised)	(2,186)	(15,454)
Closing Accumulated Fund	93,389	95,575
Represented by:		
Bank Balances	398	2,720
Investment in Money Market	93,248	84,975
Loan Debtors	(0)	7,905
Other Receivables	434	682
Less Liabilities	(691)	(707)
	93,389	95,575

KOGI STATE MANAGED FUND

Kogi State MSME Fund (also referred to as KGSG-BOI MSME Fund) represents Kogi state Government's share of the 50:50 Counter-part Fund by both the KGSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSME) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KGSG signed the MOU with BOI on 26th June, 2009 and committed a sum of N1.0Billion to the scheme. However, only the sum of N250.0 million has since been released by KGSG. Interest rate of 5% per annum and 10% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 3% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	96,436	110,590
Reclassification	-	-
Net Fund Generated/(Utilised)	(2,077)	(14,154)
Closing Accumulated Fund	94,359	96,436
Represented by:		
Bank Balances	621	604
Investment in Money Market	-	-
Loan Debtors	4,330	4,331
Other Receivables	112,419	112,419
Less Current Liabilities	(23,011)	(20,918)
	94,359	96,436

OSUN STATE MANAGED FUND

Osun State MSME Fund (also referred to as OSSG-BOI MSME Fund) represents Osun state Government's share of the 50:50 Counter-part Fund by both the OSSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The OSSG signed the MOU with BOI on 18th September, 2009 and committed a sum of N1.0 billion to the scheme. However, only the sum of N250.0 million has since been released by OSSG. Interest rate of 10% per annum and 12.5% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 3% on outstanding balance of the Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	212,356	188,315
Net Fund Generated/(Utilised)	(16,814)	24,041
Closing Accumulated Fund	195,542	212,356
Represented by:		
Bank Balances	26,714	31,640
Investment in Money Market	114,012	73,590
Loan Debtors	12,767	73,697
Other Receivables	43,495	38,551
Less Liabilities	(1,446)	(5,122)
	195,542	212,356

EDO STATE MANAGED FUND

Edo State MSME Fund (also referred to as EDSG-BOI MSME Fund) represents Edo State Government's share of the 50:50 Counter-part Fund by both the EDSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The EDSG signed the MOU with BOI on 8th December, 2009 and committed a sum of N250.0 million to the scheme, which has been fully released. Interest rate of 5% per annum and 6.25% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 2% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	166,767	157,921
Net Fund Generated/(Utilised)	9,673	8,846
Closing Accumulated Fund	176,440	166,767
Represented by:		
Bank Balances	2,559	3,613
Investment in Money Market	138,449	123,194
Loan Debtors	14,999	21,341
Other Receivables	22,309	20,853
Less Liabilities	(1,876)	(2,234)
	176,440	166,767

Other Information
Additional Disclosure on Managed Funds

ONDO STATE MANAGED FUND

Ondo State MSME Fund (also referred to as ODSG-BOI MSME Fund) represents Ondo state Government's share of the 50:50 Counterpart Fund by both the ODSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The ODSG signed the MOU with BOI on 30th August, 2010 and committed a sum of N1.0 billion to the scheme. However, only the sum of N500.0 million has since been released by ODSG. The interest rate attributable on the Term loan is 6% per annum and 8.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	128,353	132,107
Net Fund Generated/(Utilised)	(2,264)	(3,754)
Closing Accumulated Fund	126,089	128,353
Represented by:		
Bank Balances	13,462	14,520
Investment in Money Market	48,233	21,854
Loan Debtors (Net)	26,242	60,280
Other Asset	44,739	32,493
Less Current Liabilities	(6,588)	(794)
	126,089	128,353

OGUN STATE MANAGED FUND

Ogun State MSME Fund (also referred to as OGSG-BOI MSME Fund) represents Ogun state Government's share of the 50:50 Counterpart Fund by both the OGSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises(MSME) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely:
Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The OGSG signed the MOU with BOI on 3rd November, 2011 and committed a sum of N500.0 million to the scheme, which has been received. The interest rate attributable on the Term loan is 7% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 5% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	334,540	311,965
Net Fund Generated/(Utilised)	17,993	22,575
Closing Accumulated Fund	352,533	334,540
Represented by:		
Bank Balances	5,406	3,357
Investment in Money Market	349,442	329,359
Loan Debtors	(11,579)	5,251
Other Receivables	20,047	5,637
Less Liabilities	(10,783)	(9,064)
	352,533	334,540

Other Information
Additional Disclosure on Managed Funds

DANGOTE MANAGED FUND

Dangote Fund(also referred to as DF-BOIMSME Fund) represents Dangote's share of the 50:50 Counter-part Fund by both the DF and BOI for the deepening and improvement of industrial activities in the country. The Scheme was designed to stimulate economic growth by empowering micro, small and medium entrepreneurs (MSMEs) engaged in manufacturing, agro-processing, distributive or merchandizing activities and service provision in any part of the country.

The DF signed the MOU with BOI on7th March, 2011 and committed a sum of N2.5billion to the scheme. However, only the entire sum has been fully released by DF. The interest rate attributable on the loan is 5% per annum. The Management Fee to be earned by the Bank is 1% per annum on the managed Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	4,086,120	3,421,682
Net Fund Generated/(Utilised)	458,220	664,438
Closing Accumulated Fund	4,544,340	4,086,120
Represented by:		
Bank Balances	29,452	9,578
Investment in Money Market	4,204,350	3,880,201
Loan Debtors	322,600	164,153
Other Receivables	26,079	64,262
Less Liabilities	(38,141)	(32,075)
	4,544,340	4,086,120

GOMBE STATE MANAGED FUND

Gombe State MSME Fund (also referred to as GSG-BOI MSME Fund) represents Gombe state Government's share of the 50:50 Counter-part Fund by both the GSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSME) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The GSG signed the MOU with BOI on 2nd August, 2011 and committed a sum of N500.0 million to the scheme. However, only the sum of N250.0 million has since been released by GSG. The interest rate attributable on the Term loan is 5% per annum and6.25% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	48,583	42,560
Net Fund Generated/(Utilised)	3,886	6,023
Closing Accumulated Fund	52,469	48,583
Represented by:		
Bank Balances	597	1,238
Investment in Money Market	51,194	47,319
Loan Debtors	624	-
Other Receivables	379	327
Less Liabilities	(325)	(301)
	52,469	48,583

Other Information
Additional Disclosure on Managed Funds

KWARA STATE 1 MANAGED FUND

Kwara State MSMEs Fund also referred to as KWSG-BOI MSME Fund represents Kwara state Government's share of the 50:50 Counterpart Fund by both the KWSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KWSG signed the MOU with BOI on 16th May, 2008 and committed a sum of N250.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 10% per annum and12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 1.5% per annum on the outstanding balance of the Fund payable quarterly. The fund was closed to new participants in 2015 and the balance of the fund was used to kick start Kwara State 2 Managed Fund.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	26,348	9,104
Net Fund Generated/(Utilised)	(26,568)	17,244
Closing Accumulated Fund	(220)	26,348
Represented by:		
Bank Balances	1,188	27,591
Investment in Money Market	0	-
Loan Debtors	(68,675)	43,284
Other Receivables	72,826	50,397
Less Liabilities	(5,559)	(8,357)
	(220)	26,348

KWARA STATE 2 MANAGED FUND

Kwara State 2 MSMEs Fund also referred to as KWSG-BOI MSME Fund of N160M was established from the balance of the Kwara State 2 Fund in 2015 address the dearth of funding support to small business owners in the State by . The purpose of the new scheme is to deepen the reach of the Fund by granting loans to Co-operativeassociations operated by MSMEs . Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	168,018	169,057
Net Fund Generated/(Utilised)	(2,048)	(1,039)
Closing Accumulated Fund	165,969	168,018
Represented by:		
Bank Balances	-	-
Investment in Money Market	-	-
Loan Debtors	169,057	169,057
Other Receivables	-	-
Less Liabilities	(3,088)	(1,039)
	165,969	168,018

Other Information
Additional Disclosure on Managed Funds

EKITI STATE MANAGED FUND

Ekiti State MSMEs Fund (also referred to as EKSG-BOI MSME Fund) represents Ekiti state Government's share of the 50:50 Counterpart Fund by both the EKSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The EKSG signed the MOU with BOI on 2nd February, 2010 and committed a sum of N500.0 million to the scheme. However, only the sum of N100.0 million has been released by EKSG. Interestrate attributable on the disbursed portion of the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 3% on outstanding balance of the Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	12,955	14,558
Transfer out of Accumulated Fund	-	-
Net Fund Generated/(Utilised)	(5,237)	(1,603)
Closing Accumulated Fund	7,718	12,955
Represented by:		
Bank Balances	1,419	1,492
Investment in Money Market	18,165	21,114
Loan Debtors	(53,742)	-
Other Receivables	53,828	1,668
Less Liabilities	(11,952)	(11,320)
	7,718	12,955

SMEDAN MANAGED FUND OSUN

Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) signed an MOU with BOI in 2010 to manage its Fund after the Agency was allocated N50.0 million for Micro Credit Scheme to 10 Cooperatives in 10 Local Governments in Osun East Senatorial District. The amount was apportioned into N30.0 million for onward disbursement to cooperatives while, N20.0 million was for the training of potential loan beneficiaries. The Fund was hence tagged SMEDAN OSUN Fund.

The interest rate attributable on the loan is 5% per annum and the Management Fee to be earned by the Bank is also 5% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	9,377	15,364
Contribution Received	-	-
Net Fund Generated/(Utilised)	(968)	(5,987)
Closing Accumulated Fund	8,409	9,377
Represented by:		
Bank Balances	110	158
Investment in Money Market	9,988	9,219
Loan Debtors	(10,127)	-
Other Receivables	8,540	114
Less Liabilities	(102)	(114)
	8,409	9,377

Other Information
Additional Disclosure on Managed Funds

OYO STATE MANAGED FUND

Oyo State MSME Fund (also referred to as OYSG-BOI MSME Fund) represents Oyo State Government's share of the 50:50 Counter-part Fund by both the OYSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The OYSG signed the MOU with BOI on 16th December, 2011 and committed a sum of N500.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 10%per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 5% per annum on the outstanding Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	528,237	473,459
Net Fund Generated/(Utilised)	5,813	54,778
Closing Accumulated Fund	534,049	528,237
Represented by:		
Bank Balances	6,054	2,885
Investment in Money Market	293,923	422,747
Loan Debtors	223,945	100,339
Other Receivables	15,930	8,032
Less Liabilities	(5,803)	(5,768)
	534,049	528,237

ENUGU STATE MANAGED FUND

Enugu State MSME Fund (also referred to as ENSG-BOI MSME Fund) represents Enugu state Government's share of the 50:50 Counter-part Fund by both the ENSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The ENSG signed the MOU with BOI on 17th August, 2012 and committed a sum of N500.0 million to the scheme, of which only N141.8 million has been released. The interest rate attributable on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 3% per annum on the outstanding Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	192,277	212,570
Additional Contribution	-	-
Net Fund Generated/(Utilised)	(14,400)	(20,293)
Closing Accumulated Fund	177,877	192,277
Represented by:		
Bank Balances	2,989	4,094
Investment in Money Market	144,179	147,805
Loan Debtors	41,618	41,419
Other Receivables	1,021	781
Less current liabilities	(11,930)	(1,822)
	177,877	192,277

Other Information
Additional Disclosure on Managed Funds

CROSS RIVER STATE MANAGED FUN

Cross River State MSME Fund (also referred to as CRSG-BOI MSME Fund) represents Cross River state Government's share of the 50:50 Counter-part Fund by both the CRSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The CRSG signed the MOU with BOI on 30th July, 2012 and committed a sum of N250.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 8% per annum and 9.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 5% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	**162,573**	165,552
Net Fund Generated/(Utilised)	**47,317**	(2,979)
Closing Accumulated Fund	**209,890**	162,573
Represented by:		
Bank Balances	**16,286**	5,794
Investment in Money Market	**170,645**	158,092
Loan Debtors	**25,636**	1,017
Other Receivables	**4,973**	4,751
Less Liabilities	**(7,650)**	(7,081)
	209,890	162,573

BUSINESS DEVELOPMENT FUND FOR WOMEN

The Memorandum of Understanding (MOU) between the Federal Ministry of Women Affairs and Social Development (FMWASD) and the Bank of Industry Limited (BOI) was drawn in December, 2006 to address challenges faced by women in accessing credit facilities. The aim was to deepen the credit extended to female entrepreneurs in all parts of the country who are desirous of transiting their respective businesses from micro to small scale and later to medium scale enterprises. The Fund is set up to help in development of businesses owned by Women.

The FMWASD released Fund in the sum of N89, 997,600.00 in March, 2007.The interest on the loan is 10% per annum while the Bank earns Management Fee of 2% per annum of disbursed portfolio.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	31,536	33,777
Net Fund Generated/(Utilised)	5,802	(2,241)
Closing Accumulated Fund	37,338	31,536
Represented by:		
Bank Balances	1,072	1,047
Investment in Money Market	35,936	39,448
Loan Debtors	(11,441)	489
Other Receivables	13,878	(6,737)
Less Liabilities	(2,107)	(2,711)
	37,338	31,536

Other Information
Additional Disclosure on Managed Funds

SUGAR DEVELOPMENT FUND

The Federal Government in furtherance of its policy on Sugar development, instituted the National Sugar Development Council (NSDC) Fund with an initial sum of N200 million for the establishment and resuscitation of companies engaged in the production of sugar, ethanol and sugar cane. The MOU between BOI and the National Sugar Development Council was signed on November 6, 2009. An additional amount of N200. Million and N600 million was received by the Bank on 29th December, 2011 and October, 2013 respectively.

The Fund is to be disbursed as loans to stakeholders involved in the sugar value chain. It is to be used for financing fixed assets as well as working capital. The applicable interest rate on the long term loan is 5% per annum while the working capital is 7% per annum.

The Bank earns Management Fee on the Fund at the rate of 3% per annum on the on the total loans disbursed.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	6,176,793	2,951,322
Contribution Received	1,000,000	-
Net Fund Generated/(Utilised)	942,964	3,225,471
Closing Accumulated Fund	8,119,757	6,176,793
Represented by:		
Bank Balances	2,991	3,592
Investment in Money Market	7,593,594	5,224,902
Loan Debtors	438,169	261,697
Other Receivables	100,798	689,733
Less Liabilities	(15,795)	(3,131)
	8,119,757	6,176,793

SUGAR LEVY FUND

The Sugar Levy Fund was set up Federal Government with a statutory mandate to utilize the fund for the development of the Sugar sub-sector of the Nigerian economy. Also, the annual budgetary approval for capital and recurrent expenditure of the National Sugar Development Council (NSDC) is expected to be funded from the Sugar levy Fund as entrenched in section 3(ai) of decree No 88 of 1993. The total amount contributed as at 31st December, 2013 was N3,118,710,845. The fund is remitted to BOI quarterly based on presidential approval from the 10% Sugar levy account with Central Bank of Nigeria (CBN) as prescribed by section 6(4a) of the National Sugar Development Council Enabling Act.

The Bank earns Management Fee on the Fund at the rate of 3% per annum on the total loans disbursed.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	2,249,602	249,622
Contribution Received	8,201,640	-
Withdrawal from Fund	(9,502,469)	-
Net Fund Generated/(Utilised)	393,633	1,999,980
Closing Accumulated Fund	1,342,406	2,249,602
Represented by:		
Bank Balances	2,188	7,561
Investment in Money Market	1,316,878	2,214,244
Loan Debtors	-	-
Other Receivables	23,340	28,909
Less Liabilities	-	(1,112)
	1,342,406	2,249,602

Other Information
Additional Disclosure on Managed Funds

SMEDAN MANAGED FUND OYO

The SMEDAN-Oyo Fund is a sum of N40.00 million set aside by the Oyo South Senatorial District of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in 2009. The amount was apportioned into N30.00 million for onward disbursements to micro, small and medium scale enterprises that are members of registered trade associations or co-operative societies and N10.00 million for the training of potential loan beneficiaries. The fund does not attract any interest. 5% of the net asset of the Fund payable quarterly to BOI as management fee payable .

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	51,206	49,833
Net Fund Generated/(Utilised)	348	1,373
Closing Accumulated Fund	51,554	51,206
Represented by:		
Bank Balances	1,025	2
Investment in Money Market	45,727	51,640
Loan Debtors	3,056	-
Other Receivables	2,993	186
Less Liabilities	(1,247)	(622)
	51,554	51,206

BENUE STATE FUND

The BNSG State MSME Fund (also reffered to as BNSG-BOI MSME) represents Benue State Government's share of the 50:50 Counter-part Fund contributed by both Benue State Government and BOI to support the growth of businesses in the state. The BNSG MSME is a business and development fund designed to assist Benue State Indigeneous enterpreneurs who are engaged in small and medium scale businesses within the state. These entrepreneurs are divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The BNSG committed a sum of N1.00 billion which was received in May, 2017. The interest rate on the Term loan is10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 30% of the interest earned on outstanding cash balance.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	1,114,613	1,008,410
Net Fund Generated/(Utilised)	114,691	106,203
Closing Accumulated Fund	1,114,613	1,114,613
Represented by:		
Bank Balances	366	366
Investment in Money Market	1,120,924	1,120,924
Loan Debtors	-	-
Other Receivables	1,566	1,566
Less Liabilities	(8,243)	(8,243)
	1,114,613	1,114,613

Other Information
Additional Disclosure on Managed Funds

EBONYI STATE FUND

The Ebonyi State MSME Fund (also referred to as EBSG-BOI MSME) represents Ebonyi State Government's fund contributed by the State Government and BOI to support the growth of businesses in the state. The fund provides financial assistance to Ebonyi State indigenous enterpreneurs who are engaged in small and medium scale businesses within the state. These entrepreneurs are divided into two major categories namely: Cooperatives(i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The EBSG committed total of N4.00 billion which was received in four transches of N1.00 billion each. The first tranche of N1 billion was received in August, 2017. Two more tranches of N1.00billion each were received in September and October 2017 respectively. The last tranche was received in January 2018.

The fund is divided into two parts; the MSME Scheme and the Agro-Based Civil Servant Scheme. Each of the funds was funded to the tune of N2B. However, the Fund Owners pulled out of the Scheme in 2018. A few loans had been disbursed before the cessation of the program.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	3,110,485	3,000,000
Contribution Received	1,000,000	-
Withdrawal from Fund	(4,175,837)	-
Net Fund Generated/(Utilised)	115,032	110,485
Closing Accumulated Fund	49,679	3,110,485
Represented by:		
Bank Balances	25,567	(6,101)
Investment in Money Market	-	3,132,747
Loan Debtors	37,220	-
Other Receivables	500	25,087
Less Liabilities	(13,608)	(41,249)
	49,679	3,110,485

RICE PROCESSING INTERVENTION FUND

The Federal Executive Council (FEC) formally approved the setting up of a N10 Billion Rice Processing Intervention Fund in May 2009. The Fund was designed as a credit scheme to ten initially pre-qualifiedcompanies to set up 17 Model Rice Processing Mills in the country. The estimated cost of each mill is N1.4 billion, which is to be financed 40% by the Federal Government's Rice Fund credit facility and 60% by the beneficiary companies/ Commercial Banks. The credit facility, which is mainly to finance plant and machinery and associated costs, is for a tenor of twenty (20) years with five (5) years moratorium at an interest rate of 4% per annum.

The MOU between BOI and Federal Ministry of Agriculture and Water Resources (FMA&WR) for the administration of the Fund was signed on September 2009. The Bank is to retain as Management Fee 0.5% of the4% interest on the Term Loan.

The unutilized balance on the Fund is invested in the Nigerian money market at rates ranging from 4% - 9% per annum. The interest income from the investment is added to the Fund.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	3,029,243	2,983,169
Net Fund Generated/(Utilised)	(1,227,698)	46,074
Closing Accumulated Fund	1,801,545	3,029,243
Represented by:		
Bank Balances	623	450,618
Investment in Money Market	571,773	-
Loan Debtors	1,000,560	2,489,790
Other Receivables	240,324	151,665
Less Liabilities	(11,735)	(62,830)
	1,801,545	3,029,243

Other Information
Additional Disclosure on Managed Funds

NATIONAL PROGRAMME FOR FOOD SECURITY (NPAFS) FUND

The Federal Government in 2009, set up the National Programme on Agriculture and Food Security (NPAFS) as an organ to implement the programme for Food Security, particularly to initiate policies and execute projects aimed at accelerating the pace of development of rural agriculture through enhanced rural agricultural finance. The Fund is on a Public - Private Partnership (PPP) arrangement by way of Loan 40% of project cost, Grant 40% and 20% Equity contribution from the beneficiaries.

The vehicle for achieving the stated objective is by way of grant and loan schemes, Funded by the Federal Government's budgetary allocation and some Donor Support Funds, thus leading to the establishment of the National Programme for Food Security Fund "NPFS Fund". The MOU for this arrangement with the Ministry of Agriculture and Rural Development was signed in January 2010 for the appropriation of the sum of N1,155,021,085.00. The scope was laterad justed to N800 million vide a letter from the Ministry in September, 2010. Beneficiaries are screened and pre-selectedby the NPFS Office. The beneficiaries of the Fund shall be registered members of Apex Farmers Association (AFA), registered co-operative groups and SMEs in all thirty six (36) States of the country including the Federal Capital Territory (FCT).

The interest rate on the Long Term Loan is 8 % per annum and the Bank is to earn a one-off Management Fee at 4% on the total sum.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	945,094	861,447
Net Fund Generated/(Utilised)	(2,741)	83,647
Closing Accumulated Fund	942,353	945,094
Represented by:		
Bank Balances		1,055
Investment in Money Market	894,773	894,773
Loan Debtors		
Other Receivables	52,265	52,266
Less Liabilities	(4,685)	(3,000)
	942,353	945,094

FEDERAL DEPARTMENT OF AGRICULTURE (FDA) COTTAGE FUND

The Federal Government, in furtherance of its programme on Food Security instituted the FDA Cottage Fund with a take-off amount of N1,100,000,000.00. The MOU was signed in January 2009 between the Federal Ministry of Agriculture and Water Resources (FMA&WR), now Federal Ministry of Agriculture and Rural Development (FMA&RD) and BOI. The implementing agency for the scheme is the FMA&RD, through the Federal Department of Agriculture (FDA).Beneficiaries are screened and pre-selected by the FMA&RD.

The objective of the Fund is to promote the development of the selected crops by adding value to their processing chain and providing employment to Nigerian farmers and processors. The Fund is available for the construction of cottage factory building and procurement of equipment for the processing of three (3) crops namely Oil Palm, Cassava and Rice.

The Fund is being managed on a public sector – private sector partnership arrangement by way of loan (50% of project cost) grant (40%) and 10% equity contribution from the Beneficiary in addition to provision of land for the project. The Fund is dedicated for the provision of financial assistance to registered members of apex farmers associations, cooperative groups and societies in twenty (20) states of the federation and the FCT. The interest rate on the Term loan is 8% per annum and the Bank is to earn a one off Management Fee of 4% on the Fund.

Other Information
Additional Disclosure on Managed Funds

The unutilized balance on the Fund is invested in the Nigerian money market at rates ranging from 8% - 10% per annum. The interest income from the investment is added to the Fund.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	1,890,323	1,620,884
Net Fund Generated/(Utilised)	243,583	269,440
Closing Accumulated Fund	2,133,906	1,890,324
Represented by:		
Bank Balances	4,371	(3,816)
Investment in Money Market	2,117,375	1,841,330
Loan Debtors	-	-
Other Receivables	48,452	84,233
Less Liabilities	(36,292)	(31,423)
	2,133,906	1,890,324

SOKOTO STATE FUND

The Sokoto State MSME Fund (also reffered to as SOSG-BOI MSME) represents Sokoto Government's share of the 50:50 Counter-part Fund contributed by both Sokoto State Government and BOI to support the growth of businesses in the state. The fund provides financial assistance to Sokoto State indigenous enterpreneurs who are engaged in small and medium scale businesses within the state. These entrepreneurs are divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The SOSG committed a sum of N1.00 billion which was received in May, 2017. The interest rate on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	1,108,100	1,000,000
Net Fund Generated/(Utilised)	138,998	108,100
Withdrawal from Fund	(732,115)	
Closing Accumulated Fund	514,983	1,108,100
Represented by:		
Bank Balances	2	(9,150)
Investment in Money Market	517,345	1,104,139
Loan Debtors	-	-
Other Receivables	822	19,965
Less Liabilities	(3,186)	(6,854)
	514,983	1,108,100

BAYELSA STATE FUND

Bayelsa State MSME Fund (also referred to as BYSG-BOI MSME Fund) represents Bayelsa state Government's share of the 50:50 Counter-part Fund by both the BYSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

Other Information
Additional Disclosure on Managed Funds

The BYSG signed the MOU with BOI 2017 and committed a sum of N1.0 Billion to the scheme. However, the sum of N250.0 Million has bee released into the scheme. Interest rate of 6% per annum and 8.5% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 3.5% per annum on the Managed Fund payable quarterly and 1% per annum on the Managed Fund, payable quarterly in arrears provided that payment of such a fee does not reduce the value of the principal amount contributed to the fund by BYSG.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	251,319	250,000
Net Fund Generated/(Utilised)	27,983	1,319
Closing Accumulated Fund	279,302	251,319
Represented by:		
Bank Balances	1,369	250,000
Investment in Money Market	279,358	-
Loan Debtors	-	-
Other Receivables	302	1,319
Less Liabilities	(1,728)	-
	279,302	251,319

NIG. ARTISANAL & SMALL SCALE MINERS FIN. SUPPORT FUND - ASM

The Nigerian Artisanal and Small-Scale Miners Financing Support Fund (also referred to as ASMFund) represents Federal Ministry of Mines and Steel Development (FMMSD) provided by the Ministry to be managed by BOI to provide funding support to registered mining Cooperative Society, Association, Business Enterprises or Limited Liability Company who is engaged in artisanal or small scale mining business involving Industrial Minerals, Precious Stones, Precious Metal (Gold), Diamond Stone and such other solid minerals in Nigeria as shall be approved by owners in the State. The ASM Fund shall be available in form of Term loan s or Working Capital to be utilized for: a) Purchase of requisite item of plant and machinery; b) Payment for drilling, geological and other services related to mining business as may be required; c) Working Capital for purchase materials/other expenses; and d)Leasing of equipment. The single obligor limit of loans to be granted under the fund shall be a)Artisanal Scale Miners- from N100,000.00 to N10,000,000.00; and b) Small Scale Miners - from N10million to N100 million

The Federal Ministry of Mining and Solid Minerals (FMMSD) signed the MOU with BOI on 29thAugust 2017 and committed a sum of N2.50 billion to the scheme, which has been fully released. The interest rate attributable on the loan is 5% per annum while a penal fee of 2%(two percent) interest shall be charged on all overdue obligations with effect from the due date after moratorium, where such has been agreed upon.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	**2,644,243**	2,500,000
Net Fund Generated/(Utilised)	**253,570**	144,243
Closing Accumulated Fund	**2,897,813**	2,644,243
Represented by:		
Bank Balances	**259**	-
Investment in Money Market	**2,915,657**	2,616,101
Loan Debtors	**95,741**	-
Other Receivables	**10,219**	33,543
Less Liabilities	**(124,063)**	(5,401)
	2,897,813	2,644,243

Other Information
Additional Disclosure on Managed Funds

Nigeria Industrial Policy and Competitiveness Advisory Council (NIPCAC) FUND

The Federal Executive Council meeting of Wednesday, 15th March, 2017 approved the establishment of Nigeria Industrial Policy and Competitiveness Advisory Council (NIPCAC) to enable the successful implementation of the Nigeria Economic Recovery and Growth Plan and the Nigeria Industrial Revolution Plan. The objectives of this council would be achieved through the active participation of the Public-Private Sector Partnership.

The council has the following Terms of References:

(a) Identify and implement project(s)/initiative(s) to differenciate, accelerate and boost power supply to industries
(b) Identify and implement project(s)/initiative(s) to improve road access to areas which benefit the Nigerian business community as a whole
(c) Identify and implement initiatives to improve Broad Bank coverage
(d) Identify and implement initiatives to bridge the gap between the skills demanded by industry and supply by Nigerian Education Institutions.
(e) Identify and implement initiatives to improve access to Nigeria's priority markets.
(f) Identify initiatives to improve access and cost of finance in Nigeria businesses,
(g) Identify and implement initiatives to minimize smuggling and incentivize investment

The Bank has committed the sum of N50.0 million as its contribution to the funding of the Council. This fund will be accounted for as Managed Fund with additional funding from the private sector participants.

Summary of Fund

	2018	2017
	N'000	N'000
Opening Accumulated Fund	199,497	200,000
Net Fund Generated/(Utilised)	(255,345)	(503)
Additional Contribution	30,000	0
Closing Accumulated Fund	(25,848)	199,497
Represented by:		
Bank Balances	(25,848)	199,497
Investment in Money Market		
Loan Debtors		
Other Receivables		
Less Liabilities		
	(25,848)	199,497

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